ALARKO GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

Convenience translation into English of
Financial Statements
for the year ended 31 December 2014
and
Independent Auditor's Report
(Originally issued in Turkish)

ALARKO GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH

Financial Statements
for the year ended 31 December 2014
and
Independent Auditor's Report

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CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT
ON FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH

To the Board of Directors of
Alarko Gayrimenkul Yatırım Ortaklığı A.Ş.

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

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Turkish Accounting Standards ("TAS") published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the independent audit standards published by the Capital Markets Board. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consoldiated financial statements in order to design audit procedures that are appropriate in the circumstatnces, 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 the Company management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Alarko Gayrimenkul Yatırım Ortaklığı A.Ş. as of 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with the Turkish Accounting Standards (TAS).

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 23 February 2015.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that the Group's bookkeeping activities, financial statements for the period 1 January - 31 December 2014 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 requested documents in connection with the audit.

Istanbul,
23 February 2015

BDO Denet Bağımsız Denetim
Yeminli Mali Müşavirlik A.Ş.
Member, BDO International Network

Bülent Üstünel
Partner in charge

ALARKO GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS
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Statements of Financial Position
as of 31 December 2014 and 31 December 2013
(TL)

	Notes	31 December 2014	31 December 2013
ASSETS			
Current assets		224.548.291	201.823.015
Cash and cash equivalents	2,3	36.307.042	39.137.063
Financial assets	2,4	153.999.747	129.292.842
Trade receivables	2,5	12.906.250	13.242.385
-Trade receivables from related parties		12.828.282	13.154.122
-Trade receivables from non-related parties		77.968	88.263
Inventories	2,7	19.798.264	19.798.264
Prepaid expenses		104.821	188.924
Other current assets	2,13	1.432.167	163.537
Non-current assets		239.393.919	186.937.695
Financial assets	2,4	2.707.926	2.835.652
Other receivables	2,6	15.663	60.951
-Other receivables from related parties		-	-
-Other receivables from non-related parties		15.663	60.951
Investment properties (net)	2,8	236.579.500	183.986.000
Tangible assets (net)	2,9	68.309	54.861
Intangible assets (net)	2,10	22.521	231
-Goodwill		-	-
-Other intangible assets		22.521	231
TOTAL ASSETS		463.942.210	388.760.710

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

ALARKO GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
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Statements of Financial Position
as of 31 December 2014 and 31 December 2013
(TL)

	Notes	31 December 2014	31 December 2013
LIABILITIES			
Short term liabilities		2.994.025	1.671.142
Trade payables	2,5	1.514.263	1.157.290
-Trade payables to related parties		32.354	52.936
-Trade payables to non-related parties		1.481.909	1.104.354
Liabilities related to employee benefits	2,12	68.906	58.305
Other liabilities	2,6	55.535	7.574
-Other payables to related parties		-	-
-Other payables to non-related parties		55.535	7.574
Deferred income		20.306	16.413
Other short term liabilities	13	1.335.015	431.560
Long term liabilities		622.265	532.419
Other payables	2,6	382.828	316.748
-Other payables to related parties		-	-
-Other payables to non-related parties		382.828	316.748
Long term provisions		239.437	215.671
-Provisions for employee benefits	2,12	184.313	152.677
-Other short term provisions	12	55.124	62.994
EQUITY		460.325.920	386.557.149
Equity attributable to the parent company			
Paid-in capital	1,14	10.650.794	10.650.794
Capital adjustment differences	14	54.712.578	54.712.578
Accumulated other comprehensive income/losses not to be reclassified in profit/loss		(10.412)	(15.498)
-Revaluation and remeasurement gains/losses	14	(10.412)	(15.498)
Accumulated other comprehensive income and expenses to be reclassified in profit/loss		1.445.132	1.572.856
-Revaluation and reclassification gains/losses	14	1.445.132	1.572.856
Restricted profit reserves	14	3.137.812	2.765.034
Retained earnings/Accumulated losses	14	312.238.288	232.486.346
Net profit/(loss) for the period	20	78.151.728	84.385.039
TOTAL LIABILITIES AND EQUITY		463.942.210	388.760.710

ALARKO GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS
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Statements of Profit or Loss and Other Comprehensive Income
for the years ended 31 December 2014 and 31 December 2013
(TL)

	Notes	1 January 2014- 31 December 2014	1 January 2013- 31 December 2013
CONTINUING OPERATIONS			
Revenue	15	14.919.333	32.208.298
Cost of sales (-)	15	-	(2.062.567)
GROSS PROFIT / (LOSS)		14.919.333	30.145.731
General administration expenses (-)	16,17	(4.365.359)	(5.278.313)
Other operating income	18	79.458.506	63.949.909
Other operating expenses (-)	18	(11.902.157)	(4.481.741)
OPERATING PROFIT / (LOSS)		78.110.323	84.335.586
Income from investing activities	19	41.405	49.453
Expenses related to investing activities (-)		-	-
OPERATING PROFIT/(LOSS) BEFORE FINANCIAL EXPENSES		78.151.728	84.385.039
Financial expenses (-)		-	-
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		78.151.728	84.385.039
Tax income / (expense) from continuing operations			
- Tax income / (expense) for the period	2,20	-	-
- Deferred tax income / (expense)	2,20	-	-
		-	-
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		78.151.728	84.385.039
OTHER COMPREHENSIVE INCOME			
Other comprehensive income/losses not to be reclassified in profit/loss			
Actuarial (loss)/gain fund	12	5.086	1.995
Other comprehensive income/losses to be reclassified in profit/loss			
Change in financial assets revaluation fund	14	(127.724)	(279.783)
OTHER COMPREHENSIVE INCOME		(122.638)	(277.788)
TOTAL COMPREHENSIVE INCOME		78.029.090	84.107.251
EARNINGS/(LOSS) PER SHARE FROM CONTINUING OPERATIONS	2,21	7,3376	7,9229

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

ALARKO GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS
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Statements of Changes in Equity
for the years ended 31 December 2014 and 31 December 2013
(TL)

	Notes	Paid-in capital	Equity adjustment differences	Revaluation and measurement gains/losses related to accumulated other comprehensive income and expenses not to be reclassified in profit or loss	Revaluation and reclassification gains/losses from accumulated other comprehensive income and expenses to be reclassified in profit or loss	Restricted profit reserves	Retained earnings/ (Accumulated Losses)	Net Profit (Loss) for the period	Total
Balance as at 1 January 2013 (Opening of Period)		10.650.794	54.712.578	-	1.852.639	2.587.834	220.699.909	14.268.178	304.771.932
Adjustments related to changes in accounting policies		-	-	(17.493)	-	-	-	-	(17.493)
Adjusted balance as at 1 January 2013		10.650.794	54.712.578	(17.493)	1.852.639	2.587.834	220.699.909	14.268.178	304.754.439
Transfers	14	-	-	-	-	177.200	11.786.437	(11.963.637)	-
Total comprehensive income		-	-	1.995	(279.783)	-	-	84.385.039	84.107.251
Dividends		-	-	-	-	-	-	(2.304.541)	(2.304.541)
Balance as at 31 December 2013 (Closing of Period)		10.650.794	54.712.578	(15.498)	1.572.856	2.765.034	232.486.346	84.385.039	386.557.149
Balance as at 1 January 2014 (Opening of Period)		10.650.794	54.712.578	(15.498)	1.572.856	2.765.034	232.486.346	84.385.039	386.557.149
Transfers	14	-	-	-	-	372.778	79.751.942	(80.124.720)	-
Total comprehensive income		-	-	5.086	(127.724)	-	-	78.151.728	78.029.090
Dividends	14	-	-	-	-	-	-	(4.260.319)	(4.260.319)
Balance as at 31 December 2014 (Closing of Period)		10.650.794	54.712.578	(10.412)	1.445.132	3.137.812	312.238.288	78.151.728	460.325.920

ALARKO GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS
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Statements of Cash Flows
for the years ended 31 December 2014 and 31 December 2013
(TL)

	Notes	31 December 2014	31 December 2013
A. CASH FLOWS FROM OPERATING ACTIVITIES		**1.519.644**	**24.948.955**
Profit/loss for the period		78.151.728	84.385.039
Adjustments related to reconciliation of net profit/loss for the period		**(77.218.037)**	**(51.650.913)**
- Depreciation and amortization adjustments	9,10	11.015	15.833
- Adjustments related to impairment and reversal of impairment	8	(52.550.906)	(29.391.020)
- Adjustments related to provisions		28.852	39.338
- Adjustments related to other items providing cash flows from investing or financing activities	4	(24.706.905)	(22.315.064)
- Other adjustments related to profit/loss reconciliation	11,12	(93)	-
Working capital changes		**585.953**	**(7.785.171)**
- Adjustments related to increase/decrease in inventories	7	-	(2.667.671)
- Adjustments related to increase/decrease in trade receivables	5	337.117	(3.073.931)
- Adjustments related to increase/decrease in other receivables related to operations	6	45.288	(48.746)
- Adjustments related to increase/decrease in trade payables	5	356.085	(1.021.256)
- Adjustments related to increase/decrease in other payables related to operations	6	114.041	61.421
- Adjustments related to other increases/decreases in working capital		(266.578)	(1.034.988)
B. CASH FLOWS FROM INVESTING ACTIVITES		**(89.346)**	**(5.937.771)**
Acquisition of tangible and intangible assets, net (-)	9,10	(46.752)	(51.791)
Acquisition of investment properties (-)	8	(42.594)	(5.885.980)
C. CASH FLOWS FROM FINANCING ACTIVITIES		**(4.260.319)**	**(2.304.541)**
Dividends paid		(4.260.319)	(2.304.541)
Net increase/(decrease) in cash and cash equivalents		(2.830.021)	16.706.643
Cash and cash equivalents at the beginning of the period	3	39.137.063	22.430.420
Cash and cash equivalents at the end of the period	3	36.307.042	39.137.063

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

1. Organization and Principal Activities

The company name of Aletim Alarko Elektrik Tesisat ve İnşaat Malzemeleri Anonim Şirketi founded on 6 June 1978 was changed to Alarko Gayrimenkul Yatırım Ortaklığı Anonim Şirketi (the Company) upon being published in the Turkish Trade Register Gazette dated 6 August 1996 nr 4096. The Company applied to the Capital Markets Board on 31 October 1996 for the registration of a document related to share certificates to be issued for the capital increase in its shareholders; and the document was registered by the CMB certificate Nr GYO 1/1552 dated 13 December 1996 in accordance with the Capital Markets Law.

The Company operates as a real estate partnership in accordance with the statements and regulations of the Capital Markets Board. In this context, the Company invests in real estates, real estate projects, and capital market instruments. Accordingly, the Company acts in accordance with the regulations and legislation of the Capital Markets Board in its principal activities, investment portfolio policies, and administrative limits.

As of 31 December 2014 and 31 December 2013, the shareholders and the shareholding structure of the Company at historic values is as follows:

	31 December 2014		**31 December 2013**	
Shareholders	Shareholding(%)	Book Value (TL)	Shareholding(%	Book Value (TL)
Alarko Holding A.Ş.	16,42	1.748.258	16,42	1.748.258
Alsim Alarko Sanayi Tesisleri ve Tic. A.Ş.	34,78	3.704.641	34,78	3.704.641
Public offering	48,77	5.194.442	48,77	5.194.442
Other (*)	0,03	3.453	0,03	3.453
Total	100,00	10.650.794	100,00	10.650.794

* Represents total shareholdings less than 10%.

As of 31 December 2014 and 31 December 2013, the difference arising from restatement of the nominal value of the share capital amounts to TL 54.712.578 (Note 14 (b)).

The address of the Company’s Head Office is as follows:
Muallim Naci Caddesi, No:69 P.K. 34347 Ortaköy – Beşiktaş/ İstanbul

The majority of the Company shares belong to Alsim Alarko Sanayi Tesisleri ve Ticaret A.Ş. and 49,00% of the Company shares is traded at the Istanbul Stock Exchange since 1996.

As of 31 December 2014 and 31 December 2013, the average number of the Company personnel is 7 and 7, respectively.

The share certificates constituting the Company’s share capital are classified in three groups, namely, Group A, Group B, and Group C. A Group share owners are granted the right to nominate four candidates for the Board of Directors and B Group share owners are granted the right to nominate three candidates for the Board of Directors. There are no other rights granted to the shareholders other than the right to nominate candidates for the Board of Directors.

2. Presentation of the Financial Statements

i. Basis of Presentation:

The Company maintains its books of account and prepares its statutory financial statements in accordance with the prevailing commercial and financial legislation. The accompanying financial statements are prepared in accordance with the provisions of the "Communiqué Related to the Financial Reporting Principles at the Capital Markets" (Communiqué) Nr. II/14.1 of the Capital Markets Board (CMB) published in the Official Gazette dated 13 June 2013 Nr 28676, taking as basis the Turkish Accounting Standards /Turkish Financial Reporting Standards and the related appendices and interpretations (TAS/TFRS) put into effect by the Public Oversight Accounting and Auditing Standards Authority (POA) as per the Article 5 of the Communiqué.

As required by the TFRS 1, comparative financial statements are prepared on the same basis. As stated below, certain adjustments and classifications have been made during the preparation of the accompanying financial statements in order to comply with the TAS/TFRS.

The accompanying financial statements are presented in accordance with the principles the application of which is required by the announcement published in the weekly bulletin dated 7 June 2013 nr 2013/19 of the CMB.

The functional currency of the Company is Turkish Lira (TL) and the accompanying financial statements and related notes are presented in TL.

The Company's financial statements dated 31 December 2014 have been submitted on 23 February 2015 by the Management to the approval of the Board of Directors.

The Company's Board of Directors and the CMB retain the power to amend the interim financials; and the annual financial statements can be amended by the General Assembly and the CMB.

ii. Adjustment of Financial Statements During Hyper-Inflationary Periods:

TAS 29 deals with the effects of inflation on financial statements and requires that financial statements prepared in the currency of a high inflation economy be stated in terms of the measuring unit current at the reporting date and that corresponding figures for previous periods be restated in the same terms. As per the resolution of the CMB dated 17 March 2005 Nr 11/367 the application of inflation adjustment of the financial statements has ended in 2005, hence the financial statements are restated at the purchasing value of the Turkish Lira as at 31 December 2004. The additions to non-monetary items subsequent to 1 January 2005 are stated at their nominal values.

iii. Adjustments:

The accompanying financial statements are prepared in accordance with TAS/TFRS with the below mentioned adjustments which are not stated in the statutory records:

- Provision for doubtful receivables
- Calculation of rediscount on customers
- Depreciation adjustment in relation to the useful lives of tangible assets
- Termination indemnity adjustment as per TAS 19
- Valuation of financial assets quoted at the stock exchange by market value
- Provisions for unused leaves
- Valuation of investment properties at fair value

2. Presentation of the Financial Statements (continued)

iv. Offsetting:

Offsetting financial assets and liabilities can only be made under the conditions where the offsetting transaction is legally allowed and the company has an intention in this respect or where the acquisition of assets and fulfillment of liabilities are realized simultaneously.

v. Accounting Policies, Changes and Errors in Accounting Estimates:

Significant changes in the accounting policies and significant accounting errors are applied retroactively and the prior period financials are re-adjusted. In the event that the changes in the accounting estimates are related to one period only, they are applied only to the period in which the change has been made; however, if they are related to the future periods, they are applied both to the period in which the change has been made and the future periods.

As required by TAS 19 “Employee Benefits”, starting from 1 January 2013, the actuarial gains/losses related to provisions for termination indemnity are included in the other comprehensive income.

As the related standard is revised, the change in the accounting policy was applied retroactively as stated in the standard and the actuarial gains/losses stated in the prior period statements of income are reclassified under other comprehensive income; and the financial statements and notes are revised accordingly.

vi. Comparative Information and Adjustment of Prior Period Financial Statements:

The statements of financial position as of 31 December 2014 and 31 December 2013 and the related notes as well as the statements of comprehensive income, the statements of changes in equity, and cash flows, and the notes to these financial statements for the years then ended are presented comparatively. In order to comply with the presentation of the current period financial statements, comparative information is reclassified when deemed necessary.

Pursuant to TAS 19 “Employee Benefits”, starting from 1 January 2013, the actuarial gains/losses related to provisions for termination indemnity are included in the other comprehensive income.

vii. The New and Revised Turkish Accounting / Financial Reporting Standards :

The accounting policies adopted in preparation of the financial statements for the period ended 31 December 2014 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2014. The effects of these standards and interpretations on the Company’s financial position and performance have been disclosed in the related paragraphs.

2. Presentation of the Financial Statements (continued)

vii. The New and Revised Turkish Accounting / Financial Reporting Standards (continued):

The new standards, amendments and interpretations which are effective as at 1 January 2014 are as follows:

TAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities (Amended)

The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the TAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are to be retrospectively applied for annual periods beginning on or after 1 January 2014. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

TAS 36 Impairment of Assets - Recoverable Amount Disclosures for Non-Financial assets (Amendment)

The IASB, as a consequential amendment to IFRS 13 Fair Value Measurement, modified some of the disclosure requirements in IAS 36 Impairment of Assets regarding measurement of the recoverable amount of impaired assets. The amendments required additional disclosures about the measurement of impaired assets (or a group of assets) with a recoverable amount based on fair value less costs of disposal. The amendments are to be applied retrospectively for annual periods beginning on or after 1 January 2014. Earlier application is permitted for periods when the entity has already applied IFRS 13. The Company does not expect that this amendment will have any impact on the financial position or performance of the Company.

IAS 39 Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting (Amendments)
Amendments to IAS 39 Financial Instruments: Recognition and Measurement provides a narrow exception to the requirement for the discontinuation of hedge accounting in circumstances when a hedging instrument is required to be novated to a central counterparty as a result of laws or regulations. Annual periods beginnings on after 1 January 2014 shall be applied retrospectively.The amendments had no significant impact on the financial position or performance of the Company.

TFRIC Interpretation 21 Levies

The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognized before the specified minimum threshold is reached. The interpretation is effective for annual periods beginning on or after 1 January 2014, with early application permitted. Retrospective application of this interpretation is required. This interpretation does not apply for the Company and has no effect on its financial position or performance.

2. Presentation of the Financial Statements (continued)

vii. The New and Revised Turkish Accounting / Financial Reporting Standards (continued):

Transition Guidance (Amendments to TFRS 10, TFRS 11 and TFRS 12)

The amendments only change the transition guidance to provide further relief from full retrospective application. The date of initial application is defined as 'the beginning of the annual reporting period in which TFRS 10 is applied for the first time'. The assessment of whether control exists is made at 'the date of initial application' rather than at the beginning of the period presented comparatively. In the event that the control assessment made in accordance with TFRS 10 is different than that made in accordance with TAS 27/SIC-12, the effects of retrospective adjustments need to be determined. However, if the control assessments are the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons, TFRS 11 Joint Arrangements and TFRS 12 Disclosure of Interests in Other Entities have also been amended by POA to provide transition relief. This amendment has no impact on the financial position and performance of the Company.

Standards issued but not yet effective and not available for early adoption;

Standards, interpretations and amendments to existing standards that are issued as of the reporting date but not yet effective and not early adopted by the Company for the current reporting period are as follows. If not indicated otherwise, the Company will make the necessary changes which will have an impact on the financial statements and disclosures after the new standards and interpretations come into effect.

TFRS 9 Financial Instruments – Classification and measurement

As amended in December 2011, the new standard is effective for annual periods beginning as of or subsequent to 1 January 2015. Phase 1 of the new TFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted.

IFRS 9 Financial Instruments – Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39 –IFRS 9 (2013)

In November 2013, the IASB issued a new version of IFRS 9, which includes the new hedge accounting requirements and some related amendments to IAS 39 and IFRS 7. Entities may make an accounting policy choice to continue to apply the hedge accounting requirements of IAS 39 for all of their hedging transactions. The standard does not have a mandatory effective date, but it is available for application now; a new mandatory effective date will be set when the IASB completes the impairment phase of its project on the accounting for financial instruments. The Company is in the process of assessing the impact of the amendment on financial position or performance of the Company.

2. Presentation of the Financial Statements (continued)

viii. Summary of significant accounting policies and valuation methods

(a) Financial Instruments:

Financial instruments consist of the financial assets and liabilities stated below:

i. Cash and cash equivalents

Cash and cash equivalents consist of cash, banks, deposits in other financial institutions, other money market placements, and short term repurchase agreements of 3 months or less.

Bank accounts consist of demand and time deposit accounts and the related interest accrued. Turkish Lira deposit accounts are stated at face values and foreign currency accounts are translated into Turkish Lira at the foreign currency buying rate issued by the Central Bank as at the reporting date.

Cash and cash equivalents are stated at their acquisition costs plus accrued interests.

Fair Value

As the foreign currency cash and cash equivalents are translated into Turkish Lira at the foreign exchange rates valid at the reporting date, it is assumed that the fair values of these assets approximate to their book values.

As the deposit accounts and cash are converted into cash in very short terms, and as there is no risk of value decrease, their book values are deemed to approximate their fair values.

ii. Financial Assets Held to Maturity

Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity that an enterprise has the positive intent and ability to hold to maturity. Held-to-maturity investments are recognized at the acquisition cost amortised according to the effective interest method less impairment value and the related income is calculated using the effective interest method.

iii. Financial Assets Available for Sale

Financial assets available for sale are financial assets not classified either as held to maturity or held for trading.

Any gains or losses arising from changes in the fair value of financial assets available for sale, except those related to impairment and foreign exchange differences accounted for in the income statement, are recognized directly in the owner's equity until the said financial assets are derecognised. During the process of derecognition, the earnings and losses previously recognized under equity are transferred to the statement of income.

2. Presentation of the Financial Statements (continued)

viii. Summary of significant accounting policies and valuation methods (continued)

(a) Financial Instruments (continued):

iv. Trade Receivables

Trade receivables are financial assets created by the Company through selling goods and services directly to the customers. Trade receivables are subject to rediscount. Provisions for doubtful trade receivables are made by the Company management taking into consideration the amount of the overdue receivables, guarantees received, past experiences and current economic outlook.

Fair Value

Discounted trade receivables for which provisions for doubtful receivables are accrued are assumed to approximate to the fair values of these assets.

v. Trade Payables

Trade payables are financial assets created by the Company through buying goods and services directly to the suppliers. Trade payables are stated at their discounted values.

Fair Value

Discounted cost values of trade payables are assumed to approximate to the fair values of these assets.

vi. Impairment of Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. In the presence of such objective evidence, the Company determines the related amount of impairment.

A financial asset or portfolio of financial assets is impaired and an impairment loss incurred if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset.

(b) Related Parties:

A party is related to an entity if the party is a legal body or a real person which directly or indirectly controls, is controlled by, or is under common control with the entity, has an interest in the entity that gives it significant influence over the entity, and if the party is a subsidiary, an affiliate or a joint venture in which the entity is a venturer. Furthermore, members of the key management personnel of the entity, close members of the family of any individual referred to above, and parties representing post-employment benefit plan for the benefit of employees of the entity are also defined as related parties.

Within the scope of this report, the Company shareholders, Alarko Holding A.Ş. and Alarko Holding Group Companies, their executive staff, and other companies under control of these companies are defined as related parties.

2. Presentation of the Financial Statements (continued)

viii. Summary of significant accounting policies and valuation methods (continued)

(c) Inventories :

Inventories are valued at their restated acquisition cost; however, the expertise values creating basis for the fair values of unsold inventories and the contract totals of inventories of which sales contracts are signed during the current period are compared with the restated acquisition costs, and if the expertise value and the contract total are lower than the restated acquisition cost, provision is made for impairment within the frame of conditions stated in the “Impairment of Assets” section. Impairment loss is determined for all inventories separately.

(d) Investment Properties :

Investment properties are properties held to earn rentals or for capital appreciation or both, recognized at fair value. Income or losses arising from change fair value change in investment properties are recognized as profit of loss for the period of change.

(e) Tangible Assets :

Tangible assets are stated at cost less their accumulated depreciation and impairment loss, if any. Tangible assets have been restated using the measuring unit current at 31 December 2004 from the dates of acquisition. Additions made subsequent to 1 January 2005 are stated at their nominal values. Tangible assets are depreciated over their inflation-adjusted values by straight-line method and the nominal values of additions subsequent to 1 January 2005 as per their useful lives stated below:

Buildings	2% - 2,5%
Land improvements	10%
Machinery, plant, and equipment	20% – 25%
Furnitures and fixtures	6% – 25%
Other tangible assets	20%

Repair and maintenance expenses are expensed when realized. In case the repair and maintenance expenses provide an increase or an observable development in tangible assets, they are capitalized.

In case the book value of a tangible asset is higher than the recoverable value, the book value is decreased to the recoverable amount.

The profit or loss arising from the sale of a tangible asset is determined by comparing the restated amount of the assets sold and the amount collected and reflected to the income or loss for the current period.

2. Presentation of the Financial Statements (continued)

viii. Summary of significant accounting policies and valuation methods (continued)

(f) Intangible Assets :

Intangible assets are stated at cost less their accumulated amortisation and impairment loss, if any. The acquisition values of intangible assets are considered in the restatement of intangible assets as at 31 December 2004. Additions made subsequent to 1 January 2005 are stated at their nominal values. Intangible assets are amortized over their inflation-adjusted values and the nominal values of additions subsequent to 1 January 2005 over the rates stated below :

Leasehold improvements	3% - 50%
Rights	3,125% - 33,33%

(g) Assets and Liabilities in Foreign Currency:

Foreign currency assets and liabilities recognized in the statement of financial position are translated into Turkish Lira at the foreign exchange rates announced by the Turkish Central Bank at the reporting dates. Transactions in foreign currencies during the period are translated into Turkish Lira at the actual rates applicable on the transaction date. Exchange gains and losses resulting from such translations are included in the statements of comprehensive income.

(h) Impairment of Assets:

In case the book value of an asset exceeds its recoverable value, a provision for impairment loss is made so as to bring the book value of the asset down to the level of its fair value and the provision is recorded in the statement of comprehensive income as expense.

On the other hand, the recoverable value of cash generating assets is the higher of the value computed by subtracting the sales value of the asset from its fair value compared to the value in use of the asset. The value in use of the said assets is the present value of the cash flows expected to be obtained from the assets. For the calculation of the value in use, the future cash flow estimates are discounted to their present value by using the time value of money and the discount rate before tax which reflects risks attributable to the asset.

(i) Deferred Taxes :

Deferred taxes are calculated on the temporary differences that arise between the deductible tax base and the book values of assets and liabilities, by using the liability method. The main temporary differences arise from the income and expense items recognised in different periods with respect to the TAS/TFRS and the tax legislation. While deferred tax liabilities are calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated with the assumption that the Company will have taxable income during the future periods.

An enterprise should offset current tax assets and current tax liabilities if the enterprise has a legally enforceable right to set off the recognised amounts, provided that the tax assets and tax liabilities are subject to the tax legislation of the same jurisdiction.

2. Presentation of the Financial Statements (continued)

viii. Summary of significant accounting policies and valuation methods (continued)

(j) Income Taxes:

Under the Turkish Tax Code, a company that has its head office or place of business in Turkey is subject to a corporate tax.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

Corporate earnings are subject to corporation tax at a rate of 20%. Whether exempted or not, dividends paid in cash to real persons with full liability and real persons and entities with limited liability (non-residents) are subject to income tax withholding at a rate of 15%. However, income tax withholding is not applicable to the dividends arising from 1998 and prior years' profits and from the exempt profits relating to the years 1999, 2000, 2001 and 2002 as well as income and profits corresponding to the above mentioned investment allowance taxed at the rate of 19,8%. Addition of current year and prior year profits (retained earnings) to share capital has not been regarded as distribution of profits and therefore no withholding tax is applicable to these earnings. On the other hand, no withholding tax is applicable to entities with full liability in profit distributions.

Further, provisional corporation tax is paid at a rate of 20% on the profits declared for interim periods to be deducted from the corporation tax.

With respect to the article 298 (bis) of the Tax Law amended by Law 5024, the financial statements of the tax payers whose earnings are determined on balance sheet basis are not subject to inflation adjustment because the inflation adjustment application which started in 2004 has ended as the increase in the Producers Price Index for the last 36 months and the last 12 months are below 100% and 10%, respectively at March 2005. In the 2014 and 2013 accounting periods, the criteria of 100% and 10% have not been realized simultaneously in the Producers Price Index and for that reason no inflation adjustment has been applied.

The earnings of companies that are granted the Real Estate Investment Trust (REIT) status is exempt from Corporate Tax and provisional corporate tax as per the article 5, section 1, paragraph d/4 of the Corporate Tax Law nr 5520. On the other hand, as per the article 15, paragraph 3 of the Corporate Tax Law, the percentage of the income tax withholding required to be made over the earnings of these partnerships that are subject to exemption is currently zero in accordance with the Ministerial Council Decision nr 2010/14594 (nr 2003/6577 for 2008). For that reason, no tax calculation has been made in relation to the 31 December 2014 and 31 December 2013 accounting periods (Note 19).

(k) Provision for Termination Indemnity:

Under Turkish Labour Law Article 25/II, the Company is required to pay termination indemnities to each employee who completes one year of service and whose employment is terminated upon causes that qualify the employee to receive termination indemnity, is called up for military service, leaves within one year after marriage (women only), and to those employees who retire or die. The amount payable consists of one month's salary for each year of service. This entitlement is limited to TL 3.438,22 in respect of each year of service as of 31 December 2014 (31 December 2013- TL 3.254,44).

2. Presentation of the Financial Statements (continued)

viii. Summary of significant accounting policies and valuation methods (continued)

(k) Provision for Termination Indemnity (continued):

The Company has determined the termination indemnity liability stated in the accompanying financial statements as per the recognition and valuation principles stated in “Employee Benefits” TAS 19. As the characteristics of the termination indemnity liabilities are similar to the “Post Employment Benefit Plans” stated in this standard, these liabilities are calculated and stated in the financial statements on the basis of below mentioned “Proposed Unit Loan Method” and other various assumptions.

- The dates that the employees will gain their pension rights are determined with respect to the current social security laws with consideration to their past employment durations.

- In calculating the current value of future liabilities that may arise due to the retirement or contract termination of an employee, it is assumed that the current salaries and wages or, if higher than the value of the termination indemnity upper limit determined by the Labour Law for 31 December 2014, the termination indemnity upper limit, to remain constant for restatement purposes, and this value is reduced by the actual discount rate of 3,30% (31 December 2013- 3,29%) calculated based upon the assumption that the expected annual inflation rate will be 6,00 % (31 December 2013 – 6,50%) and the expected discount rate will be 9,50% (31 December 2013 – 10,00%) which represents the proposed average interest rate per annum of the government bonds, in order to determine the current net value of the termination indemnity liability at the balance sheet date.

(l) Revenues and Expenses :

The accrual basis of accounting is applied for the recognition of revenues and expenses. The accrual concept requires that revenue, income and profits should be matched with costs, expenses and losses belonging to the same period.

Sales are mainly constituted of sales revenue generated from real estate sold and the rents from property held for investment purposes. Sales are accounted for by the accrual principle, calculated over fair value of the prospect or realized income upon services provided, reliable determination of the income amount, and possible economical benefits to be acquired by the Company over the transaction. Sales revenue obtained from real estate sales are recognized at the date of delivery and the rent income is accounted for by the accrual principle. If there is a significant amount of financial cost involved with the sales, the fair value of the sale is determined by discounting the receivables. The interest rate used in determining the current value of receivables is the rate which discounts the nominal value of the sales total to the cash price of the service. The difference between the nominal value of the sales consideration and the fair value calculated accordingly is accounted for as interest income in the related periods.

2. Presentation of the Financial Statements (continued)

viii. Summary of significant accounting policies and valuation methods (continued)

(l) Revenues and Expenses (continued):

If the balances recorded as income become doubtful balances, the provision for these accounts are not deducted from income accounts, these are accounted for as expense in financial statements.

Net sales are constituted of the invoiced sales balances after discounts and returns are deducted.

Cost of sales is mainly made up of the cost of real estate sold and the expenses related to these properties.

(m) Earnings/(Loss) per Share:

Earnings/(loss) per share is calculated by dividing the net profit or loss for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Companies in Turkey can increase their share capital through distributing shares (bonus shares) from retained earnings and differences arising from inflation adjustment of equity to their current shareholders. When calculating profit/(loss) per share, these bonus shares are recognized as issued shares. Therefore, the weighted average of shares used in the calculation of profit/(loss) per share is derived through retroactive application with respect to bonus shares.

(n) Accounting Estimates:

During the preparation of financial statements in accordance with the TAS/TFRS, the Management may make assumptions and estimates that might affect the book value of the assets and liabilities stated in the financial statements as of the reporting period, explanations regarding unrecognized liabilities, and income and expense totals related to the period. However, actual results may vary from these results.

(o) Borrowing Costs :

Borrowing costs are recognized as expense. Borrowing costs related to the qualifying assets are included directly in the cost of the related qualifying asset. Capitalization of borrowing costs shall cease when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

(p) Events After the Reporting Period:

The Company updates disclosures that relate to conditions that existed at the end of the reporting period to reflect any relevant information received after the reporting period. Non-adjusting events shall be disclosed if they are of such importance that non-disclosure would affect the ability of users to make proper evaluations and decisions.

2. Presentation of the Financial Statements (continued)

viii. Summary of significant accounting policies and valuation methods (continued)

(r) Conditional Assets and Liabilities:

Assets and liabilities that originate from past incidents and whose presence is not fully under the company management control as it can only be confirmed through the realization of one or more indefinite incidents to take place in the future are not included in the financial statements and are classified as conditional liabilities and assets.

(s) Statement of Cash Flows

In the statement of cash flows, current period cash flows are classified as principal activities, investing activities, and financing activities, and reported accordingly. Cash flows arising from principal activities are those that are related to the Company operations.

Cash flows from investing activities are those used by/provided from the Company's investments (i.e. fixed asset investments and financial investments). Cash flows from financing activities represent the financial sources used in the Company's finance operations and their repayments. The cash and cash equivalents in the statement of cash flows comprise cash, banks and short term investments of short maturity (up to 3 months) and high liquidity which are convertible to known amounts of cash with defined amounts maturing maximum in 3 months, having high liquidity which are easily convertible into cash.

(t) Supplementary note: Control of Compliance to Portfolio Limitations

The information provided in the said note (Note 27) is summarized information derived from financial statements as per the article 16 of the Capital Markets Board Communiqué II-14.1 “Principles Regarding Financial Reporting on Capital Markets” and prepared within the frame of provisions related to compliance to portfolio limitations stated in the CMB Communiqué Serial III No 48.1 “Principles Regarding Real Estate Investment Trusts”.

3. Cash and Cash Equivalents

Cash and cash equivalents consist of the following (TL):

	31 December 2014	31 December 2013
Banks	35.799.394	36.933.182
- TL demand deposit	27.089	111.092
- Foreign currency demand deposit	-	8
- TL time deposit	-	2.080.729
- Foreign currency time deposit *	35.772.305	34.741.353
Type B liquid fund	507.648	2.203.881
Total (Note 23 (i))	36.307.042	39.137.063

* As of 31 December 2014, the interest rate on USD time deposits at banks varies between %2,05- %2,20 and the accrued interest amounts to TL 17.754; the interest rate on Euro time deposits at banks varies between %1,80- %1,95 and the accrued interest amounts to TL 31.387; and the interest rate on TL time deposits at banks is 8,95% and the accrued interest amounts to TL 17.204 (31 December 2013 – USD deposits: 3,00% - 3,15%, TL 8.453, Euro deposits: 2,80% - 2,90%, TL 32.263, TL deposits : 8,95%, TL 17.204).

The Company has no blocked deposits at banks as of 31 December 2014 and 31 December 2013.

4. Financial Assets

As of 31 December 2014 and 31 December 2013, the breakdown of the Company's financial assets is as follows:

Financial assets held to maturity;

	31 December 2014			31 December 2013		
Currency	Book Value (TL)	Interest Rate	Maturity	Book Value (TL)	Interest Rate	Maturity
USD	132.835.423	% 3,63	15.03.2015	129.292.842	% 4,75	15.01.2014
USD	10.989.268	% 3,63	15.03.2015			
USD	4.935.054	% 3,63	15.03.2015			
USD	5.240.002	% 3,63	15.03.2015			
Total	**153.999.747**			**129.292.842**		

Financial assets held to maturity as of 31 December 2014; on 9/15/2013 55.600.000 USD, 4.600.000 USD, 2.060.000 USD and 2.183.000 USD have been issued with a nominal value coupons consist of paid government bonds.(31 December 2013: 55.332.000 USD, 2.520.000 USD)

4. Financial Assets (continued)

Financial assets available for sale;

	31 December 2014		31 December 2013	
	Participation Rate (%)	Amount (TL)	Participation Rate (%)	Amount (TL)
Alsim Alarko Sanayi Tesisleri ve Tic. A.Ş.*	-	1.196	-	1.196
Alarko Konut Projeleri Geliştirme A.Ş.(*) (**)	-	143	-	143
Alarko Holding A.Ş.*	-	2.706.587	-	2.834.313
Total	-	2.707.926	-	2.835.652

(*) Participation rate is lower than 1%.
(**) Alarko Deyaar Real Estate Development Inc. company name Alarko Housing Projects Development Inc. was changed in 03.14.2014.

Investment in Alarko Holding A.Ş. is based on the stock price which is the current best bid at the Istanbul Stock Exchange expected to approach its fair value as of 31 December 2014 and 31 December 2013. The Company monitors the increases and decreases related to fair value recognition in the Shareholder's Equity account under "Financial Assets Value Increase Fund" account in the financial statements. Accordingly, a total of TL 1.445.132 is recorded as Value Increase under the "Accumulated other comprehensive income or expenses to be reclassified in profit and loss" account as a result of the value increase of TL 1.572.856 arising from valuation at fair value as of 31 December 2013, the value decrease of TL 127.724 as of 31 December 2014 (Note 14 (c) and 23(vi)).

The participation totals in Alarko Deyaar Gayrimenkul Geliştirme A.Ş. and Alsim Alarko Sanayi Tesisleri ve Tic. A.Ş. have been valued at their restated cost values as they have no quoted value in the organized markets and their fair values cannot be determined reliably.

5. Trade Receivables and Payables

Trade receivables consist of the following (TL) :

	31 December 2014	31 December 2013
Trade receivables, net	77.968	82.783
Notes receivable	-	5.480
Doubtful trade receivables	167.523	166.359
Provision for doubtful trade receivables (-)	(167.523)	(166.359)
Total (Note 23 (i))	77.968	88.263
Due from related parties,net (Notes 22 (a) and 23 (i))	12.828.282	13.154.122
Grand Total	12.906.250	13.242.385

5. Trade Receivables and Payables (continued)

As of 31 December 2014 and 31 December 2013, the changes in provision for doubtful trade receivables during the period consist of the following (TL) :

	31 December 2014	31 December 2013
Provision for doubtful trade receivables at the beginning of the period	166.359	189.553
Provisions made during the period (Note 18)	35.693	32.314
Provisions no longer required (Note 18)	(34.529)	(55.508)
Provision for doubtful trade receivables at the end of the period (Note 23 (i))	167.523	166.359

Trade payables consist of the following (TL) :

	31 December 2014	31 December 2013
Suppliers, net	1.481.909	1.104.354
Due to related parties (Note 22 (b) and Note 23 (ii))	32.354	52.936
Total	1.514.263	1.157.290

6. Other Receivables and Payables

Other long term receivables consist of the following (TL) :

	31 December 2014	31 December 2013
Other miscellaneous receivables	-	30.261
Deposits and guarantees given	15.663	30.690
Total (Note 23 (i))	15.663	60.951

Short term other payables consist of the following (TL) :

	31 December 2014	31 December 2013
Balances due to Alarko Central Administration	1.459	3.874
Other miscellaneous debts	54.076	3.700
Total (Note 23(ii))	55.535	7.574

Long term other payables consist of the following (TL) :

	31 December 2014	31 December 2013
Deposits and guarantees received	382.828	316.748

7. Inventories

Inventories consist of real estate held for trading. As of 31 December 2014 and 31 December 2013, the breakdown of inventories is as follows:

	31 December 2014				31 December 2013			
	Restated Book Value (TL)	Sales Value (TL)	Expertise Value (TL)	Expertise Date	Restated Book Value (TL)	Sales Value (TL)	Expertise Value (TL)	Expertise Date
Real Estate Project								
Land share (1 parcel lot) and project cost Projects unsold	16.526.529	-	19.530.000	29.12.2014	16.526.529	-	18.550.000	31.12.2013
Total	16.526.529		19.530.000		16.526.529		18.550.000	
Land in Büyükçekmece								
Land cost (3 parcel lots)	3.271.735	-	47.543.000	29.12.2014	3.271.735	-	43.753.000	31.12.2013
Total	**19.798.264**	**-**	**67.073.000**		**19.798.264**	**-**	**62.303.000**	

Real Estate Project: The construction license of 63 villas and 1 social facility constructed on an area of 239.466 m² on section 106, parcel 18 in Büyükçekmece Eskice District included in the investment properties portfolio is received on 21 October 2005 and the sales transactions have started. As of 31 December 2013, sales contracts have been made for 50 villas.

Land in Büyükçekmece: There are 3 parcels of land with a total area of 622.651 m².

As of 31 December 2014 and 31 December 2013, the All Risk on Construction and Employer's Liability Insurance totals for the Real Estate Project amount to TL 37.388.142 and TL 34.159.472, respectively (Note 26).

The Company's real estate held for trading have been valued by Reel Gayrimenkul Değerleme ve Danışmanlık A.Ş.

8. Investment Properties

Investment properties consist of the following (TL):

Fair Value	Investment Properties
As of 1 January 2013	148.709.000
Additions	5.885.980
Increase arising from fair value changes (Note 18)	29.391.020
Disposals	-
As of 31 December 2013	183.986.000
Additions	42.594
Increase arising from fair value changes (Note 18)	52.550.906
Disposals	-
As of 31 December 2014	236.579.500

As of 31 December 2014 and 31 December 2013, the total insurance on investment properties are TL 86.683.954 and TL 80.813.397, respectively (Note 26).

As of 31 December 2014 and 31 December 2013, the investment properties of the Company are valued by Reel Gayrimenkul Değerleme ve Danışmanlık A.Ş.

31 December 2014 and 31 December 2013, the market values of investment properties are as follows:

	31 December 2014	
Name of Real Estate	Date of Expertise Report	Market Value (TL)
Hillside Beach Club Holiday Village	29.12.2014	127.500.000
Etiler Alkent Sitesi – Shops	29.12.2014	11.500.000
Büyükçekmece Alkent 2000– Shops	29.12.2014	6.007.500
Eyüp Topçular- Factory	29.12.2014	33.000.000
Ankara Çankaya Business Center	29.12.2014	3.886.000
İstanbul Karaköy Business Center	29.12.2014	4.325.000
İstanbul Şişhane Business Center	29.12.2014	2.955.000
Land in Maslak (*)	29.12.2014	47.406.000
Total		236.579.500

8. Investment Properties (continued)

31 December 2014 and 31 December 2013, the market values of investment properties are as follows (continued):

	31 December 2013	
Name of Real Estate	Date of Expertise Report	Market Value (TL)
Hillside Beach Club Holiday Village	31.12.2013	90.306.000
Etiler Alkent Sitesi – Shops	31.12.2013	9.557.000
Büyükçekmece Alkent 2000– Shops	26.12.2013	5.650.000
Eyüp Topçular- Factory	31.12.2013	30.446.000
Ankara Çankaya Business Center	31.12.2013	3.206.000
İstanbul Karaköy Business Center	31.12.2013	2.600.000
İstanbul Şişhane Business Center	31.12.2013	2.400.000
Land in Maslak(*)	31.12.2013	39.821.000
Total		183.986.000

As of 31 December 2014 and 31 December 2013, the investment properties of the Company are valued by Reel Gayrimenkul Değerleme ve Danışmanlık A.Ş.

* Article 24/c of the Capital Markets Board Communiqué Serial III-48.1 "Communiqué regarding the change in the communiqué on principles regarding Real Estate Investment Trusts" published in the Official Gazette dated 28 May 2013 and number 28660 promulgates that the rate of lands and registered lands which are in the portfolio, but which in spite of a period of 5 years having elapsed from their acquisition, have not been administered for any project development cannot exceed 20% of the portfolio value. The project development practices related to the land in Maslak continue and the land does not exceed %20 of the total assets of the Company.

9. Tangible Assets

As of 31 December 2014, tangible assets consist of the following (TL) :

	Opening 1 January 2014	Additions	Disposals	Closing 31 December 2014
Cost ;				
Land improvements	123.365	-	-	123.365
Buildings	311	-	-	311
Plant, machinery and equipment	4.216	-	-	4.216
Furniture and fixtures	92.937	22.023	-	114.960
Other tangible assets	27.373	-	-	27.373
Sub total	248.202	22.023	-	270.225
Accumulated depreciation ;				
Land improvements	123.365	-	-	123.365
Buildings	311	-	-	311
Plant, machinery and equipment	4.216	-	-	4.216
Furniture and fixtures	38.076	8.575	-	46.651
Other tangible assets	27.373	-	-	27.373
Sub total (Note 17)	193.341	8.575	-	201.916
Net Value	54.861	13.448	-	68.309

9. Tangible Assets (continued)

As of 31 December 2013, tangible assets consist of the following (TL) :

	Opening 1 January 2013	Additions	Disposals	Closing 31 December 2013
Cost ;				
Land improvements	123.365	-	-	123.365
Buildings	311	-	-	311
Plant, machinery and equipment	4.216	-	-	4.216
Furniture and fixtures	151.829	52.348	(111.240)	92.937
Other tangible assets	27.373	-	-	27.373
Sub total	307.094	52.348	(111.240)	248.202
Accumulated depreciation ;				
Land improvements	123.365	-	-	123.365
Buildings	311	-	-	311
Plant, machinery and equipment	4.216	-	-	4.216
Furniture and fixtures	147.176	1.583	(110.683)	38.076
Other tangible assets	27.373	-	-	27.373
Sub total (Note 17)	302.441	1.583	(110.683)	193.341
Net Value	4.653	50.765	(557)	54.861

As of 31 December 2014 and 31 December 2013, the total insurance on tangible assets amounts to TL 63.770 and TL 60.294, respectively (Note 26).

10. Intangible Assets

As of 31 December 2014, intangible assets consist of the following (TL) :

Cost;	Opening 1 January 2014	Additions	Disposals	Closing 31 December 2014
Rights	11.094	22.240	-	33.334
Other intangible assets	124.355	2.490	-	126.845
Sub total	135.449	24.730	-	160.179
Accumulated amortisation;				
Rights	10.864	2.064	-	12.928
Intangible assets	124.354	376	-	124.730
Sub total (Note 17)	135.218	2.440	-	137.658
Net Value	231	22.290	-	22.521

As of 31 December 2013, intangible assets consist of the following (TL) :

Cost;	Opening 1 January 2013	Additions	Disposals	Closing 31 December 2013
Rights	11.094	-	-	11.094
Other intangible assets	124.355	-	-	124.355
Sub total	135.449	-	-	135.449
Accumulated amortisation;				
Rights	10.836	28	-	10.864
Intangible assets	110.132	14.222	-	124.354
Sub total (Note 17)	120.968	14.250	-	135.218
Net Value	14.481	(14.250)	-	231

11. Provisions, Conditional Assets and Liabilities

a) As stated among the Company's inventories, investment properties and fixed asset accounts as of 31 December 2014 and 31 December 2013;

There is a right of easement in relation to the stores in Etiler Alkent Sitesi in Beşiktaş District dated 14 October 1987 nr. 6430 to be utilized on behalf of the Company property on section 1411, parcel 1 and against that on section 1408, parcel 1 to benefit from central heating facilities; and there is a right of easement for a period of 49 years at a fee of TL 7,72 to construct 1,5 m wide channels in some parts of the heating installations.

Furthermore, there is a personal right of easement for the owners of the property on section 1410 parcel 1 to benefit from the unused parking lot as stated in the project against the same parcel by voucher dated 26 February 1992 nr 784.

b) The guarantees, sureties, and mortgages given by the Company in the name of its own corporate body are as follows (TL) :

Guarantees, sureties, and mortgages given by the Company	31 December 2014	31 December 2013
A. Total amount of guarantees, sureties, and mortgages given by the Company in the name of its own corporate body	1.970.750	1.972.628
B. Total amount of guarantees given in favor of entities included in full consolidation	-	-
C. Total amount of guarantees, sureties, and mortgages given as collateral for third parties' liabilities to ensure continuity of ordinary trade operations	-	-
D. Total amount of other guarantees, sureties, and mortgages given		
i. Total amount of guarantees, sureties, and mortgages given in the name of the Parent Company	-	-
ii. Total amount of guarantees, sureties, and mortgages given in the name of other group companies not covered by articles B and C above	-	-
iii. The total amount of the guarantees, sureties and mortgages given in the name of third parties not covered by article C above	-	-
Total	1.970.750	1.972.628

As of 31 December 2014 and 31 December 2013, there are no other guarantees, sureties or mortgages given by the Company.

11. Provisions, Conditional Assets and Liabilities (continued)

c) Guarantee letters and notes received by the Company in each period are set out in the table below (TL) :

	31 December 2014	31 December 2013
Guarantee notes received	815.312	697.805
Guarantee letters received	301.312	269.770
Total	1.116.624	967.575

d) The Company's overdue receivables which are deemed uncollectible and the related provisions made consist of the following (TL) :

	Uncollectible Receivables	Provisions Made
31 December 2014	167.523	167.523
31 December 2013	166.359	166.359

12. Employee Benefits

Short term provisions consist of the following (TL) :

	31 December 2014	31 December 2013
Employee benefit obligations	68.906	58.305

Long term provisions consist of the following (TL) :

Employee benefit obligations:

	31 December 2014	31 December 2013
Provision for termination indemnity at the beginning of the period	152.677	120.456
Interest expense	14.504	12.046
Service expense	22.218	22.170
Payments made during the period	-	-
Actuarial loss/(gain)	(5.086)	(1.995)
Provision for termination indemnity at the end of the period	184.313	152.677

Provision for unused leaves:

	31 December 2014	31 December 2013
Provision for unused leaves at the beginning of the period	62.994	57.872
Increase/(decrease) during the period	(7.870)	5.122
Provision for unused leaves at the end of the period	55.124	62.994

13. Other Assets and Liabilities

Other current assets consist of the following (TL) :

	31 December 2014	31 December 2013
Contractual accrued income	1.267.004	-
Prepaid taxes and funds	165.163	163.537
Total	1.432.167	163.537

Other short term liabilities consist of the following (TL) :

	31 December 2014	31 December 2013
VAT payable	1.335.015	431.560
Total (Note 23 (ii))	1.335.015	431.560

14. Equity

a) Paid-in capital

As of 31 December 2014 and 31 December 2013, the Company's registered share capital amounts to TL 20.000.000 while the issued and paid-in capital amounts to TL 10.650.794. The issued capital consists of 1.065.079.400 shares of Kr 1 nominal value each. The Company's shareholding structure is elaborated in Note 1.

b) Capital adjustment differences

As of 31 December 2014 and 31 December 2013, the difference arising from restatement of nominal capital amounts to TL 54.712.578 (Note 1).

c) Financial assets value increase fund

Investment in Alarko Holding A.Ş. is based on the stock price which is the current best bid at the Istanbul Stock Exchange which is expected to approach its fair value as of 31 December 2014 and 31 December 2013. The Company monitors the increases and decreases which arise from fair value recognition under "Accumulated Other Comprehensive Income and Expenses to be Reclassified in Profit or Loss" in the Shareholder's Equity account in the financial statements. Accordingly, there is a value decrease of TL 127.724 as of 31 December 2014 and a value decrease of TL 279.783 as of 31 December 2013 both of which is stated in the "Accumulated Other Comprehensive İncome and Expenses to be Reclassified in Profit or Loss" account (Note 4).

14. Equity (continued)

d) Restricted profit reserves

As of 31 December 2014, the restricted profit reserves consist of legal reserves amounting to TL 3.137.812 (31 December 2013 – TL 2.765.034).

Legal reserves, which are divided as First Legal Reserve and Second Legal Reserve as per the Turkish Commercial Code, are appropriated as below:

a) First Legal Reserve: Appropriated out of net profit at the rate of 5% until such reserve is equal to 20% of issued and fully paid capital.

b) Second Legal Reserve: Appropriated out of net profit at the rate of 10% of distributions after providing for First Legal Reserve and an amount equal to 5% of capital as dividends.

Legal reserves which do not exceed one half of share capital may only be used to absorb losses or for purposes of continuity of the business in times of business difficulties and to prevent unemployment or lessen its effects.

e) Retained Earnings/(Accumulated Losses)

The distribution of retained earnings / (accumulated losses) is as follows (TL) :

	31 December 2014	31 December 2013
Extraordinary reserves	232.486.346	220.699.909
Retained earnings	79.751.942	11.786.437
Total	312.238.288	232.486.346

15. Sales and Cost of Sales

Sales revenues consist of the following (TL) :

	1 January 2014- 31 December 2014	1 January 2013- 31 December 2013
Income on sale of real estate	-	1.151.185
Rent income	14.919.333	13.320.811
Income on land sales	-	17.736.302
Total	14.919.333	32.208.298

Cost of sales consist of the following (TL) :

	1 January 2014- 31 December 2014	1 January 2013- 31 December 2013
Cost of real estate sold	-	958.394
Cost of land sold	-	1.104.173
Total	-	2.062.567

16. General Administration Expenses

General administration expenses consist of the following (TL) :

	1 January 2014- 31 December 2014	1 January 2013- 31 December 2013
General administration expenses	4.365.359	5.278.313
Total	4.365.359	5.278.313

17. Expenses by Nature

General administration expenses consist of the following (TL) :

	1 January 2014- 31 December 2014	1 January 2013- 31 December 2013
Outsourced repair work and services	1.113.348	1.422.223
Personnel expenses	1.392.201	1.262.924
Lawsuits, execution, and notary expenses	19.764	768.644
Taxes, duties, and fees	957.796	708.155
Rental expenses	365.917	578.792
Provision for unused leaves	-	5.122
Bank expenses	42.721	55.495
Other consultancy expenses	37.800	53.150
Legal consultancy expenses	38.535	33.550
Financial consultancy and audit expenses	43.148	33.100
Publishing expenses	15.794	16.461
Depreciation and amortisation	11.015	15.833
Communication expenses	11.720	11.707
Project preparation and translation expenses	-	2.411
Other	315.600	310.746
Total	4.365.359	5.278.313

Depreciation and amortisation expenses consist of the following (TL) :

	1 January 2014- 31 December 2014	1 January 2013- 31 December 2013
General administration expenses	11.015	15.833
Total	11.015	15.833

	1 January 2014- 31 December 2014	1 January 2013- 31 December 2013
Tangible assets (Note 9)	8.575	1.583
Intangible assets (Note 10)	2.440	14.250
Total	11.015	15.833

17. Expenses by Nature (continued)

Expenses related to employee benefits consist of the following (TL) :

	1 January 2014- 31 December 2014	1 January 2013- 31 December 2013
General administration expenses	1.392.201	1.268.046
Total	1.392.201	1.268.046

	1 January 2014- 31 December 2014	1 January 2013- 31 December 2013
Wages and salaries	1.210.735	1.102.607
Personnel transportation expenses	31.636	24.079
Personnel catering expenses	13.738	19.103
Personnel health expenses	5.290	4.661
Provision for unused leaves	-	5.122
Other personnel expenses	130.802	112.474
Total	1.392.201	1.268.046

18. Other Operating Income / (Expenses)

Operating income consists of the following (TL):

	1 January 2014- 31 December 2014	1 January 2013- 31 December 2013
Increase arising from change in fair value (Note 8)	52.550.906	29.391.020
Turkish Ministry of Environment and Forestry		
- Rental income	1.167.004	1.091.586
Turkish Ministry of Environment and Forestry		
- Land appropriation	249.323	233.077
Income from real estate other than rental income	52.292	129.333
Provisions no longer required (Note 5)	34.529	55.508
Electricity, water, transmission line	9.119	8.277
Foreign exchange gains	16.318.533	29.870.927
Interest income	8.762.974	2.396.394
Gain on sale of other marketable securities	172.445	431.381
Income from maturity differences	14.589	169.287
Rediscount interest income	828	828
Other	125.964	172.291
Total	79.458.506	63.949.909

18. Other Operating Income / (Expenses) (continued)

Operating expenses consist of the following (TL):

	1 January 2014- 31 December 2014	1 January 2013- 31 December 2013
Foreign exchange losses	3.999.347	2.615.229
Rediscount interest expenses	982	828
Loss on sale of marketable securities	5.834.451	149.654
Provision for doubtful receivables (Note 5)	35.693	32.314
Turkish Ministry of Environment and Forestry – Rental provision	1.722.332	1.288.168
Turkish Ministry of Environment and Forestry – Land appropriation	249.323	233.077
Electricity, water, transmission line	9.119	8.277
Other	50.910	154.194
Total	11.902.157	4.481.741

19. Income / (Expenses) from Investing Operations

Income from investing operations consist of the following (TL):

	1 January 2014- 31 December 2014	1 January 2013- 31 December 2013
Dividend income	41.405	32.933
Disposal of fixed assets	-	16.520
	41.405	49.453

20. Tax Assets and Liabilities

In Turkey, the corporation tax rate for 2014 is 20% (31 December 2013 – 20%). This rate is applicable to the tax base derived upon exemptions and deductions stated in the tax legislation through addition of disallowable expenses to the commercial revenues of the companies with respect to the tax legislation.

Calculation of current period corporation tax is as follows (TL) :

	31 December 2014	31 December 2013
As per statutory books	78.151.728	84.385.039
Other deductions	(78.151.728)*	(84.385.039)*
Sub total	-	-
Tax rate (%)	20	20
Tax provision	-	-

* Due to the Company's REIT status, the income for the current period is stated as other deductions (Note 2 (viii) (j)).

Deferred Tax Assets and Liabilities

Due to the Company's REIT status, no deferred tax calculation has been made as of 31 December 2014 and 31 December 2013 (Note 2 (viii) (j)).

21. Earnings per Share

Calculation of earnings per share is made as follows:

	31 December 2014	31 December 2013
Profit for the period	78.151.728	84.385.039
Weighted average number of ordinary shares for the reporting period (per share of TL 1 nominal value)	10.650.794	10.650.794
Earnings per share (TL)	7,3376	7,9229

22. Related Party Disclosures

a) Balances due from related parties consist of the following (TL) :

	31 December 2014		31 December 2013	
	Trade	Non-Trade	Trade	Non-Trade
Attaş Alarko Turistik Tesisler A.Ş.	12.829.264	-	13.154.950	-
Less: Deferred income	(932)	-	(828)	-
Total (Note 5)	12.828.282	-	13.154.122	-

b) Balances due to related parties consist of the following (TL) :

	31 December 2014		31 December 2013	
	Trade	Non-Trade	Trade	Non-Trade
Alarko Holding A.Ş.	31.767	-	5.196	-
Alarko Carrier San. ve Tic. A.Ş.	587	-	47.740	-
Total (Note 5)	32.354	-	52.936	-

22. Related Party Disclosures (continued)

c) Purchases made from and sales made to related parties consist of the following (TL):

The Company has generated income and incurred various expenses as a result of the transactions realized with the related parties as stated in the following (TL):

	31 December 2014	31 December 2013
Expenses		
Foreign exchange losses	2.164	106.356
Rental expenses	365.917	577.907
Services received	658.928	736.799
Rediscount expenses	982	828
Other expenses	21.353	24.643
Total	1.049.344	1.446.533

	31 December 2014	31 December 2013
Income		
Rental income	11.980.656	11.061.263
Turkish Ministry of Environment and Forestry – Land appropriation	250.415	233.077
Turkish Ministry of Environment and Forestry - Rent (2%)	283.150	1.092.549
Interest income	-	13.589
Other	10.207	41.210
Total	12.524.428	12.441.688

22. Related Party Disclosures (continued)

c) Purchases made from and sales made to related parties consist of the following (TL) (continued) :

Breakdown of transactions with related parties on company basis is as follows (TL):

	31 December 2014			31 December 2013		
Purchases	Goods	Services	Other	Goods	Services	Other
Attaş Alarko Turistik Tes. A.Ş.	42.594	-	530.173	187.352	642.370	107.184
Alarko Carrier San. ve Tic. A.Ş.	-	-	1.117	50.970	-	3.328
Altek Alarko Elekt. Sant. Tes Tic. A.Ş.	-	-	296	-	774	-
Alarko Holding A.Ş.	14.237	117.614	325.420	-	81.204	611.674
Alsim Alarko San. Tes. ve Tic. A.Ş.	-	-	-	5.500.000	-	-
Total	56.831	117.614	857.006	5.738.322	724.348	722.186

	31 December 2014			31 December 2013		
Sales	Goods	Services	Other	Goods	Services	Other
Attaş Alarko Turistik Tes. A.Ş.	-	-	12.111.536	-	-	11.977.054
Alarko Holding A.Ş.	-	-	-	-	-	32.933
Alarko Carrier San. ve Tic. A.Ş.	-	-	397.352	-	-	340.765
Altek Alarko Elekt. Sant. Tes. İşl. ve Tic. A.Ş.	-	-	15.540	-	-	90.936
Total	-	-	12.524.428	-	-	12.441.688

As of 31 December 2014 and 31 December 2013, there are no doubtful receivables arising from related parties.

As of 31 December 2014 and 31 December 2013, the salaries and similar remuneration provided to top management amounts to TL 933.952 and TL 854.343, gross, respectively.

23. Nature and Level of Risks Arising from Financial Instruments

Financial instruments and financial risk management

Due to the nature of its operations, the Company is exposed to various financial risks including the effects of changes in foreign exchange rates and interest rates on debt and capital market prices. The Company's total risk management program focuses on the unpredictability of financial markets, and aims to minimize its potential negative impact on the Company's financial performance.

Risk management is implemented within the frame of the following policies:

i. Credit Risk

The collection risk of the Company is basically attributed to its trade receivables. Trade receivables are valued by the Company management taking into account the past experiences and the current economic outlook; and they are recognized in the statement of financial position, net, after provisions for doubtful receivables are made when necessary.

23. Nature and Level of Risks Arising from Financial Instruments (continued)

i. Credit Risk (continued)

Maturity and guarantee structure of receivables and cash and cash equivalents as of 31 December 2014 (TL) :

	Receivables					
	Trade Receivables		Other Receivables			
31 December 2013	Related Party	Other Party	Related Party	Other Party	Bank deposits	Cash and cash equivalents
Maximum credit risk exposure as of the reporting date (A+B+C+D+E) (1) (Notes 3,5,6)	**12.828.282**	**77.968**	**-**	**15.663**	**35.799.394**	**507.648**
- Maximum risk secured by guarantee	-	77.968	-	-	-	-
A- Net book value of financial assets neither overdue nor						
impaired (2) (Notes 3,5,6)	12.828.282	77.968	-	15.663	35.799.394	507.648
B- Net book value of financial assets of which conditions are						
negotiated, otherwise considered as impaired or overdue	-	-	-	-	-	-
C- Net book value of assets overdue but not impaired (3)	-	-	-	-	-	-
Portion secured by guarantee	-	-	-	-	-	-
D- Net book value of impaired assets	-	-	-	-	-	-
- Overdue (gross book value) (Note 5)	-	167.523	-	-	-	-
- Impairment (-) (Note 5)	-	(167.523)	-	-	-	-
- Net value under guarantee	-	-	-	-	-	-
E- Off-balance sheet items having credit risk	-	-	-	-	-	-

(1) In determining the credit amounts, factors that increase credit reliability, i.e. the guarantees received, are not taken into consideration.
(2) No impairment or credit risk is anticipated in relation to the financial assets that are not overdue or impaired.
(3) As the overdue financial assets that are not impaired have short term maturities, they are not expected to create impairment loss in the future either.

23. Nature and Level of Risks Arising from Financial Instruments (continued)

i. Credit Risk (continued)

Maturity and guarantee structure of receivables and cash and cash equivalents as of 31 December 2013 (TL) :

	Receivables					
	Trade Receivables		Other Receivables			
31 December 2013	Related Party	Other Party	Related Party	Other Party	Bank deposits	Cash and cash equivalents
Maximum credit risk exposure as of the reporting date (A+B+C+D+E) (1) (Notes 3,5,6)	**13.154.122**	**88.263**	**-**	**60.951**	**36.933.182**	**2.203.881**
- Maximum risk secured by guarantee	-	88.263	-	-	-	-
A- Net book value of financial assets neither overdue nor						
impaired (2) (Notes 3,5,6)	13.154.122	88.263	-	60.951	36.933.182	2.203.881
B- Net book value of financial assets of which conditions are						
negotiated, otherwise considered as impaired or overdue	-	-	-	-	-	-
C- Net book value of assets overdue but not impaired (3)	-	-	-	-	-	-
Portion secured by guarantee	-	-	-	-	-	-
D- Net book value of impaired assets	-	-	-	-	-	-
- Overdue (gross book value) (Note 5)	-	166.359	-	-	-	-
- Impairment (-) (Note 5)	-	(166.359)	-	-	-	-
- Net value under guarantee	-	-	-	-	-	-
E- Off-balance sheet items having credit risk	-	-	-	-	-	-

(1) In determining the credit amounts, factors that increase credit reliability, i.e. the guarantees received, are not taken into consideration.
(2) No impairment or credit risk is anticipated in relation to the financial assets that are not overdue or impaired.
(3) As the overdue financial assets that are not impaired have short term maturities, they are not expected to create impairment loss in the future either.

23. Nature and Level of Risks Arising from Financial Instruments (continued)

i. Credit Risk (continued)

As of 31 December 2014 and 31 December 2013, the aging of assets past due but not impaired is as follows (TL):

31 December 2014	**Related Parties**	**Trade Receivables**
1-30 days past due	-	-
1-3 months past due	-	-
3-12 months past due	-	-
1-5 years past due	-	-
- Portion secured with guarantee	-	-

31 December 2013	**Related Parties**	**Trade Receivables**
1-30 days past due	-	-
1-3 months past due	-	-
3-12 months past due	-	-
1-5 years past due	-	-
- Portion secured with guarantee	-	-

ii. Liquidity Risk

The liquidity risk arises during the funding of the operations of the Company and the management of the open position. The risk of not funding the operations with an appropriate maturity and rate and also the risk of not liquidating an asset in an appropriate time frame with a fair value are within the scope of liquidity risk.

The following table shows the maturity distribution of the Company's non-derivative short term financial liabilities as of 31 December 2014 and 31 December 2013 (TL):

31 December 2014	**Book Value**	**Total Cash Outflows**	**Less than 3 months**
Trade payables to related parties (Note 5)	32.354	32.354	32.354
Other trade payables (Note 5)	1.481.909	1.481.909	1.481.909
Other payables (Notes 6 and 13)	1.390.550	1.390.550	1.390.550

31 December 2013	**Book Value**	**Total Cash Outflows**	**Less than 3 months**
Trade payables to related parties (Note 5)	52.936	52.936	52.936
Other trade payables (Note 5)	1.104.354	1.104.354	1.104.354
Other payables (Notes 6 and 13)	439.134	439.134	439.134

23. Nature and Level of Risks Arising from Financial Instruments (continued)

ii. Liquidity Risk (continued)

The maturity table of the assets and liabilities prepared according to their remaining maturities as of 31 December 2014 is as follows (TL):

	31 December 2014					
Monetary Assets	**0-1 month**	**1-3 months**	**3-6 months**	**6-12 months**	**Longer than 1 year**	**Total**
Cash and cash equivalents	534.737	-	-	-	-	534.737
Inventories	-	-	4.730.000	-	15.068.264	19.798.264
Other assets	30.707	54.544	1.280.076	171.661	-	1.536.988
Trade and other receivables, net	77.968	-	-	-	15.663	93.631
Due from related parties, net	-	-	-	-	-	-
Total Assets in TL	**643.412**	**54.544**	**6.010.076**	**171.661**	**15.083.927**	**21.963.620**
Cash and cash equivalents	18.963.567	16.808.738	-	-	-	35.772.305
Financial assets	-	-	-	153.999.747	-	153.999.747
Trade receivables, net	-	-	-	-	-	-
Due from related parties, net	12.828.282	-	-	-	-	12.828.282
Total Assets in Foreign Currency	**31.791.849**	**16.808.738**	**-**	**153.999.747**	**-**	**202.600.334**
Total Monetary Assets	**32.435.261**	**16.863.282**	**6.010.076**	**154.171.408**	**15.083.927**	**224.563.954**
Monetary Liabilities						
Trade payables	1.481.909	-	-	-	-	1.481.909
Due to related parties	32.354	-	-	-	-	32.354
Provision for termination indemnity	-	-	-	-	184.313	184.313
Deposits and guarantees received	-	-	-	-	20.648	20.648
Advances received	6.769	13.537	-	-	-	20.306
Employee Benefits	68.906	-	-	-	-	68.906
Provisions For Other Short Term Debts and Expenses	1.390.550	-	-	-	55.124	1.445.674
Total Liabilities in TL	**2.980.488**	**13.537**	**-**	**-**	**260.085**	**3.254.110**
Total Liabilities in Foreign Currency	**-**	**-**	**-**	**-**	**362.180**	**362.180**
Total Monetary Liabilities	**2.980.488**	**13.537**	**-**	**-**	**622.265**	**3.616.290**

23. Nature and Level of Risks Arising from Financial Instruments (continued)

ii. Liquidity Risk (continued)

The maturity table of the assets and liabilities prepared according to their remaining maturities as of 31 December 2013 is as follows (TL):

	31 December 2013					
Monetary Assets	**0-1 month**	**1-3 months**	**3-6 months**	**6-12 months**	**Longer than 1 year**	**Total**
Cash and cash equivalents	4.395.702	-	-	-	-	4.395.702
Inventories	-	-	4.730.000	-	15.068.264	19.798.264
Other assets	61.458	112.747	11.904	166.352	-	352.461
Trade and other receivables, net	88.263	-	-	-	60.951	149.214
Due from related parties, net	-	-	-	-	-	-
Total Assets in TL	**4.545.423**	**112.747**	**4.741.904**	**166.352**	**15.129.215**	**24.695.641**
Cash and cash equivalents	18.494.284	16.247.077	-	-	-	34.741.361
Financial assets	-	-	-	129.292.842	-	129.292.842
Trade receivables, net	-	-	-	-	-	-
Due from related parties, net	13.154.122	-	-	-	-	13.154.122
Total Assets in Foreign Currency	**31.648.406**	**16.247.077**	**-**	**129.292.842**	**-**	**177.188.325**
Total Monetary Assets	**36.193.829**	**16.359.824**	**4.741.904**	**129.459.194**	**15.129.215**	**201.883.966**
Monetary Liabilities						
Trade payables	1.104.354	-	-	-	-	1.104.354
Due to related parties	52.936	-	-	-	-	52.936
Provision for termination indemnity	-	-	-	-	152.677	152.677
Deposits and guarantees received	-	-	-	-	47.974	47.974
Advances received	5.471	10.942	-	-	-	16.413
Provisions For Other Short Term Debts and Expenses	439.134	-	-	-	62.994	502.128
Employee benefits	58.305	-	-	-	-	58.305
Total Liabilities in TL	**1.660.200**	**10.942**	**-**	**-**	**263.645**	**1.934.787**
Total Liabilities in Foreign Currency	**-**	**-**	**-**	**-**	**268.774**	**268.774**
Total Monetary Liabilities	**1.660.200**	**10.942**	**-**	**-**	**532.419**	**2.203.561**

23. Nature and Level of Risks Arising from Financial Instruments (continued)

iii. Market Risk

Market risk is the risk of encountering a fluctuation in the fair value of a financial asset or in future cash flows arising from changes in market prices which may lead to a negative impact on the entity. The standard market risk factors are foreign exchange rates, interest rates, and commodity prices.

iv. Foreign Currency Risk

Foreign currency risk stems from the change in the value of a financial instrument depending on a change in foreign exchange rate. The Company may face foreign currency risk because of its foreign currency denominated receivables and payables. The Company continuously monitors the said risk and takes the necessary precautions. The main foreign currencies constituting the said risk are USD and EURO.

As of 31 December 2014, the Company's net foreign currency position is TL 202.238.153 (31 December 2013 – TL 176.919.551). An increase/decrease of 10% in the foreign exchange rates will increase/decrease the Company's profit by a total of TL 20.223.815, respectively.

Foreign currency position

On "totals" basis;

	31 December 2014	**31 December 2013**
A. Foreign currency assets	202.600.334	177.188.325
B. Foreign currency liabilities	362.180	268.774
Net foreign currency position (A-B)	**202.238.154**	**176.919.551**

23. Nature and Extent of Risk Arising from Financial Instruments (continued)

iv. Foreign Currency Risk (continued)

Foreign Currency Position

Breakdown on foreign currency basis;

	31 December 2014			31 December 2013		
	TL Equivalent (Functional Currency)	Foreign Currency Amount	Foreign Exchange Rate (Full)	TL Equivalent (Functional Currency)	Foreign Currency Amount	Foreign Exchange Rate (Full)
1.Banks						
USD	14.360.767	6.192.922	2,3189	12.875.446	6.032.631	2,1343
Euro	21.411.538	7.590.860	2,8207	21.865.915	7.446.251	2,9365
2.Financial assets						
USD	153.999.747	66.410.689	2,3189	129.292.842	60.578.570	2,1343
3.Due from related parties						
USD	12.828.282	5.532.055	2,3189	13.154.122	6.163.202	2,1343
TOTAL ASSETS DENOMINATED IN FOREIGN CURRENCY	**202.600.334**			**177.188.325**		
Deposits and guarantees received (Long term)						
USD	362.180	156.186	2,3189	268.774	125.931	2,1343
TOTAL LIABILITIES DENOMINATED IN FOREIGN CURRENCY	**362.180**			**268.774**		
NET FOREIGN CURRENCY POSITION	**202.238.154**			**176.919.551**		

23. Nature and Extent of Risk Arising from Financial Instruments (continued)

iv. Currency Risk (continued)

Foreign currency position sensitivity analysis as of 31 December 2014 is as follows(TL):

Table of Foreign Currency Position Sensitivity Analysis				
	31 December 2014			
	Profit/Loss		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
	When USD changes by 10% against TL:		When USD changes by 10% against TL:	
1- USD net asset/liability	18.082.661	(18.082.661)	-	-
2- Amount hedged from USD risk (-)	-	-	-	-
3- USD Net Effect (1+2)	18.082.661	(18.082.661)	-	-
	When Euro changes by 10% against TL:		When Euro changes by 10% against TL:	
4- Euro net asset/liability	2.141.154	(2.141.154)	-	-
5- Amount hedged from Euro risk (-)	-	-	-	-
6- Avro Net Effect (4+5)	2.141.154	(2.141.154)	-	-
Total (3+6)	20.223.815	(20.223.815)	-	-

23. Nature and Extent of Risk Arising from Financial Instruments (continued)

iv. Currency Risk (continued)

Foreign currency position sensitivity analysis as of 31 December 2013 is as follows (TL):

Table of Foreign Currency Position Sensitivity Analysis				
	31 December 2013			
	Profit/Loss		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
	When USD changes by 10% against TL:		When USD changes by 10% against TL:	
1- USD net asset/liability	15.505.364	(15.505.364)	-	-
2- Amount hedged from USD risk (-)	-	-	-	-
3- USD Net Effect (1+2)	15.505.364	(15.505.364)	-	-
	When Euro changes by 10% against TL:		When Euro changes by 10% against TL:	
4- Euro net asset/liability	2.186.592	(2.186.592)	-	-
5- Amount hedged from Euro risk (-)	-	-	-	-
6- Avro Net Effect (4+5)	2.186.592	(2.186.592)	-	-
Total (3+6)	17.691.956	(17.691.956)	-	-

23. Nature and Extent of Risk Arising from Financial Instruments (continued)

v. Interest Risk

The Company's activities are exposed to interest rate risk due to the differences in payment date and payment amounts or restructuring of interest sensitive assets and liabilities. Corresponding interest rate risk is managed by natural measures aimed to balance assets and liabilities having interest rate sensitivity.

As of 31 December 2014 and 31 December 2013, the Company does not have significant financial assets with interest sensitivity.

vi. Share Price Risk

The Company is exposed to stock price risk which is the risk of encountering price changes in securities included in the Company portfolio. As of 31 December 2014, if there is a 10% increase/decrease in the best bid among current orders pending at the Istanbul Stock Exchange which are used in valuation of these securities with other variables remaining constant, the Company's equity will be higher/lower by a total of TL 270.659, net, without any effect in profit/loss (31 December 2013 – TL 283.431) (Note 4).

vii. Capital Risk Management

For proper management of capital risk, the Company aims

- to maintain continuity of operations so as to provide earnings to partners and benefits to other shareholders, and

- to increase profitability through determining a product and service pricing policy that is commensurate with the level of risks inherent in the market.

The Company determines the amount of share capital in proportion to the risk level. The equity structure of the Company is arranged in accordance with the economic outlook and the risk attributes of assets.

The Company monitors capital management by using the debt/equity ratio. This ratio is calculated by dividing the debt, net, by the total share capital. The net debt is calculated by deducting the value of cash and cash equivalents from the total debt (the sum of short and long term liabilities stated in the statement of financial position). The total share capital is the sum of all equity items stated in the statement of financial position.

23. Nature and Extent of Risk Arising from Financial Instruments (continued)

vii. Capital Risk Management (continued)

The general strategy of the Company has not changed with respect to that of the prior year. As of 31 December 2014 and 31 December 2013, the ratio of the total capital to total debts, net, is as follows (TL):

	31 December 2014	31 December 2013
Total debt	3.616.290	2.203.561
Less: cash and cash equivalents	(36.307.042)	(39.137.063)
Net debt	(32.690.752)	(36.933.502)
Total equity	460.325.920	386.557.149
Debt/Equity ratio	(7)%	(10)%

24. Financial Instruments (Disclosures related to fair value and hedge activities)

Financial Instruments

Financial instruments comprise financial assets and financial liabilities. Financial instruments may create/affect/decrease liquidity risk, credit risk and stock market risk in the financial statements of the Company. All financial assets are reviewed to prevent impairment risk.

Fair value is the value of an asset or liability in an arms length transaction between knowledgeable and willing parties.

The Company has determined the fair value of its financial instruments by using current market information at present and by using appropriate valuation methods. However, assessing market information and forecasting actual values requires judgment. The forecasts presented as a conclusion may not always represent the values that are acquired by the Company in current market transactions.

24. Financial Instruments (Disclosures related to fair value and hedge activities) (continued)

Methods and assumptions used to estimate the fair value of financial instruments are as follows:

Financial Assets

Balances denominated in foreign currency are translated by using the exchange rates valid at the balance sheet date. It is foreseen that these balances are close to their carrying values. The fair values of certain financial assets, which also include cash and cash equivalents, are considered to approximate their carrying values due to their short term nature.

The carrying values of trade receivables along with the related allowances for uncollectability are estimated to represent their fair values.

The fair values of investments held to maturity are calculated by deducting impairment losses, if any, from the cost values amortized by the effective interest method.

The fair values of financial assets which are available for sale and traded in active markets correspond to the best bid among current orders pending at the balance sheet date. The fair values of financial assets available for sale which are not traded in active markets cannot be determined reliably; hence, they are assumed to be equivalent to their restated cost values.

Financial Liabilities

Trade payables have been presented at their fair values.

25. Events After the Reporting Period

The termination indemnity upper limit which stood at TL 3.438,22 as of 31 December 2014 has been increased to TL 3.541,37 with effect from 1 January 2015 (31 December 2013 – TL 3.254,44).

26. Other Issues Materially Affecting the Financial Statements or Requiring Disclosure for a Proper Interpretation and Understanding of the Financial Statements

Insurance totals of assets for the respective periods are as follows (Notes 7,8 and 9);

31 December 2014	TL 124.135.866
31 December 2013	TL 115.033.163

27. Supplementary Notes

As of 31 December 2014 and 31 December 2013, compliance with portfolio restrictions is monitored as follows:

	Main Account Items of Unconsolidated (Separate) Financial Statements	Related Regulation	Current Period (TL) 31 December 2014	Prior Period (TL) 31 December 2013
A	Money Market and Capital Market Instruments	Art. 24/(b)	193.013.376	171.264.218
B	Real estates, real estate projects and rights supported by real estates	Art. 24/(a)	256.377.764	203.784.264
C	Affiliates	Art. 24/(b)	1.339	1.339
	Due from Related Parties (Non-Trade)	Art. 23/(f)	-	-
	Other Assets		14.549.731	13.710.889
D	**Total Assets**	Art. 3/(p)	**463.942.210**	**388.760.710**
E	Financial Liabilities	Art. 31	-	-
F	Other Financial Liabilities	Art. 31	-	-
G	Lease Obligations	Art. 31	-	-
H	Due to Related Parties (Non-Trade)	Art. 23/(f)	-	-
I	Equity	Art. 31	460.325.920	386.557.149
	Other Liabilities		3.616.290	2.203.561
D	**Total Liabilities and Equity**	Art. 3/(p)	**463.942.210**	**388.760.710**
	Other Unconsolidated (Separate) Financial Data	**Related Regulation**	**Current Period (TL) 31 December 2014**	**Prior Period (TL) 31 December 2013**
A1	Part of Money Market Instruments and Capital Market Instruments Held for Real Estates (3 Years)	Art. 24/(b)	-	-
A2	Time and Demand Deposits in TL/Foreign Currency	Art. 24/(b)	35.799.394	36.933.182
A3	Foreign Capital Market Instruments	Art. 24/(d)	-	-
B1	Real estates, real estate projects and rights supported by real estates	Art. 24/(d)	-	-
B2	Lands Held Idle	Art. 24/(c)	50.677.735	43.092.735
C1	Foreign Investments	Art. 24/(d)	-	-
C2	Participation in the Operating Company	Art. 28/1(a)	1.339	1.339
J	Non-cash Loans	Art. 31	1.970.750	1.972.628
K	Mortgage lien on lands to be administrated for projects and the property of which does not belong to the company	Art. 22/(e)	-	-
L	All of the money and capital markets in a single investment company Tools	Art. 22/(l)	2.706.587	2.834.313

27. Supplementary Notes (continued)

As of 31 December 2014 and 31 December 2013, compliance with portfolio restrictions is monitored as follows (continued):

	Portfolio Limitations	Related Regulation	Current Period 31 December 2014	Prior Period 31 December 2013	Ratio of Minimum/ Maximum
1	Mortgage lien on lands to be administrated for projects and the property of which does not belong to the company	Art. 22/(e)	0,00%	0,00%	≤%10
2	Real estates, real estate projects and rights supported by real estates	Art. 24/(a),(b)	55,26%	52,42%	≥%51
3	Money Market and Capital Market Instruments and Subsidiaries	Art. 24/(b)	41,60%	44,05%	≤%49
4	Real estates, real estate projects and rights supported by real estates, Subsidiaries, Capital Market Instruments	Art. 24/(d)	0,00%	0,00%	≤%49
5	Lands Held Idle	Art. 24/(c)	10,92%	11,08%	≤%20
6	Participation in the Operating Company	Art. 28/1 (a)	0,00%	0,00%	≤%10
7	Borrowing Limit	Art. 31	0,43%	0,51%	≤%500
8	Time and Demand Deposits in TL/Foreign Currency	Art. 24/(b)	7,72%	9,50%	≤%10
9	All of the money and capital markets in a single investment company Tools	Art. 22/(l)	0,58%	0,73%	≤%10

As promulgated by the Communiqué Serial: III, No: 48.1 issued in the Official Gazette dated 28.05.2013, the Article 27(c) of the “Communiqué on Principles Regarding Real Estate Investment Trusts” states that “The rate of lands and registered lands which are in the portfolio but which, in spite of a period of five years having elapsed from their acquisition, have not been administrated for any project development cannot exceed 20% of the total assets.”As per the financial statements as of 31 December 2014, the ratio of the Company’s plots of land to the total assets is %10,92 which is a rate that falls within the limit stated in the Communiqué.

Further to the above, the Article 24(a) of the Communiqué Serial: III No: 48.1 on the “Principles Regarding Real Estate Investment Trusts” is stated as follows: “REICs are required to invest in real estate, rights supported by real estate, and real estate projects at a minimum rate of 51% of their portfolio values”. As per the financial statements of 31 December 2014, this rate is 55,26% and stays within the limits introduced by the Communiqué.

Further, the Article 24(b) of the Communiqué Serial: III No: 48.1 on the “Principles Regarding Real Estate Investment Trusts” is stated as follows: “REICs can invest in the assets stated in Article 22.1(k) and the investments stated in Article 28 of the Communiqué up to a maximum of 49% of the portfolio value.” As per the financial statements of 31 December 2014, this rate is 41,60% and stays within the limits introduced by the Communiqué.

The article 24 (b) of the said communiqué promulgates that “The companies can invest in time deposit and demand deposits in Turkish Liras or any foreign currency for investment purposes at a maximum rate of 10% of their total assets”. In the 31 December 2014 financial statements, this rate is 7,72% and stays within the limits introduced by the Communiqué.

The borrowing limit and the rates of participation in the operating company are also contained within the said limits. There are no other portfolio limitations.