AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF
THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2015
TOGETHER WITH AUDITOR'S REPORT

(ORIGINALLY ISSUED IN TURKISH)

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

1. We have audited the accompanying financial statements of Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. (the "Company"), which comprise the statement of financial position as at 31 December 2015 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Independent Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. Our audit was conducted in accordance with standards on auditing issued by the Capital Markets Board of Turkey and Independent Auditing Standards that is part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority. Those standards require that ethical requirements are complied with and that the audit is planned and performed to obtain reasonable assurance whether the financial statements are free from material misstatement.

   An independent audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on independent auditor's professional 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 independent auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An independent audit includes also evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. a member of PricewaterhouseCoopers
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Opinion

4. In our opinion, the financial statements present fairly, in all material respects, the financial position of Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. as at 31 December 2015 and its financial performance and cash flows for the period then ended in accordance with Turkish Accounting Standards.

Reports on Other Responsibilities Arising From Regulatory Requirements

5. In accordance with subparagraph 4 of Article 398 of the Turkish Commercial Code ("TCC") No: 6102; auditor's report on the early risk identification system and committee has been submitted to the Company's Board of Directors on 26 February 2016.

6. In accordance with subparagraph 4 of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2015 is not in compliance with the TCC and provisions of the Company's articles of association in relation to financial reporting.

7. In accordance with subparagraph 4 of Article 402 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers

Engin Çubukçu, SMMM
Partner

Istanbul, 26 February 2016

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

FINANCIAL STATEMENTS AT 31 DECEMBER 2015

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CONVENIENCE TRANSLATION OF STATEMENTS OF FINANCIAL POSITION (BALANCE SHEET) AT 31 DECEMBER 2015 AND 2014

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

	Notes	Audited 31 December 2015	Audited 31 December 2014
ASSETS			
Current assets		**44,819,057**	**52,853,704**
Cash and cash equivalents	3	40,330,904	49,917,145
Trade receivables			
Receivables from related parties	4	-	70,504
Receivables from third parties	4	2,751,341	1,260,813
Prepaid expenses	7	1,508,141	25,927
Other current assets	7	228,671	1,579,315
Non-current assets		**189,605,195**	**164,783,897**
Investment property	5	189,464,856	164,588,118
Property and equipment		123,944	168,832
Intangible assets		16,193	26,745
Other non-current assets	7	202	202
Total assets		**234,424,252**	**217,637,601**

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

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF STATEMENTS OF FINANCIAL POSITION (BALANCE SHEET) AT 31 DECEMBER 2015 AND 2014

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

	Notes	Audited 31 December 2015	Audited 31 December 2014
LIABILITIES			
Current liabilities		**8,168,076**	**6,412,510**
Trade payables			
Due to related parties	4,17	3,041,818	1,737,452
Other trade payables	4	150,423	224,955
Other payables			
Due to third parties	4	159,475	583,398
Deferred income	7	1,396,094	1,285,692
Provisions			
Other provisions	6	3,095,607	1,756,613
Other current liabilities	7	324,659	824,400
Non-current liabilities		**1,450,202**	**163,075**
Other payables			
Other payables to third parties	4	463,381	113,032
Provision for employment termination benefits	9	986,821	50,043
Equity		**224,805,974**	**211,062,016**
Share capital	8	37,264,000	37,264,000
Adjustment to share capital	8	27,745,263	27,745,263
Other comprehensive income/expense not to be reclassified to profit or loss			
- Actuarial gains arising from employee benefits	*8*	41,313	-
Restricted reserves	8	58,547,594	52,771,674
Retained earnings	8	27,882,759	27,593,186
Net income for the year	8	73,325,045	65,687,893
Total liabilities and equity		**234,424,252**	**217,637,601**

These financial statements for the year ended 31 December 2015 have been approved by Board of Directors on 26 February 2016 and signed by Murat Kayman, General Manager and Zeynep Yıldırım Gündoğdu, Director of Finance. These financial statements will be approved by the General Assembly.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014

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

	Notes	Audited 1 January- 31 December 2015	Audited 1 January- 31 December 2014
CONTINUING OPERATIONS:			
OPERATING INCOME			
Revenue	10	105,088,206	92,469,833
Cost of sales (-)	10	(30,290,195)	(27,312,450)
Gross profit		**74,798,011**	**65,157,383**
Marketing, selling and distribution expenses (-)	11	(3,769)	(17,589)
General administrative expenses (-)	11	(5,388,722)	(3,956,138)
Other operating income	13	232,505	401,383
Other operating expense (-)	13	(932,356)	(1,029,448)
Operating profit		**68,705,669**	**60,555,591**
Financial income	14	4,915,534	5,154,760
Financial expenses (-)	14	(296,158)	(22,458)
Profit before tax from continuing operations		**73,325,045**	**65,687,893**
Tax expense from continuing operations		-	-
Profit for the year from continuing operations		**73,325,045**	**65,687,893**
Earnings per share	**15**		
Earning per share from continuing operations		1.97	1.76
Earning per share from discontinuing operations		-	-
Diluted earnings per share	**15**		
Diluted earnings per share from continuing operations		1.97	1.76
Diluted earnings per share from discontinuing operations		-	-
OTHER COMPREHENSIVE INCOME:			
Items not to be classified to profit or loss			
Actuarial losses arising from employee benefits		41,313	-
Total comprehensive income		**73,366,358**	**65,687,893**

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

CONVENIENCE TRANSLATION OF THE STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014

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

				Other comprehensive income/expense not to be reclassified to profit or loss		Retained earnings		
	Notes	Share capital	Adjustment to share capital	Actuarial losses arising from employee benefits	Restricted reserves	Retained earnings	Net profit for the period	Total equity
1 January 2014		**37,264,000**	**27,745,263**	**-**	**48,113,674**	**20,852,421**	**59,841,965**	**179,344,278**
Transfers	8	-	-	-	4,658,000	55,183,965	(59,841,965)	-
Dividend paid	8	-	-	-	-	(48,443,200)	-	(48,443,200)
Total comprehensive income	8	-	-	-	-	-	65,687,893	65,687,893
31 December 2014	**8**	**37,264,000**	**27,745,263**	**-**	**52,771,674**	**27,593,186**	**65,687,893**	**211,062,016**
1 January 2015		**37,264,000**	**27,745,263**	**-**	**52,771,674**	**27,593,186**	**65,687,893**	**211,062,016**
Transfers	8	-	-	-	5,775,920	59,911,973	(65,687,893)	-
Dividend paid	8	-	-	-	-	(59,622,400)	-	(59,622,400)
Total comprehensive income	8	-	-	41,313	-	-	73,325,045	73,366,358
31 December 2015	**8**	**37,264,000**	**27,745,263**	**41,313**	**58,547,594**	**27,882,759**	**73,325,045**	**224,805,974**

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

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014

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

	Notes	Audited 1 January - 31 December 2015	Audited 1 January - 31 December 2014
Cash flows from operating activities:			
Profit before tax		73,325,045	65,687,893
Adjustments to reconcile net cash generated from operating activities to income before tax:			
Depreciation and amortisation	12	5,172,180	4,311,517
Provision for employment termination benefits	9	1,128,939	18,033
Debt provision	6	1,103,027	968,598
Provision for doubtful receivables	4,13	222,389	-
Reversal of provisions	6	-	(65,165)
Interest income	14	(4,461,058)	(5,117,840)
Accrued expenses	7	324,659	824,400
Interest expenses	13,14	172,441	28,260
Net cash before changes in net working capital:		**76,987,622**	**66,655,696**
(Increase)/decrease in accounts receivable		(1,712,917)	902,836
Decrease in receivables from related parties		70,504	31,883
(Increase)/decrease in other assets		(131,570)	12,251,941
Increase/(decrease) in accounts payable		(74,532)	22,502
Increase in payables to related parties		1,304,366	1,714,030
(Decrease)/increase in other payables		(73,574)	661,413
Decrease in other liabilities		(478,031)	(1,275,001)
Employment termination benefits paid		(150,848)	-
Interest paid		(68,824)	(28,260)
Net cash provided by operating activities		**75,672,196**	**80,937,040**
Interests received		4,533,553	5,322,156
Purchase of tangible and intangible assets		-	(208,746)
Additions to investment property	5	(29,993,478)	(36,390,719)
Net cash used in investing activities		**(25,459,925)**	**(31,277,309)**
Dividends paid		(59,622,400)	(48,443,200)
Interest paid		(103,617)	-
Net cash used in financing activities		**(59,726,017)**	**(48,443,200)**
Increase in cash and cash equivalents		**(9,513,746)**	**1,216,531**
Cash and cash equivalents at the beginning of the period		49,779,073	48,562,542
Cash and cash equivalents at the end of the period	**3**	**40,265,327**	**49,779,073**

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

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

The principal activity of Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. (the "Company") is to create value through the ownership of real estates investment property. The address of the Company is as follows:

Nispetiye Cad. Akmerkez Tic. Merkezi E3 Kule K:1 Etiler / İstanbul-Türkiye

The trade name "Akmerkez Gayrimenkul Yatırımı A.Ş." has been changed as "Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş." in the Extraordinary Shareholders Meeting held on 17 February 2005 and this change has been registered on 24 February 2005 by the Ministry of Trade.

With respect to the Board Decision dated 21 June 2005, the trade name of the Company is set as "Akmerkez Alışveriş Merkezi" and this name is certified by the Istanbul Trade Registrar as at 1 July 2005.

The Company's shares have been quoted on the Istanbul Stock Exchange ("ISE") since 15 April 2005 and as of 31 December 2015 50.82% of these shares are publicly quoted.

The shareholding structure as of 31 December 2015 and 2014 is as follows:

Shareholders	31 December 2015	31 December 2014
Akkök Holding A.Ş.	13.12%	13.12%
Tekfen Holding A.Ş.	10.79%	10.79%
Public offering (*)	50.82%	50.82%
Other (**)	25.27%	25.27%
Total	**100.00%**	**100.00%**

(*) 31.48% of public offering shares belong to Klepierre S.A. as of 31 December 2015 (31 December 2014: 8.5%).

(**) Other represents shareholders with less than 10% shareholdings.

The average number of personnel during the period by categories is as follows:

	31 December 2015	31 December 2014
Administrative	4	5

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

Preparation of the financial statements

The Company maintains their books of account and prepares their statutory financial statements ("Statutory Financial Statements") in TL in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance, accounting principles issued by the TMS/TFRS for listed companies. These financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the TMS/TFRS Financial Reporting Standards.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

The financial statements as at 31 December 2015 of the Company, have been approved by the Board of Directors on 26 February 2016.

Declaration of conformity to TAS

The financial statements of the Company have been prepared in accordance with the communiqué numbered II-14,1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board ("CMB") (hereinafter will be referred to as "the CMB Accounting Standards") on 13 June 2013 which is published on Official Gazette numbered 28676. In accordance with article 5th of the CMB Accounting Standards, companies should apply Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS") and interpretations regarding these standards as adopted by the Public Oversight Accounting and Auditing Standards Authority ("POA").

Adjustment of financial statements during hyper-inflationary periods:

With the decision taken on 17 March 2005, the CMB announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with CMB Financial Reporting Standards. Accordingly, TAS 29, "Financial Reporting in Hyperinflationary Economies", issued by POAASA, has not been applied in the financial statements for the accounting year commencing 1 January 2005.

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Company's functional and presentation currency is TRY.

Offsetting

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

Going concern

The Company has prepared the financial statements for the period 1 January - 31 December 2015 in accordance with the going concern principle.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Compliance with portfolio restrictions

The information included in Note 22, "Supplementary Note: Control of Compliance with Portfolio Restrictions" represent a condensed information based on the figures extracted from the financial statements that are prepared in accordance with No. II-14.1 "Principals of Financial Reporting in Capital Markets" of the CMB. This condensed information has been prepared in accordance with the requirements of Communiqué Serial: III, No: 48.1 "Principals of The Real Estate Investment Trusts" of the CMB particularly relating to the principles regarding the control of compliance to portfolio restrictions.

2.2. Changes in Accounting Policies

Significant changes in accounting policies or material errors are corrected, retrospectively; by restating the prior period financial statements.

2.2.1. Comparative figures and the reclassification to the financial Statements of the prior period

The Company complies with the principles and articles of valid commercial laws and regulations and Communiqués announced by CMB in the accounting records and the preparation of the financial statements.

In order to determine the financial status and performance trends, the financial statements of the Company have been prepared in comparison with the financial statements of previous periods. The Company prepared its balance sheet as of 31 December 2015 in comparison with the balance sheet prepared as of 31 December 2014; prepared the statement of income, statement of changes in shareholders' equity and cash flow statement between 1 January - 31 December 2015 in comparison with 1 January - 31 December 2014. Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current period.

In the comparative financial statements, the Company made some reclassifications as summarized follows:

- Rent income of the common areas amounting to TRY4,288,452 and other incomes amounting to TRY172,871 which was accounted for under other operating income has been reclassified to revenue for the period between 1 January 2014 - 31 December 2014.
- Real estate tax expense amounting to TRY1,132,045 which was accounted for under general administrative expenses has been reclassified to cost of sales for the period between 1 January 2014 – 31 December 2014.
- Foreign exchange gain on trade receivables and payables amounting to TRY330.218 which was accounted for under financial income, has been reclassified to other operating income for the period between 1 January 2014 - 31 December 2014.
- Foreign exchange loss on trade receivables and payables amounting to TRY351,188 which was accounted for under financial expenses, has been reclassified to other operating expenses for the period between 1 January 2014 - 31 December 2014.
- Foreign exchange loss on trade receivables and payables amounting to TRY28,260 which was accounted for under financial expenses, has been reclassified to other operating expenses for the period between 1 January 2014 - 31 December 2014.
- Utility reflecting income amounting to TRY341,836 which was accounted for under revenue, has been reclassified to cost of sales for the period between 1 January 2014 - 31 December 2014.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2.2 Changes in standards and interpretations

The standards listed below and the changes and comments introduced to the standards, amendments and interpretations are applicable as at 31 December 2015 and mentioned amendments to the standards have no material effect on the financial statements of the Company:

- Amendment to TAS 19 regarding defined benefit plans, effective from annual periods beginning on or after 1 July 2014. These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to fixed percentage of salary.

- Annual improvements 2012; effective from annual periods beginning on or after 1 July 2014. These amendments include changes from the 2010-2012 cycle of the annual improvements project, that affect 7 standards:

  - TFRS 2, 'Share-based payment'
  - TFRS 3, 'Business Combinations'
  - TFRS 8, 'Operating segments'
  - TFRS 13, 'Fair value measurement'
  - TAS 16, 'Property, plant and equipment' and TAS 38,'Intangible assets'
  - Consequential amendments to TFRS 9, 'Financial instruments', TAS 37, 'Provisions, contingent liabilities and contingent assets', and
  - TAS 39, Financial instruments – Recognition and measurement'

- Annual improvements 2013; effective from annual periods beginning on or after 1 July 2014. These amendments include changes from the 2011-2012-2013 cycle of the annual improvements project, that affect 4 standards:

  - TFRS 1, 'First time adoption'
  - TFRS 3, 'Business combinations'
  - TFRS 13, 'Fair value measurement' and
  - TAS 40, 'Investment property'

The new standards, amendments and interpretations introduced to the Financial Statements as of 31 December 2015, however is not effective yet:

- Amendment to TFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation, effective from annual periods beginning on or after 1 January 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

- Amendments to TAS 16 'Property,plant and equipment', and TAS 41, 'Agriculture', regarding bearer plants, effective from annual periods beginning on or after 1 January 2016. These amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. It has been decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of TAS 16, instead of TAS 41. The produce growing on bearer plants will remain within the scope of TAS 41.

- TFRS 14 'Regulatory deferral accounts', effective from annual periods beginning on or after 1 January 2016. TFRS 14, 'Regulatory deferral accounts' permits first–time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt TFRS. However, to enhance comparability with entities that already apply TFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

- Amendment to TAS 16, 'Property, plant and equipment' and TAS 38, 'Intangible assets', on depreciation and amortisation, effective from annual periods beginning on or after 1 January 2016. In this amendment it has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It is also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

- Amendments to TAS 27, 'Separate financial statements' on the equity method, effective from annual periods beginning on or after 1 January 2016. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

- Amendments to TFRS 10, 'Consolidated financial statements' and TAS 28, 'Investments in associates and joint ventures', effective from annual periods beginning on or after 1 January 2016. These amendments address an inconsistency between the requirements in TFRS 10 and those in TAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

- Annual improvements 2014, effective from annual periods beginning on or after 1 January 2016. These set of amendments impacts 4 standards:

    - TFRS 5, 'Non-current assets held for sale and discontinued operations' regarding methods of disposal.
    - TFRS 7, 'Financial instruments: Disclosures', (with consequential amendments to TFRS 1) regarding servicing contracts.
    - TAS 19, 'Employee benefits' regarding discount rates.
    - TAS 34, 'Interim financial reporting' regarding disclosure of information.

- Amendment to TAS 1, 'Presentation of financial statements' on the disclosure initiative, effective from annual periods beginning on or after 1 January 2016, these amendments are as part of the TASB initiative to improvepresentation and disclosure in financial reports

- Amendment to TFRS 10 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures', effective from annual periods beginning on or after 1 January 2016.These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.

- TFRS 15 'Revenue from contracts with customers', effective from annual periods beginning on or after 1 January 2018. TFRS 15, 'Revenue from contracts with customers' is a converged standard from the TASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.

- TFRS 9 'Financial instruments', effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in TAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

Above mentioned amendments to the standards have no material effect on the financial statements of the Company.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Restatement and the errors in the accounting estimates

Material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period financial statements. The effect of changes in accounting estimates affecting the current period is recognised in the current period; the effect of changes in accounting estimates affecting current and future periods is recognised in the current and future periods. For the period 1 January - 31 December 2015 there has been no change in the accounting estimates.

2.4 Summary of Significant Accounting Policies

The significant accounting policies followed in the preparation of the financial statements are summarized below:

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank deposits and highly liquid investments, whose maturity at the time of purchase is less than three months and conversion risk on value at the date of sale is immaterial.

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 venture. 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.

Trade receivables and payables

Trade receivables are financial assets created by the Company through selling services directly to the tenants. Trade receivables of the Company are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method. Short term receivables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest is significant.

An impairment provision for trade receivables is established if there is objective evidence that the Company will not be able to collect all amounts due in accordance with the original agreement terms. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is reversed through other operating income.

Trade payables consist of payables to suppliers for purchases of goods and services. Trade payables and other financial liabilities are accounted for at amortized cost. Short term payables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest is significant.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Financial liabilities and borrowing costs

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method in financial statements. Starting from 1 January 2009 ''Borrowing Costs" TAS 23 (revised) requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset, removing the option of immediately expensing borrowing costs.

Current and deferred income taxes

The Corporate Tax Law No: 5520 was amended on 21 June 2006 with the Law announced in the Official Journal No 26205. The majority of the clauses of Law No 5520 are effective as of 1 January 2006. The corporation tax rate is 20% after 1 January 2006 in Turkey. Corporation tax is payable at a rate of 20% on the total income of the Company after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, and investment allowance, etc) and corporate income tax deductions (like research and development expenditures deduction). No further tax is payable unless the profit is distributed.

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, except from these corporations' dividends subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

The Company is exempt from corporate income tax in accordance with paragraph 4-d of Article 8 of the Corporate Income Tax Law and in accordance with paragraph 6-a of Article 94 of the Income Tax Law, the earnings of the real estate investment trusts are subject to withholding taxes, According to the Council of Ministers decision, No: 93/5148, the withholding tax rate is determined as "0". Therefore, the Company has no corporate tax obligation.

Deferred income taxes are provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. Currently enacted tax rates are used to determine deferred income tax at the balance sheet date. As the Company is exempt from corporate income taxes based on the current tax legislation, no deferred income tax asset or liability has been calculated on temporary taxable and deductible differences in these financial statements.

Employment termination benefits

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed at least one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement.

The amount payable consists of one month's salary limited to a maximum of TRY4,092.53 as of 31 December 2015.

Provision which is allocated by using the defined benefit obligation's current value is calculated by using estimated liability method. All actuarial profits and losses are recognised in the comprehensive statement of income.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

The employment termination benefit obligation as explained above is considered as a defined benefit plan under TFRS. TFRS requires actuarial valuation methods to be developed to estimate the enterprise's obligation for such benefits. The liability for this unfunded plan recognized in the balance sheet is the full present value of the defined benefit obligation at the end of the reporting period, calculated using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows from the retirement of its employees using the long term TRY interest rates.

The principal actuarial assumption is that the maximum liability will increase in line with inflation. Thus the effective discount rate applied represents the expected real interest rate after adjusting for the effects of future inflation. As the maximum liability amount is revised semi-annually by the authorities, the maximum amount of TRY4,092.53 (TRY in full) which is effective from 1 January 2016 has been taken into consideration when calculating the liability (1 January 2015: TRY3,541.37).

Provisions, contingent assets and liabilities

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are not recognized for future operating losses.

Contingent assets or contingent obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company are not included in financial statements and are treated as contingent assets or liabilities.

Property and equipment and related depreciation

Property and equipment are carried at cost less accumulated depreciation and provision for impairment, if any. Any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement.

Depreciation is calculated over of the cost of property and equipment using the straight-line method based on expected useful lives.

The expected useful lives are stated below:

	Years
Machinery, plant and equipment	5
Furniture and fixtures	5-15

Subsequent costs incurred for tangible assets are included in the asset's carrying amount or recognized as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statements during the financial period in which they were incurred.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount and the provision for impairment is charged to income statement.

Gains and losses on the disposal of property and equipment are determined by deducting the net book value of the property and equipment from its sales and are included in the related income and expense accounts, as appropriate.

Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied or utilised by the Company in the normal course of business, is classified as investment property.

Investment properties are stated at cost less their accumulated depreciation and impairment loss, if any. Investment properties are restated for the effects of inflation using the measuring unit current as at 31 December 2004. Additions made subsequent to 1 January 2005 are stated at their nominal values. The financial expenses related to the loans used for acquisition of investment properties and incurred during the progress of the said investment properties are restated and included in the cost. Investment properties are depreciated over their inflation-adjusted values and the nominal values of additions made subsequent to 1 January 2005. The useful life of investment properties is estimated to be 50 years.

Part of the Company's investment property is used for administrative purposes; however, as the ratio is considered immaterial (i.e., with a gross value less than 1% of total gross value), they are not classified separately, but rather stated within the investment properties account.

Impairment of assets

The Company reviews all assets including tangible assets at each balance sheet date in order to see if there is a sign of impairment on the stated asset. If there is such a sign, carrying amount of the stated asset is projected. Impairment exists if the carrying value of an asset or a cash generating unit including the asset is greater than its net realizable value. Net recoverable value is the higher of the net sales value or value in use. Value in use is the present value of cash flows generated from the use of the asset and the disposal of the asset after its useful life. Impairment losses are recorded in comprehensive income statement. Impairment loss for an asset is reversed, if an increase in recoverable amount is related to a subsequent event following the booking of impairment by not exceeding the amount reserved for impairment.

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Revenue recognition

Revenue is recognised when the amount of revenue can be measured reliably and when it is probable that the economic benefits associated with the transaction will flow to the Company. Revenue is presented net of value added and sales taxes. The following criteria are necessary for the recognition of revenue:

Rent income from investment properties

Rent income from investment properties is recognised on an accrual basis. Revenue is realized when economic benefits arising from the transaction have passed, and when the amount of such income can be reliably measured. Rent discounts and similar promotions granted to existing tenants from time to time are netted of from rent revenues as they are not rent incentives for acquisition of new contracts.

The minimum amount of the total rent payments to be received in the future periods based on the existing contracts are summarised below;

	31 December 2015	**31 December 2014**
Within 1 year	103,335,322	80,299,700
1 to 5 years	495,694,188	316,993,566
Over 5 years	215,302,448	261,492,039
	814,331,958	**658,785,305**

Interest income and expense

Interest income and expense is accounted for using the effective interest rate method. Interest income comprises mostly interest income from time deposits.

Interest expenses incurred from borrowings are calculated using the effective interest rate method.

Paid-in capital

Ordinary shares are classified as equity. Proceeds from issuing new equity instruments are recorded net of transaction costs.

Earnings per share

Earnings per share are determined by dividing net comprehensive income by the weighted average number of shares that have been outstanding during the period concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of their shares ("Bonus Shares") to existing shareholders funded from retained earnings or other reserves. For the purpose of earnings per share computations, such Bonus Share issuances are regarded as issued shares for all periods presented and accordingly the weighted average number of shares used in earnings per share computations in prior periods is adjusted retroactively for the effects of these shares, issued without receiving cash or another consideration from shareholders.

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Reporting of cash flows

Cash flows statement includes cash and cash equivalents, cash with original maturity periods of less than three months and bank deposits.

Subsequent events

Subsequent events cover any events which arise between the reporting date and the balance sheet date, even if they occurred after any declaration of the net profit for the period or specific financial information publicly disclosed. The Company adjusts or provides disclosure in its financial statements if such subsequent events arise that require an adjustment or disclosure to the financial statements.

NOTE 3 - CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents as of 31 December 2015 and 2014 are as follows:

	31 December 2015	**31 December 2014**
Cash	3,089	7,167
Banks		
- TRY time deposit	25,284,280	49,721,607
- Foreign currency denominated time deposit	14,940,110	-
- TRY demand deposit	32,791	25,202
- Foreign currency denominated demand deposit	70,634	163,169
	40,330,904	**49,917,145**

As of 31 December 2015, the interest rate on TRY deposit accounts at banks is between 12.10% and 13.85%, interest rate on foreign currency denominated deposit accounts at banks is between 1.4% and 2.15% and the accrued interests are TRY64,717 and TRY860 respectively (31 December 2014: the interest rate on TRY deposit accounts at banks is 9.85% and 11.25% the accrued interest is TRY138,072). The maturity of time deposits is less than one month (31 December 2014: less than one month).

The cash and cash equivalents disclosed in the statements of cash flows are as follows:

	31 December 2015	**31 December 2014**
Cash and cash equivalents	40,330,904	49,917,145
Less: accrued interest	(65,577)	(138,072)
	40,265,327	**49,779,073**

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

NOTE 4 - TRADE AND OTHER RECEIVABLES AND PAYABLES

Short-term trade receivables

	31 December 2015	31 December 2014
Trade receivables	5,533,856	4,088,684
Notes and post-dated cheques receivable	607,745	340,000
Receivables from related parties (Note 17)	-	70,504
	6,141,601	4,499,188
Less: Provision for doubtful receivables	(3,390,260)	(3,167,871)
	2,751,341	**1,331,317**

	2015	2014
1 January	**3,167,871**	**3,167,871**
Provisions made during the period	222,389	-
Doubtful receivables collections	-	-
31 December	**3,390,260**	**3,167,871**

Short-term trade payables	31 December 2015	31 December 2014
Trade payables	150,423	224,955
Due to related parties (Note 17)	3,041,818	1,737,452
	3,192,241	**1,962,407**

As of 31 December 2015 and 2014, there are no other receivables.

Short-term other payables	31 December 2015	31 December 2014
Taxes payables and other taxes	149,961	549,186
Deposits and guarantees received	-	25,489
Other	9,514	8,723
	159,475	**583,398**

Long-term other payables	31 December 2015	31 December 2014
Deposits and guarantees received	463,381	113,032
	463,381	**113,032**

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

NOTE 5 - INVESTMENT PROPERTIES

Movement schedule of investment properties for the years ending on 31 December 2015 and 2014 are as follows:

	1 January 2015	Additions	Transfers	31 December 2015
Cost				
Buildings	187,914,200	-	63,069,564	250,983,764
Construction in progress (*)	33,076,086	29,993,478	(63,069,564)	-
	220,990,286	**29,993,478**	**-**	**250,983,764**
Accumulated depreciation				
Buildings	(56,402,168)	(5,116,740)	-	(61,518,908)
	(56,402,168)	**(5,116,740)**	**-**	**(61,518,908)**
Net Book Value	**164,588,118**			**189,464,856**

(*) Transfers from construction in progress to the building amounting to TRY63,069,564 consist of renovation of the exterior of shopping mall.

	1 January 2014	Additions	Transfers	31 December 2014
Cost				
Buildings	174,404,180	-	13,510,020	187,914,200
Construction in progress (*)	10,195,387	36,390,719	(13,510,020)	33,076,086
	184,599,567	**36,390,719**	**-**	**220,990,286**
Accumulated depreciation				
Buildings	(52,108,465)	(4,293,703)	-	(56,402,168)
	(52,108,465)	**(4,293,703)**	**-**	**(56,402,168)**
Net Book Value	**132,491,102**			**164,588,118**

The fair value of the Company's investment property based on the valuation report of Lotus Gayrimenkul Değerleme ve Danışmanlık A.Ş. dated 31 December 2015 amount to TRY1,537,950,000 (As of 31 December 2014, the fair value of the Company's investment property based on the valuation report of Vektör Gayrimenkul Değerleme A.Ş. amount to TRY1,236,260,978).

Insurance coverage on assets is as follows;

31 December 2015 : USD 160,608,300
31 December 2014 : USD 160,608,300

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

NOTE 6 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Real rights on immovables are as follows:

a) There is a rental restriction in favour of TEK (Turkish Electricity Institution) with registry dated 31 December 1992 No: 5538.

b) There is a 5 year rental restriction in favour of Yapı Kredi A.Ş. on Çarşı Block 1 basement coded (4,60) at a land share of 76800/25600000 (independent component, no 89) registered on 17 April 1995, No: 1315.

Type of guarantees received	Currency of denomination	Amount	31 December 2015
Letters of guarantees received	USD	2,895,257	8,418,249
Guarantee notes received	USD	1,601,706	4,657,120
Guarantee cheques received	TRY	581,000	581,000
			13,656,369

Type of guarantees received	Currency of denomination	Amount	31 December 2014
Letters of guarantees received	USD	3,203,509	7,428,619
Guarantee notes received	USD	1,626,672	3,772,089
Guarantee cheques received	TRY	581,000	581,000
Guarantee notes received	TRY	30,000	30,000
			11,811,708

The commitments received consist of letters of guarantees received from the tenants of the shopping mall.

Below are the amounts of guarantees, pledges and mortgages of Company

CPM's given by the company (Collaterals, Pledges, Mortgages)	31 December 2015	31 December 2014
A, CPM's given for companies own legal personality	1,729	1,729
B, CPM's given on behalf of fully consolidated companies	None	None
C, CPM's given for continuation of its economic activities on behalf of third parties	None	None
D, Total amount of other CPM's		
i) Total amount of CPM's given on behalf of the majority shareholder	None	None
ii) Total amount of CPM's given to on behalf of other Group companies which are not companies which are not in scope of B and C	None	None
iii) Total amount of CPM's given on behalf of third parties which are not in scope of C	None	None
	1,729	**1,729**

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

NOTE 6 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Provision for lawsuits

The provision for the lawsuits against the Company as of 31 December 2015 is TRY3,095,607 (31 December 2014: TRY1,756,613). The movement of provision for lawsuits is as follows:

	2015	2014
1 January	**1,756,613**	**773,593**
Increase during the period	1,103,027	968,598
Foreign exchange differences and interests	235,967	79,587
Reversals during the period	-	(65,165)
31 December	**3,095,607**	**1,756,613**

The Company's ongoing lawsuits that no provision necessary in the financial statements are summarized below as of 31 December 2015:

Ömer Dinçkök, one of the shareholders, filed a lawsuit on 30 June 2014 with a demand of appointment of a special auditor for the Company as per Article 439/1 of Turkish Commercial Code. It was decided to reject the case by 3. Commercial Court of First Instance. The case has been appealed by plaintiff. Furthermore, another lawsuit was filed by Ömer Dinçkök on the same date with a demand of cancellation of the decisions taken with regard to reading and negotiation of 2013 Annual Report prepared by the Board of Directors, discharge of each Board of Directors member due to the Company's 2013 activities, determining the salaries of Board of Directors members and independent members of the Board, granting the Board of Directors members with the permits and powers stated in the provisions of Article 395 and 396 of Turkish Commercial Code and presenting the upper limit determined for the donations to be made in 2014 as per Capital Markets Law to the approval of the General Assembly. The case is ongoing.

Ömer Dinçkök filed a lawsuit on 10 April 2015 with a demand of getting information and examination of Ordinary General Meeting dated 31 March 2015. On 8 October 2015, the court has decided to reject the case and the case has been appealed by the plaintiff on 30 December 2015.

Ömer Dinçkök filed a lawsuit on 30 June 2015 with a demand of appointment of a special auditor for the Company. The case has been rejected on 17 February 2016 and resulted in favor of the Company. Furthermore, another lawsuit was filed by Ömer Dinçkök on the same date with a demand of cancellation of the decisions taken with regard to reading and negotiation of 2014 Annual Report prepared by the Board of Directors, reading Audit Report of 2014, reading, negotiation and validation of financial statements of 2014, selection of members of Board of Directors and independent Board of Directors and determination of their duty term. The related case is ongoing.

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

NOTE 7 - OTHER ASSETS AND LIABILITIES

The details of other assets and other liabilities as of 31 December 2015 and 2014 are as follows:

Prepaid expenses - short term	**31 December 2015**	**31 December 2014**
Prepaid expenses (*)	894,918	18,898
Advances given (**)	613,223	7,029
	1,508,141	**25,927**

(*) Amount to TRY829,875 consists of prepaid expenses in order to rent the store. These amounts will be amortized in the contract period after renting the store.

(*) Amount to TRY529,904 consists of advances given to Üçgen Bakım ve Yönetim Hizmetleri A.Ş. for the renovation work of apart lobby and stores to rent.

Other current assets:	**31 December 2015**	**31 December 2014**
VAT receivables	228,671	1,573,552
Other	-	5,763
	228,671	**1,579,315**

Other non-current assets:	**31 December 2015**	**31 December 2014**
Deposits given	202	202
	202	**202**

Deferred income	**31 December 2015**	**31 December 2014**
Deferred income	1,058,739	948,309
Advances received	337,355	337,383
	1,396,094	**1,285,692**

Other non- current liabilities	**31 December 2015**	**31 December 2014**
Expense accruals	324,659	824,400
	324,659	**824,400**

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

NOTE 8 - EQUITY

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

Shareholders	**31 December 2015**		**31 December 2014**	
	Share (%)	**Amount**	**Share (%)**	**Amount**
Akkök Holding A.Ş.	13.12	4,890,900	13.12	4,890,900
Tekfen Holding A.Ş.	10.79	4,019,839	10.79	4,019,839
Quoted to İstanbul Stock Exchange (*)	50.82	18,938,898	50.82	18,938,898
Other (**)	25.27	9,414,363	25.27	9,414,363
Total paid-in capital	**100.00**	**37,264,000**	**100.00**	**37,264,000**

(*) 31.48% of public offering shares belong to Klepierre S.A. as of 31 December 2015 (31 December 2014: 8.5%).

(**) Represents individual shareholdings less than 10%.

At the Ordinary General Meeting of the Company dated 3 May 2011, it was decided to allocate bonus shares from the first and second dividend to be distributed to the shareholders from the profit of 2010 in line with the previous allocation of the issued shares and as per CMB Communiqué Serial I, No: 40 on Registration of Shares to Board Records and Disposal of Shares, to apply to the CMB in order to register the new issued bonus shares to the CMB Board records. After the increase in the issued shares, the capital amounted to TRY37,264,000.

The Company's issued and fully paid share capital amounting to TRY37,264,000 is represented by 3,726,400,000 shares of Krş1 nominal value of which 407,575,000 are Class A shares, 284,138,000 are Class B shares, 239,887,000 are Class C shares and 2,794,800,000 are Class D shares as of 31 December 2015 and 2014.

There are 10 members of the Board of Directors who are assigned by the General Assembly as follows; four members elected with the majority votes of Class A shares; three members elected with the majority votes of Class B shares; two members elected with the majority votes of Class C shares and one member elected with the majority votes of Class D shares which represent the publicly offered shares and subject to participation to the General Assembly.

According to compability of Articles of Incorporation to Communiqué No: IV-56 Determination and the Enforcement of the Corporate Governance Principles issued by CMB, the appeal of increasing the upper limit of registered capital from TRY27,400,000 to TRY75,000,000 is approved by CMB. The appeal of increasing the upper limit of registered capital and amendment of Articles of Incorporation are registered on 6 June 2012 and published at the Trade Registry Gazette on 12 June 2012.

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

NOTE 8 - EQUITY (Continued)

Equity statement in accordance with the Communiqué Serial: II-14-1 is as follows:

	31 December 2015	**31 December 2014**
Share capital	37,264,000	37,264,000
Adjustment to share capital	27,745,263	27,745,263
Other comprehensive income/expense not to be reclassified to profit or loss		
- Actuarial gains arising from employee benefits	41,313	-
Restricted reserves		
- Legal reserves	58,547,594	52,771,674
Retained earnings	27,882,759	27,593,186
Net income for the period	73,325,045	65,687,893
	224,805,974	**211,062,016**

Retained earnings consist of the following:

	31 December 2015	**31 December 2014**
Prior years' income	3,326,254	3,326,254
Extraordinary reserves	20,573,289	20,283,716
Inflation difference in extraordinary reserves	521,985	521,985
Inflation difference in legal reserves	3,461,231	3,461,231
	27,882,759	**27,593,186**

Profit distribution

"Dividend Guidelines" issued in accordance with Article 13 of the Capital Markets Board's Communiqué on Dividends was promulgated in the Official Gazette on 23 January 2014 and was put into effect as of 1 February 2014. The adjustments and disclosures included in the Communiqué on Dividends and the Dividend Guidelines are summarised below.

Dividends shall be distributed upon decision by the general assembly in line with the Dividend Distribution Policy to be set by the general assembly. Companies shall determine the dividend distribution policy and whether or not to distribute dividends. Accordingly, dividend distribution is voluntary in principle. The Capital Markets Board shall be entitled to define various principles for dividend distribution depending on the qualities of the entities.

Dividend distribution policies of companies regulate the following items:

- whether or not to distribute dividends,
- dividend rates and account items to apply that rate,
- payment methods and dates,
- whether to distribute dividends in cash or in the form of free of charge shares (applicable to companies whose shares are listed in stock markets), and
- whether or not to distribute dividend advances.

The upper limit of the dividends to be distributed equals the distributable portion of the relevant profit distribution resources in legal records. As a rule, dividends are equally distributed to all shares available as of the distribution date. Acquisition and issuance dates of shares are not taken into account. Unless the reserves to be allocated in accordance with the Turkish Commercial Code and shareholders' dividends stipulated in the articles of association and dividend distribution policy are allocated, it shall not be possible to decide to set aside other reserves or carry forward the profit to the following year.

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

NOTE 8 - EQUITY (Continued)

Provided that it is set out in the articles of association, dividends can be provided to privileged shareholders or dividend certificate owners, board members, employees and other non-shareholders. However, it is not possible to allocate dividends to dividend certificate owners, board members, employees and others before the dividends determined for shareholders are paid in cash. The communiqué rules that if the amount of dividend to be paid to the dividend certificate owners, board members, employees and others excluding the privileged shares is not specified in the articles of association, the maximum amount to be distributed to the foregoing is one fourth of the amount distributed to shareholders. In the event of distributing dividends to non-shareholders and of paying in instalments, the instalment sums should be paid in proportion to instalment sums of shareholders and the same principles apply.

The New Capital Markets Board Law and thus the new Communiqué allow the shareholders to make donations. However, it is required that the articles of association should contain a related provision: the amount of donations shall be determined by the general assembly, however, CMB is entitled to introduce an upper limit.

Companies listed on the stock markets should disclose the following to the public:

- the board of directors' proposal on dividend distribution;
- the board of directors' decision on dividend distribution; and
- a dividend or dividend advance distribution chart. It is obligatory that a dividend distribution chart should be disclosed to the public on the date when the ordinary general assembly agenda is announced at the latest.

NOTE 9 - EMPLOYEE BENEFITS

At 31 December 2015, the amount payable consists of one month's salary limited to a maximum of TRY4,092,53 for each year of service (31 December 2014: 3,541.37)

In the financial statements, Company management reflected a liability calculated in accordance with TAS 19 and based upon factors derived using their experience of personnel terminating their services and being eligible to receive retirement pay and discounted by using the current market yield at the balance sheet date on government bonds. All actuary gain and losses are recognized in comprehensive income statement.

Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	1 January - 31 December 2015	**1 January - 31 December 2014**
Discount rate (%)	3.76	2.97
Turnover rate to estimate the probability of retirement (%)	94.00	100.00

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

NOTE 9 - EMPLOYEE BENEFITS (Continued)

Liabilities related to employee benefits consist of provisions for employment termination benefits. The movements of the provision as follows:

	2015	**2014**
1 January	**50,043**	**32,010**
Cost of service	1,025,322	18,033
Cost of interest	103,617	-
Actuarial gain	(41,313)	-
Payments made during period (-)	(150,848)	-
31 December	**986,821**	**50,043**

Provision for employment termination benefits amounting to TRY51,405 comprise of the Company's personnel termination benefits expenses and TRY935,416 comprise of the Company's share in Üçgen Bakım ve Yönetim Hizmetleri A.Ş.'s personnel terminaton benefits expenses.

NOTE 10 - OPERATING INCOME

Sales	**31 December 2015**	**31 December 2014**
Shops and warehouse rent income	98,127,179	86,550,962
Other income	3,971,689	4,119,487
Apart hotel rent income	2,989,338	1,799,384
	105,088,206	**92,469,833**
Cost of sales		
Cost of services	(25,173,455)	(23,018,747)
Depreciation expense	(5,116,740)	(4,293,703)
	(30,290,195)	**(27,312,450)**
Gross Profit	**74,798,011**	**65,157,383**

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

NOTE 11 - MARKETING, SELLING AND DISTRIBUTION EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES

	31 December 2015	31 December 2014
Marketing, selling and distribution expenses		
Advertisement expenses	3,769	17,589
	3,769	**17,589**

	31 December 2015	31 December 2014
General administrative expenses		
Personnel expenses	1,549,120	1,403,100
Legal expenses	1,462,044	624,551
Provision for lawsuits	1,103,027	968,598
Consultancy expenses	508,708	578,916
Insurance, duties, taxes and levies expenses	473,684	68,795
Depreciation and amortisation expenses	55,440	17,814
Donation expenses	-	20,756
Other	236,699	273,608
	5,388,722	**3,956,138**

NOTE 12 - EXPENSES BY NATURE

	31 December 2015	31 December 2014
Depreciation and amortisation		
Cost of sales	5,116,740	4,293,703
General and administrative expenses	55,440	17,814
	5,172,180	**4,311,517**

Allocation of depreciation and amortisation charges

	31 December 2015	31 December 2014
Investment properties (Note 5)	5,116,740	4,293,703
Tangible assets	44,888	9,227
Intangible assets	10,552	8,587
	5,172,180	**4,311,517**

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

NOTE 13 - OTHER INCOME/EXPENSES

Other operating income	31 December 2015	31 December 2014
Foreign exchange gain on trade receivables and payables	194,868	330,218
Reversals from provisions	35,461	65,165
Other	2,176	6,000
	232,505	**401,383**

Other operating expense	31 December 2015	31 December 2014
Apart renovation expenses (*)	(344,217)	-
Foreign exchange gain on trade receivables and payables	(296,926)	(351,188)
Provisions for doubtful receivables	(222,389)	-
Interest expense of provision for lawsuits	(68,824)	(28,260)
Compensations (**)	-	(650,000)
Other operating expense	**(932,356)**	**(1,029,448)**
Other operating income – net	**(699,851)**	**(628,065)**

(*) Apart renovation expenses comprise of the renovation of the apart fitness center of the shopping mall.

(**) Compensations paid to tenants discharged prior to their contract expiration dates.

NOTE 14 - FINANCIAL INCOME /EXPENSES

Financial income	31 December 2015	31 December 2014
Interest income	4,461,058	5,117,840
Foreign exchange gains	454,476	36,920
	4,915,534	**5,154,760**

Financial expenses	31 December 2015	31 December 2014
Foreign exchange losses	(192,226)	(22,368)
Interest expenses related to employee benefits	(103,617)	-
Bank commissions	(315)	(90)
	(296,158)	**(22,458)**

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

NOTE 15 - EARNINGS PER SHARE

The earning per share stated in income statement is calculated by dividing net income for the period by the weighted average number of Company's shares for the period.

The companies in Turkey are allowed to increase their paid-in capital by issuing "free shares" which represent the increases from retained earnings and revaluation funds. The issue of such shares is treated as the issuance of ordinary shares in the calculation of earnings per share. The weighted average number of shares includes such shares and their retrospective effects. The share capital amounting to TRY13,700,000 within the registered capital limit of TRY27,400,000 has been increased to TRY37,264,000 from the dividend to be distributed to the shareholders over the profit of 2010 amounting to TRY23,564,000. Based on the resolution issued by CMB Decision No. 20/626, dated 30 June 2011, the new issued shares have been registered.at 8 July 2011 to İstanbul Commercial Office.

The earnings per share amount is calculated by dividing net income for the period by the weighted average number of Company's shares for the period.

	31 December 2015	**31 December 2014**
Weighted average number of shares as of the reporting date (per share of TRY1 nominal value)	37,264,000	37,264,000
Net profit	73,325,045	65,687,893
Earnings per share	**1.97**	**1.76**

NOTE 16 - TAX ASSETS AND LIABILITIES

The Company is exempt from corporate income tax in accordance with paragraph 4-d of Article 5 of the Corporate Income Tax Law and in accordance with paragraph 6-a of Article 94 of the Income Tax Law, the earnings of the real estate investment trusts are subject to withholding taxes, According to the Council of Ministers decision, No: 93/5148, the withholding tax rate is determined as "zero". Therefore, the Company has no corporate tax obligation.

NOTE 17 - RELATED PARTY DISCLOSURES

a) As of 31 December 2015 and 2014 receivables from related parties and due to related parties are as follows:

Receivables from related parties	**31 December 2015**	**31 December 2014**
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.	-	67,947
Akmerkez Lokantacılık Gıda San. ve Tic A.Ş.	-	2,557
	-	**70,504**

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

NOTE 17 - RELATED PARTY DISCLOSURES (Continued)

Due to related parties	**31 December 2015**	**31 December 2014**
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.(*)	2,976,264	1,437,340
Dinkal Sigorta Acenteliği A.Ş.	42,704	20,757
Akkök Holding A.Ş.	22,405	20,472
Aktek Bilgi İletişim Teknoloji San. ve Tic. A.Ş.	445	-
Akgirişim Müteahhitlik Müşavirlik ve Çevre Teknolojileri San.ve Tic. A.Ş.	-	258,666
Due to shareholders	-	217
	3,041,818	**1,737,452**

(*) The due balance consist given to related party Üçgen Bakım ve Yönetim Hizmetleri A.Ş. for the Akmerkez management costs.

Advances given	**31 December 2015**	**31 December 2014**
Üçgen Bakım ve Yönetim Hizmetleri A.Ş. (**)	529,904	-
Akgirişim Müteahhitlik Müşavirlik ve Çevre Teknolojileri San.ve Tic. A.Ş. (***)	75,531	-
	605,435	**-**

(**) Advances given to Üçgen Bakım ve Yönetim Hizmetleri A.Ş. consists of advances for the renovation work of apart lobby and stores to rent.

(***) The balance is remained after settling of renovation account and accepted return in January 2016.

b) As of 31 December 2015 and 2014, sales and purchases from related parties are as follows:

Sales to related parties:	**31 December 2015**	**31 December 2014**
Akmerkez Lokantacılık Gıda San. Tic. A.Ş.	2,457,815	1,443,543
Tekfen Turizm İşletmeleri A.Ş.	797,080	428,890
	3,254,895	**1,872,433**

Purchases from related parties:	**31 December 2015**	**31 December 2014**
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.	28,918,080	45,389,110
Akgirişim Müteahhitlik Müşavirlik ve Çevre Teknolojileri San.ve Tic.A.Ş.	26,385,346	13,031,582
Akkök Holding A.Ş.	253,060	154,768
Aktek Bilgi İşletişim ve Teknoloji Sanayi ve Ticaret A.Ş.	11,566	24,088
Akmerkez Lokantacılık Gıda San. Tic. A.Ş.	1,946	-
Akhan Bakım Yönetim Servis Hizmet Güvenlik Tic. A.Ş.	908	-
Ak Havacılık ve Ulaştırma Hizmetleri A.Ş.	-	6,290
	55,570,906	**58,605,838**

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

NOTE 17 - RELATED PARTY DISCLOSURES (Continued)

Purchases and sales consist of rent income, purchase and sales of services, and renovation expenses. The related party purchases amounting to TRY28,918,080 comprise of management expenses, renovation expenses and other expenses provided by Üçgen Bakım ve Yönetim Hizmetleri A.Ş. (''Üçgen''). The remaining balance amounting to TRY26,385,346 comprise of the renovation work on exterior side of the building provided by Akgirişim Müteahhitlik Müşavirlik ve Çevre Teknolojileri San.ve Tic.A.Ş. and amounting to TRY267,480 comprise of other expenses. The Company provides common areas services like car park, valet and apart hotel rent incomes from the related party Üçgen, in addition to these the Company has cinema and office floor rent incomes from the related party Üçgen to whom the Company charged TRY9,548,059 regarding the revenue collected on behalf of the Company for 2015 (1 January - 31 December 2014: TRY8,684,245)

c) Remuneration of key management:

	31 December 2015	31 December 2014
Salaries	1,019,807	976,399

NOTE 18 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

Liquidity Risk

The ability to fund the Company's financial and trade liabilities are managed by taking into account its expected undiscounted cash flows.

Liquidity risk is the inability of the Company to match the net funding requirements with sufficient liquidity. As of 31 December 2015 the Company's current assets exceeded its current liabilities by TRY36,650,981 (31 December 2014: TRY46,441,194). The management does not anticipate any difficulty on the repayment of the short-term liabilities and continuity of the Company considering the cash that will be generated from rental operations and the ability to reach to the high quality borrowers.

The analysis of the Company's financial liabilities with respect to their maturities as of 31 December 2015 is as follows:

Expected Maturities	Booked value	Cash outflows expected	Shorter than 3 months	3-12 months	1 -5 years	Longer than 5 years
Non-derivate financial liabilities						
Trade payables	3,192,241	3,192,241	3,192,241	-	-	-
Other payables and liabilities	622,856	622,856	159,475	-	-	463,381
	3,815,097	**3,815,097**	**3,351,716**	**-**	**-**	**463,381**

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

NOTE 18 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

The analysis of the Company's financial liabilities with respect to their maturities as of 31 December 2014 is as follows:

Expected Maturities	**Booked value**	**Cash outflows expected**	**Shorter than 3 months**	**3-12 months**	**1 -5 years**	**Longer than 5 years**
Non-derivate financial liabilities						
Trade payables	1,962,407	1,962,407	1,962,190	217	-	-
Other payables and liabilities	696,430	696,430	557,909	25,489	-	113,032
	2,658,837	**2,658,837**	**2,520,099**	**25,706**	**-**	**113,032**

Interest rate risk

The Company is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. These exposures are managed by offsetting interest rate sensitive assets and liabilities and using derivative instruments when considered necessary.

In this context, matching of not only maturities of receivables and payables but also contractual repricing dates are crucial. In order to keep the exposure of financial liabilities to interest rate changes at a minimum, "fixed interest/floating interest", "short-term/long-term", "TRY/foreign currency" balance should be structured consistent within and with assets in the balance sheet.

The interest position is set out in the table below :

	31 December 2015	**31 December 2014**
Financial instruments with fixed interest		
Time deposits	40,224,390	49,721,607

As of 31 December 2015 and 2014, there are no financial instruments with variable interest.

Credit risk

The Company is subject to credit risk arising from trade receivables related to credit sales and deposits at banks.

The Company management evaluates trade receivables taking into consideration the collaterals received, past experiences and current economic outlook and makes provisions for doubtful receivables when deemed necessary. The Company management does not foresee additional risk related to the Company's trade receivables other than the related provisions made.

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

NOTE 18 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Credit risk disclosures

Credit and receivable risk of financial instruments as of 31 December 2015 is as follows:

	Receivables					
	Trade Receivables		Other Receivables			
31 December 2015	**Related party**	**Third party**	**Related party**	**Third party**	**Bank deposits**	**Other**
Maximum credit risk exposed as of the reporting date (A+B+C+D) (*)	-	**2,751,341**	-	-	**40,327,815**	-
-Secured portion of the maximum credit risk by guarantees	-	765,685	-	-	-	-
A. Net book value of financial assets that are neither overdue nor impaired	-	827,353	-	-	40,327,815	-
B. Book value of financial assets whose conditions are revised and which otherwise would be considered as overdue or impaired	-	-	-	-	-	-
C. Net book value of overdue assets that are not impaired	-	1,923,986	-	-	-	-
- Secured portion by guarantees, etc. (**)	-	765,685	-	-	-	-
D. Net book values of impaired assets	-	-	-	-	-	-
- Overdue (gross book value)	-	3,390,260	-	-	-	-
- Impairment (-)	-	(3,390,260)	-	-	-	-
- Secured portion by guarantees, etc.	-	-	-	-	-	-

(*) In determining the amount of credit risk exposed, factors that increase credit reliability, i.e. the guarantees received, are not taken into consideration.

(**) The amounting to TRY643,975 are bank guarantee letters, TRY118,579 are notes and TRY3,311 are cheques of overdue assets that are not impaired.

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

NOTE 18 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Credit risk disclosures

Credit and receivable risk of financial instruments as of 31 December 2014 is as follows:

	Receivables					
	Trade Receivables		Other Receivables			
31 December 2014	**Related party**	**Third party**	**Related party**	**Third party**	**Bank deposits**	**Other**
Maximum credit risk exposed as of the reporting date (A+B+C+D) (*)	**70,504**	**1,260,813**	**-**	**-**	**49,909,978**	**-**
-Secured portion of the maximum credit risk by guarantees	-	251,620	-	-	-	-
A. Net book value of financial assets that are neither overdue nor impaired	70,504	704,401	-	-	49,909,978	-
B. Book value of financial assets whose conditions are revised and which otherwise would be considered as overdue or impaired	-	-	-	-	-	-
C. Net book value of overdue assets that are not impaired	-	556,412	-	-	-	-
- Secured portion by guarantees, etc. (**)	-	251,620	-	-	-	-
D. Net book values of impaired assets	-	-	-	-	-	-
- Overdue (gross book value)	-	3,167,871	-	-	-	-
- Impairment (-)	-	(3,167,871)	-	-	-	-
- Secured portion by guarantees, etc.	-	-	-	-	-	-

(*) In determining the amount of credit risk exposed, factors that increase credit reliability, i.e. the guarantees received, are not taken into consideration.

(**) The amounting to TRY73,851 are notes and TRY177,769 are bank guarantee letters of overdue assets that are not impaired.
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(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

NOTE 18 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

As of 31 December 2015, aging of financial assets that are past due but not impaired is as follows:

	Trade receivables
0-1 months past due	1,204,660
1-3 months past due	639,495
3-12 months past due	79,831
	1,923,986

As of 31 December 2014, aging of financial assets that are past due but not impaired is as follows:

	Trade receivables
0-1 months past due	524,700
1-3 months past due	27,190
3-12 months past due	4,522
	556,412

Foreign Currency Risk

The Company's foreign currency balances arising from operating, investment, and financial activities are disclosed below as of the reporting date. The Company may be exposed to foreign currency risk due to foreign exchange differences at the time its foreign currency receivables and payables are converted to Turkish Lira. The foreign currency risk is monitored through continuous analysis of the foreign currency position and measured on the basis of sensitivity analyses.

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

NOTE 18 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

As of 31 December 2015 and 2014 the assets and liabilities denominated in foreign currencies which do not bear guaranteed rates of exchange and foreign currency amounts stated in the assets are as follows:

31 December 2015	**Euro**	**USD**	**TRY equivalent**
Current assets			
Cash and cash equivalents	298,337	4,836,253	15,009,883
Total assets	**298,337**	**4,836,253**	**15,009,883**
Current liabilities			
Short-term provisions	-	(144,650)	(420,584)
Non-current Liabilities			
Other payables	-	(159,369)	(463,381)
Total liabilities	**-**	**(304,019)**	**(883,965)**
Net Foreign Currency Liability Position	**298,337**	**4,532,234**	**14,125,918**

31 December 2014	**Euro**	**USD**	**TRY equivalent**
Current assets			
Cash and cash equivalents	-	70,365	163,169
Total assets	**-**	**70,365**	**163,169**
Current liabilities			
Short-term provisions	-	(144,650)	(335,429)
Other payables	-	(10,992)	(25,489)
Non-current Liabilities			
Other payables	-	(48,744)	(113,032)
Total liabilities	**-**	**(204,386)**	**(473,950)**
Net Foreign Currency Liability Position	**-**	**(134,021)**	**(310,781)**

The table below shows the Company's sensitivity for 10% fluctuation of USD and other foreign currencies. These amounts represent the effect on comprehensive income of 10% fluctuation of USD and Euro against TRY. During this analysis all other variables especially interest rate are assumed to remain constant.

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

NOTE 18 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Foreign currency sensitivity analysis as of 31 December 2015 and 2014 are as follows:

31 December 2015	**Profit/loss**		**Equity**	
	Value increase in foreign currency	**Loss in value of foreign currency**	**Value increase in foreign currency**	**Loss in value of foreign currency**
When USD changes by 10% against TRY:				
Net assets/(liabilities) in US	1,317,792	(1,317,792)	-	-
Hedged portion	-	-	-	-
USD Net effect	**1,317,792**	**(1,317,792)**	**-**	**-**

	Profit/loss		**Equity**	
	Value increase in foreign currency	**Loss in value of foreign currency**	**Value increase in foreign currency**	**Loss in value of foreign currency**
When USD changes by 10% against TRY:				
Net assets/(liabilities) in US	94,799	(94,799)	-	-
Hedged portion	-	-	-	-
USD Net effect	**94,799**	**(94,799)**	**-**	**-**

31 December 2014	**Profit/loss**		**Equity**	
	Value increase in foreign currency	**Loss in value of foreign currency**	**Value increase in foreign currency**	**Loss in value of foreign currency**
When USD changes by 10% against TRY:				
Net assets/(liabilities) in US	(31,078)	31,078	-	-
Hedged portion	-	-	-	-
USD Net effect	(31,078)	31,078	**-**	**-**

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 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.

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

NOTE 18 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

	31 December 2015	31 December 2014
Total debt (*)	9,618,278	6,575,585
Less: cash and cash equivalents (Note 3)	(40,330,904)	(49,917,145)
Net asset	(30,712,626)	(43,341,560)
Total equity (Note 8)	224,805,974	211,062,016
Net asset/ equity ratio	**(14%)**	**(21%)**

(*) The balance covers the sum of short term and long term liabilities.

NOTE 19 - FINANCIAL INSTRUMENTS (DISCLOSURES RELATED TO FAIR VALUE AND HEDGE ACCOUNTING

Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The fair values of financial instruments that are not traded in an active market have been determined by the Company using available market information and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein may differ from the amounts the Company could realise in a current market exchange.

The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value:

Financial assets:

The fair values of cash and due from banks are considered to approximate their respective carrying values due to their short-term nature.

Values appraised by the independent valuation expert are disclosed within notes to financial statements regarding the fair values of investment properties.

The carrying value of trade receivables, which are measured at amortised cost, along with the related allowances for uncollectability are assumed to approximate their fair values.

The fair values of balances denominated in foreign currencies, which are translated at year-end official exchange rates announced by the Central Bank of Turkey, are considered to approximate their carrying value.

NOTE 19 - FINANCIAL INSTRUMENTS (DISCLOSURES RELATED TO FAIR VALUE AND HEDGE ACCOUNTING (Continued)

Financial liabilities:

The Company has no financial assets held for speculative purposes (including derivative instruments) and has no operations related to the trade of such instruments.

Short term trade payables are considered to approximate their respective carrying values due to their short-term nature.

Classification of Fair Value Measurement

TFRS 13 - Financial Instruments requires the classification of fair value measurements into a fair value hierarchy by reference to the observability and significance of the inputs used in measuring fair value of financial instruments measured at fair value to be disclosed. This classification basicly relies on whether the relevant inputs are observable or not. Observable inputs refer to the use of market data obtained from independent sources, whereas unobservable inputs refer to the use of predictions and assumptions about the market made by the Company.

- Category 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Category 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
- Category 3: Inputs for the asset or liability that is not based on observable market data (that is, unobservable inputs).

Classification requires using observable market data if possible.

NOTE 20 - SUBSEQUENT EVENTS

None.

NOTE 21 - OTHER ISSUES MATERIALLY AFFECTING THE FINANCIAL STATEMENTS AND REQUIRING DISCLOSURE FOR UNDERSTANDING OF THE FINANCIAL STATEMENTS

As per the Board resolution taken on 4 January 2016 decision is made upon to make a discount over the dollar-denominated rental fees of the tenants of Akmerkez Ticaret Merkezi. This resolution comprises the period January - February 2016 only for the tenants selected by the Company among those who have been paying their rental fees in accordance with the conditions suggested in their rental contracts on regular basis and provided that (USD1 is not below TRY2.70) the USD rate defined is not to be regarded as a reduction in rental fees and/or amendment of the rental contract.

(Amounts expressed in Turkish lira (“TRY”) unless otherwise indicated.)

NOTE 22 - SUPPLEMENTARY NOTE: CONTROL OF COMPLIANCE WITH PORTFOLIO RESTRICTIONS

Disclosures made within the framework of Communiqué No. III-48.1 on Principles Regarding Real Estate Investment Trusts state that joint ventures are obliged to comply with the provisions of the Board's Communiqué No. II-14.1 on Principles Regarding Financial Reporting in Capital Markets when issuing and making public financial statements. The financial statements should include the information about portfolio limitation controls defined in Communiqué No. III-48.1 on Principles Regarding Real Estate Investment Trusts taken from unconsolidated financial statement account items in the manner defined by the Board.

In this scope, total assets, total portfolio and information relating to portfolio restrictions are as follows as of 31 December 2015 and 2014:

	Non-consolidated (stand-alone) financial statement accounts items	**Related regulations**	**31 December 2015**	**31 December 2014**
A	Cash and capital market instruments	Art.24/(b)	40,330,904	49,917,145
B	Real estate, real estate-based project, Real estate-based rights	Art.24/(a)	189,464,856	164,588,118
C	Affiliates	Art.24/(b)	-	-
	Due from related parties (non-trade)	Art.23/(f)	-	-
	Other assets		4,628,492	3,132,338
D	**Total assets**	**Art.3/(p)**	**234,424,252**	**217,637,601**
E	Borrowings	Art.31	-	-
F	Other financial liabilities	Art.31	-	-
G	Leasing obligation	Art.31	-	-
H	Due to related parties (non-trade)	Art.23/(f)	-	217
I	Equity	Art.31	224,805,974	211,062,016
	Other liabilities		9,618,278	6,575,368
D	**Total liabilities**	**Art.3/(p)**	**234,424,252**	**217,637,601**

	Other non-consolidated (stand-alone) financial information	**Related regulations**	**31 December 2015**	**31 December 2014**
A1	Portion of cash and capital market instruments reserved for three-year real estate payments	Art.24/(b)	-	-
A2	TRY/foreign currency denominated time/demand deposits	Art.24/(b)	40,327,815	49,909,978
A3	Foreign capital market instruments	Art.24/(d)	-	-
B1	Foreign real estates, real estate-based projects, real estate-based rights	Art.24/(d)	-	-
B2	Lands on which no projects developed	Art.24/(c)	-	-
C1	Foreign affiliates	Art.24/(d)	-	-
C2	Participation in administrator companies	Art.28/1(a)	-	-
J	Non-cash loans	Art.31	1,729	1,729
K	Encumbrance amounts of encumbered lands which do not belong to the Group and on which a project will be developed	Art.22/(e)	-	-
L	Total investments of monetary and capital market instruments at one company	Art.22/(i)	-	-

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

NOTE 20 - SUPPLEMENTARY NOTE: CONTROL OF COMPLIANCE WITH PORTFOLIO RESTRICTIONS (Continued)

	Portfolio Restriction	Related regulations	31 December 2015	31 December 2014	Minumum / Maximum Rate
1	Encumbrance amounts of encumbered lands which do not belong to the Group and on which a project will be developed (K/D)	Art.22/(e)	-	-	≤%10
2	Real estate, real estate-based project, Real estate-based rights (B+A1)/D)	Art.24/(a),(b)	81%	76%	≥%51
3	Cash and capital market instruments and Affiliates (A+C-A1)/D)	Art.24/(b)	17%	23%	≤%49
4	Foreign real estates, real estate-based projects, real estate-based rights, Affiliates, capital market instruments (A3+B1+C1/D)	Art.24/(d)	-	-	≤%49
5	Lands on which no projects developed (B2/D)	Art.24/(c)	-	-	≤%20
6	Participation in administrator companies (C2/D)	Art.28/1(a)	-	-	≤%10
7	Borrowing ceiling (E+F+G+H+J)/İ	Art.31	-	-	≤%500
8	TRY/foreign currency denominated time/demand deposits (A2-A1)/D (*)	Art.24/(b)	17%	23%	≤%10
9	Total investments of monetary and capital market instruments at one company (L/D)	Art.22/(i)	-	-	≤%10

(*) As of 31 December 2015, the fair value of the investment property amounts to TRY1,537,950,000 however within the table above, the net book value of the investment property on the basis of the historical cost is stated which amounts to TRY189,464,856 at the same date. When the fair value of the investment property is taken into consideration, the ratio of the TRY/foreign currency denominated time/demand deposit to total assets is 2.5% at 31 December 2015 (31 December 2014: 3.9%).

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