

**DOĐUŐ GAYRİMENKUL YATIRIM ORTAKLIĐI A.Ő.**

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
FINANCIAL STATEMENTS**

**AT 31 DECEMBER 2015**

**TOGETHER WITH INDEPENDENT AUDITOR’S REPORT**

**(ORIGINALLY ISSUED IN TURKISH)**

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**DOĞUŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.****STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)  
AS OF 31 DECEMBER 2015**

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

	Notes	Audited 31 December 2015	Audited 31 December 2014
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>		<b>40,639,706</b>	<b>57,371,102</b>
Cash and cash equivalents	3	37,249,535	46,369,836
Financial investments	4	-	8,150,121
Trade receivables			
- Trade receivables from related parties	6,28	7,694	133,226
- Trade receivables from third parties	6	3,103,930	2,215,523
Other receivables			
- Other receivables from related parties	7,28	-	67,540
- Other receivables from third parties	7	1,126	278,076
Prepaid expenses	8	108,860	104,225
Current income tax assets	9	103,210	34,430
Other current asset	16	65,351	18,125
<b>NON-CURRENT ASSETS</b>		<b>788,713,660</b>	<b>699,248,913</b>
Investment properties	10	772,197,424	697,337,714
Tangible assets	11	1,017,630	1,338,931
Intangible assets	12	167,216	165,125
Prepaid expenses	8	15,319,686	395,439
Other non-current assets	16	11,704	11,704
<b>TOTAL ASSETS</b>		<b>829,353,366</b>	<b>756,620,015</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>		<b>29,278,536</b>	<b>24,896,112</b>
Short-term portion of long-term financial liabilities	5	20,555,723	18,644,553
Trade payables			
- Trade payables to related parties	6,28	793,694	810,773
- Trade payables to third parties	6	4,411,378	966,134
Liabilities for employee benefits	14	38,360	30,449
Other payables			
- Other payables to related parties	7,28	-	128,935
- Other payables to third parties	7	154,891	74,475
Deferred income	8	349,700	214,697
Short term provisions			
- Provisions for employee benefits	15	1,872,734	2,896,302
Other current liabilities	16	1,102,056	1,129,794
<b>NON-CURRENT LIABILITIES</b>		<b>66,155,715</b>	<b>75,383,489</b>
Financial liabilities	5	65,823,309	75,124,583
Other payables	7	250,862	184,908
Provision for employee termination benefits	15	81,544	73,998
<b>EQUITY</b>		<b>733,919,115</b>	<b>656,340,414</b>
Share capital	18	227,208,155	227,208,155
Restricted reserves		245,372	245,372
Share issue premium		223,452,917	223,452,917
Remeasurement of employee benefits		(2,189)	20,626
Retained earnings		205,413,344	153,585,099
Net profit for the period		77,601,516	51,828,245
<b>TOTAL LIABILITIES</b>		<b>829,353,366</b>	<b>756,620,015</b>

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

**DOĞUŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.****STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
AS OF 31 DECEMBER 2015**

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

	Notes	Audited 31 December 2015	Audited 31 December 2014
Revenue	19	53,965,158	46,461,603
Cost of sales (-)	19	(8,102,009)	(6,625,196)
<b>Gross profit</b>		<b>45,863,149</b>	<b>39,836,407</b>
General administrative expenses (-)	20	(5,446,862)	(6,320,305)
Net gain from fair value adjustments on investment properties		48,023,077	20,396,094
Other operating income	21	526,127	87,254
Other operating expenses (-)	21	(679,131)	(844,446)
<b>Profit from operations</b>		<b>88,286,360</b>	<b>53,155,004</b>
Income from investing activities	22	436,994	1,934,429
Expenses from investing activities	22	(690,290)	(3,428,927)
<b>Operating profit before financial expenses</b>		<b>88,033,064</b>	<b>51,660,506</b>
Financial income	23	11,657,149	9,400,301
Financial expenses (-)	24	(22,088,697)	(9,232,562)
<b>Operating profit before tax</b>		<b>77,601,516</b>	<b>51,828,245</b>
Tax income / (expenses)	26	-	-
<b>Profit for the period</b>		<b>77,601,516</b>	<b>51,828,245</b>
Other comprehensive (loss) / income		(22,815)	1,568
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>77,578,701</b>	<b>51,829,813</b>
Earnings per share	27	0.3415	0.2281

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

**DOĞUŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.****STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014**

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

	Paid-in capital	Share premium	Remeasurement of employee benefits	Restricted reserves	Accumulated profit		Total equity
					Retained earnings	Net profit	
<b>Balance at 1 January 2014</b>	<b>227,208,155</b>	<b>223,452,917</b>	<b>19,058</b>	<b>245,372</b>	<b>131,669,832</b>	<b>21,915,267</b>	<b>604,510,601</b>
Transfers	-	-	-	-	21,915,267	(21,915,267)	-
Total comprehensive income	-	-	1,568	-	-	51,828,245	51,829,813
<b>Balance at 31 December 2014 (Audited)</b>	<b>227,208,155</b>	<b>223,452,917</b>	<b>20,626</b>	<b>245,372</b>	<b>153,585,099</b>	<b>51,828,245</b>	<b>656,340,414</b>
<b>Balance at 1 January 2015</b>	<b>227,208,155</b>	<b>223,452,917</b>	<b>20,626</b>	<b>245,372</b>	<b>153,585,099</b>	<b>51,828,245</b>	<b>656,340,414</b>
Transfers	-	-	-	-	51,828,245	(51,828,245)	-
Total comprehensive income	-	-	(22,815)	-	-	77,601,516	77,578,701
<b>Balance at 31 December 2015 (Audited)</b>	<b>227,208,155</b>	<b>223,452,917</b>	<b>(2,189)</b>	<b>245,372</b>	<b>205,413,344</b>	<b>77,601,516</b>	<b>733,919,115</b>

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

**DOĞUŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.****STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014**

(Amounts expressed as Turkish Lira ("TL") unless otherwise stated)

	Notes	Audited 31 December 2015	Audited 31 December 2014
<b>Cash flows from operation activities</b>			
<b>Net profit for the period</b>		<b>77,601,516</b>	<b>51,828,245</b>
<b>Adjustments to:</b>			
Depreciation expense for tangible assets	11	398,051	424,435
Amortization expense for intangible assets	12	19,593	15,896
Adjustments related with interest income and expenses		868,862	2,690,976
Adjustments related with provisions		365,617	2,038,381
Adjustments related with doubtful receivables		(581,650)	(755,001)
Change in fair value of investment property		(48,023,077)	(20,396,094)
Impairment on non-financial assets		690,290	3,431,398
Unrealised exchange gain		8,769,626	(3,908,215)
<b>Operating profit before the changes in working capital</b>		<b>40,108,828</b>	<b>35,370,021</b>
Decrease/(increase) in trade receivables		(181,225)	(1,318,144)
Inrease in other current and non-current assets		(14,700,398)	(731,086)
Increase in trade payables		3,428,165	1,577,952
Increase in other liabilities		132,611	1,348,892
Personnel premium paid		(1,404,454)	(1,301,591)
<b>Net cash provided by operating activities</b>		<b>27,383,527</b>	<b>34,946,044</b>
<b>Cash flows from investing activities</b>			
Purchase of investment properties	10	(27,526,923)	(1,397,638)
Financial investments		7,713,127	3,089,877
Purchase of tangible assets	11	(78,680)	(1,263,122)
Proceeds from sale of tangible assets		1,930	-
Purchase of intangible assets	12	(21,684)	(55,441)
Interest received		436,994	1,934,430
<b>Net cash (used in)/provided by investing activities</b>		<b>(19,475,236)</b>	<b>2,308,106</b>
<b>Cash flows from financing activities</b>			
Repayment of bank borrowings		(17,293,129)	(17,182,375)
Interest paid		(4,345,179)	(3,249,298)
Interest received		3,724,164	2,439,026
<b>Net cash used in financing activities</b>		<b>(17,914,144)</b>	<b>(17,992,647)</b>
<b>Net (increase) / decrease on cash and cash equivalents before effect of foreign exchange rate</b>		<b>(10,005,853)</b>	<b>19,261,503</b>
Effect of foreign exchange rate on cash and cash equivalents		932,248	(58,650)
<b>(Decrease)/Increase in cash and cash equivalents</b>		<b>(9,073,605)</b>	<b>19,202,853</b>
Cash and cash equivalents at the beginning of the period		46,122,578	26,919,725
<b>Cash and cash equivalents at the end of the period</b>	<b>3</b>	<b>37,048,973</b>	<b>46,122,578</b>

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

# DOĞUŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

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

### 1. COMPANY'S ORGANISATION AND NATURE OF OPERATIONS

Doğuş Gayrimenkul Yatırım Ortaklığı A.Ş. ("Company") has been incorporated in accordance with capital market law on 25 July 1997.

Doğuş Gayrimenkul Yatırım Ortaklığı A.Ş.'s (the "Company") which is traded on the Borsa Istanbul, main activity is to invest in properties, create, manage, make the necessary changes in the portfolio, minimize the risk of variation in real estate; property related capital market instruments, invest and monitor continuously the real estate based projects and take the necessary measures to protect, also research to increase the value of the portfolio.

The headquarter of the Company is registered in Doğuş Center Maslak, Maslak Mahallesi Ahi Evran Cad.No:4/23 Maslak, Sarıyer-İstanbul.

The shareholders structure and information on their shares of the Company which is restricted on commercial register are as follows as of 31 December 2015 and 31 December 2014:

Shareholder	Class	Type	31 December 2015	31 December 2014
			Share rate (%)	Share rate (%)
Doğuş Holding A.Ş. (Non-public)	A	Registered	0.83	0.83
Doğuş Holding A.Ş. (Non-public)	B	Bearer	15.43	15.43
Doğuş Holding A.Ş. (Public)	B	Bearer	58.24	58.24
Doğuş Turizm Sağlık Yat. ve İşl. San. Tic. A.Ş. (Public)	B	Bearer	0.48	0.48
Public	B	Bearer	25.02	25.02
<b>Total</b>			<b>100</b>	<b>100</b>

The number of personnel of the Company with respect to education level is as follows:

	31 December 2015	31 December 2014
Post graduate	3	2
Undergraduate	8	7
Other	3	3
	<b>14</b>	<b>12</b>

### Approval of financial statements

The financial statements for the financial period of 31 December 2015 have been approved by the Board of Directors on 15 February 2016.

# DOĞUŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

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

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### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 2.1. Basis of preparation

##### *a Financial statements of preparation*

The Company, the accounting records and the statutory financial statements in preparing the CMB issued by the principles and conditions of the Turkish Commercial Code ("TCC"), tax legislation and the Ministry of Finance issued by the Uniform Chart of Accounts complies with the requirements. The financial statements have been prepared in Turkish Liras on the basis of historical cost, to the legal records for the purpose of fair presentation in accordance with TAS adjustments and reclassifications are reflected.

The financial statements for the financial period of 31 December 2015 have been approved by the Board of Directors on 15 February 2016.

##### *b Financial Reporting Standards*

The accompanying financial statements are prepared in accordance with Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" ("the Communiqué") published in the Official Gazette numbered 28676 on 13 June 2013. According to Article 5 of the Communiqué, consolidated financial statements are prepared in accordance with the Turkish Accounting Standards issued by Public Oversight Accounting and Auditing Standards Authority ("POAASA"). TAS contains Turkish Accounting Standards, Turkish Financial Reporting Standards ("TFRS") and its addendum and interpretations ("IFRIC").

##### *Adjustment of financial statements in periods of high inflation*

Inflation accounting application is terminated for the companies operating in Turkey and preparing their financial statements in accordance with the provisions of the CMB according to the decision taken by CMB dated on 17 March 2005 and numbered 11/367, to be effective from 1 January 2005. Accordingly, "Financial Reporting in Hyperinflationary Economies" Standard ("TAS 29") published by the Public Oversight Agency, did not apply as from 1 January 2005.

##### *Functional and presentation currency*

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

##### *Offsetting*

Financial assets and liabilities are offset, as is the net amount reported in the financial statements when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

##### *Going concern*

Company's financial statements are prepared under the going concern assumption.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2015**

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

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

**2.1. Basis of preparation (Continued)**

***Control of compliance with the portfolio limitations***

As of 31 December 2015, presented information in: 'Additional Note: control of compliance with the portfolio limitations', in accordance with Capital Markets Board's Communiqué Serial: II, No: 14.1 "Financial Reporting in Capital Markets" Amendment No: 16 comprised condensed information and prepared in accordance with Capital Markets Board's Communiqué Serial: III, No: 48.1 "Real Estate Investment Company" published in the Official Gazette dated 28 May 2013 numbered 28660 and Capital Markets Board's Communiqué Serial: III, No: 48.1a "Amendment on Real Estate Investment Company" published in the Official Gazette dated 23 January 2014 numbered 28891.

The additional note for "Compliance control of the portfolio restrictions" is prepared according to the accompanying financial statements.

**2.2 Critical accounting estimates, assumptions and judgments**

The preparation of the financial statements in conformity with Communiqué serial: II, No: 14.1 requires the use of assumptions and estimates that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues expenses which are reported throughout the period. Even though, these assumptions and estimates rely on the best estimates of the Company management; the actual results might differ from them.

The basis of estimates and assumptions are reviewed continuously and the estimates update according to updates.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below as of 31 December 2015 and 31 December 2014:

**The fair value measurement of investment property**

In the financial statements, principal assumptions used in valuation reports during the finding fair values of real estates classified as investment property are explained below.

# DOĞUŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

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

### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### 2.2 Critical accounting estimates, assumptions and judgments (Continued)

As of 31 December 2015 some significant estimations and assumptions that are stated on financial statements are below:

31 December 2015	Valuation report date	Valuation method	Discount rate (*)	Rent increase rate p.a	Capitalization rate	Valuation market m <sup>2</sup> value in TL (full)
Antalya 2000 Shopping Mall	29 December 2015	Sale comparison	-	-	-	2,047
Gebze Center Shopping Mall and Additional Building Project(**)	31 December 2015	Cost method	-	-	-	-
Maslak Doğuş Power Center	29 December 2015	Discounted cash flow	%10.50	%3.00	%7.00	-

As of 31 December 2014 some significant estimations and assumptions that are stated on financial statements are below:

31 December 2014	Valuation report date	Valuation method	Discount rate (*)	Rent increase rate p.a	Capitalization rate	Valuation market m <sup>2</sup> value in TL (full)
Antalya 2000 Shopping Mall	29 December 2015	Sale comparison	-	-	-	1,988
Gebze Center Shopping Mall Hotel and Additional Building Project (**)	31 December 2015	Discounted cash flow	%9.50	%6.00	%8.00	-
Maslak Doğuş Power Center	29 December 2015	Discounted cash flow	%10.50	%3.00	%7.00	-

(\*) Discount rates are based on the currency in which the majority of cash flows are denominated for each investment property. In Turkey Euro and USD are commonly used in rent agreements.

(\*\*) According to the valuation report prepared by Reel Gayrimenkul Değerleme A.Ş., Gebze Shopping Mall, Hotel and Additional Buildings Project valued together with the Gebze Shopping Mall according to cost method as of 31 December 2015. Gebze Center Shopping Mall couldn't be separated with Gebze Center Shopping Mall, Hotel and Additional Buildings Project in valuation report as of 31 December 2015.

#### Antalya 2000 Plaza

Antalya 2000 Plaza is classified under investment property as of 31 December 2015 and 31 December 2014 in the financial statements. Antalya 2000 Shopping Mall located on the 1,135 m<sup>2</sup> land, No.1 parcel, Muratpaşa district, Haşimişcan district, 10479 islands. Management of the Mall is conducted by Antalya 2000 Plaza Management. The company has started to work above Antalya 2000 Plaza's sales on 13 May 2015 and the sales process of Antalya 2000 Plaza is continued as of 31 December 2015.

Based on Taksim Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 29 December 2015 with the report number 2015-002 the aforementioned property's fair value is TL 14,285,000 as at 31 December 2015 according to sales comparison method. (31 December 2014: TL 13,868,000).

#### Gebze Center Shopping Mall, Hotel and Additional Buildings Project

Gebze Center Shopping Mall, Hotel and Additional Building Project is classified under investment property as of 31 December 2015 and 31 December 2014 in the financial statements. Gebze Center Shopping Mall, Hotel and Additional Building Project located on the 60,865 m<sup>2</sup> land, No.22 parcel, Province of Kocaeli, Gebze district, Sultanorhan district, 5678 islands. Management of the Mall is conducted by Pam Mülk Yönetim Hizmetleri Ltd.Şti.

Based on Reel Gayrimenkul Değerleme A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 31 December 2015 with the report number DGS-1510001 the aforementioned property's fair value is TL 489,002,000 as at 31 December 2015 according to cost method. (31 December 2014: TL 466,159,000).

# DOĞUŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

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

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### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### 2.2 Critical accounting estimates, assumptions and judgments (Continued)

##### Doğuş Center Maslak

Doğuş Center Maslak is classified under investment property as of 31 December 2015 and 31 December 2014 in the financial statements. Doğuş Center Maslak located in province of İstanbul, Sariyer district, Ayazağa district, 1 islands, total of 31,265 m2 on the No.131 parcel. Management of the Mall is conducted by Doğuş Center Maslak Management.

Based on Taksim Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report in accordance with Capital Markets Board's Serie: IV No:1 Communiqué, dated 29 December 2015 with the report number 2015-001 the aforementioned property's fair value is TL 265,205,000 as at 31 December 2015 according to discounted cash flow. (31 December 2014: TL 213,465,000).

#### 2.3 Changes in accounting policies

Company has been performed reviews in the current period which is issued by Turkey Accounting Standards Board (TASB) and TASB Turkey Financial Reporting Interpretations Committee (IFRIC) and is valid for the period of the year beginning on 31 December 2015 the new and revised TAS / TFRS on the amendments and interpretations of the Company 'in changes that impact on the financial statements.

##### 2.3.1. Changes in standards and interpretations of Turkish Financial Reporting Standards

###### a) *The new standards, amendments and interpretations which are effective for the financial statements as of 31 December 2015:*

- 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 a fixed percentage of salary.
- Annual improvements 2012; effective from annual periods beginning on or after 1 July 2014. These amendments include changes from the 2010-12 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'

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2015**

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

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

**2.3. Changes in accounting policies (Continued)**

- Annual improvements 2013; effective from annual periods beginning on or after 1 July 2014. These amendments include changes from the 2011-12-13 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'.
- b) The new standards, amendments and interpretations introduced to the prior financial statements as of 31 December 2015*
  - 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.
  - 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 the 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.
  - 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.
  - 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.

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

**2.3. Changes in accounting policies (Continued)**

- 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 improve presentation and disclosure in financial reports
- Amendment 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 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 effects to its operations will be evaluated by the Company and will be effective at validity date.

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

**2.4 Turkish Financial Reporting Standards Change and Comparative information**

***2.4.1. Comparative information and reclassifications in the previous period's financial statements***

The Company's financial statements have been prepared comparatively with the prior period in order to allow determination of the financial position and performance trends. Reclassifications can be made in comparative informations in order to conform with the presentation of the current period financial statements.

As of 31 December 2015 financial statements have been presented as comparative with prior period as of 31 December 2014.

**2.5. Summary of significant accounting policies**

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

***2.5.1. Incomes and Expenses accounting***

***Sales Revenue***

Revenue is rental income that have generated from investment property. Rental income is recognised in profit or loss on accrual basis.

***Interest income***

Interest income is recognised in profit or loss on accrual basis.

***2.5.2. Investment Property***

**Investment Property**

Investment properties comprise of operating investment properties and investment properties under development.

***Operating investment properties***

Investment properties are those which are held either to rent income or capital appreciation or for both. Operating investment property is represented to the financial statements at fair values by the determination of competent independent appraisal company. Gain or loss arising from changes in fair value of investment properties is included in the net profit / loss at current period.

***Investment property under development***

In accordance with the change TAS 40 that became effective after the periods starting from 1 January 2009; the construction in progresses are measured by their fair values if the fair value model is applied. In case the fair value of the construction in progress can not be reliably measured, the investment properties are measured by their cost until the fair value is reliably measured or the construction is completed.

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

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

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

**2.5.3. Tangible Assets**

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 (Note 11).

The expected useful lives are stated below:

<b>Tangible assets</b>	<b>Expected useful life (year)</b>	<b>Amortization rate (%)</b>
Furniture and fixture	4-15	% 6.67-% 25
Leasehold improvements	5	% 20

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 statement of income during the financial period in which they were incurred.

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 statement of income.

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.

**2.5.4. Intangible assets**

Intangible assets include computer software and other rights. They are recorded at acquisition cost. And from the date of acquisition over the estimated useful lives of 15 years are amortized using the straight-line method (Note: 12).

Estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in the estimate being accounted for on a prospective basis.

**2.5.5. Borrowing costs**

Borrowing costs directly attributable to the acquisition of a qualifying asset as part of the cost of that asset are capitalized over the respective assets. Other borrowing costs are recognized in the comprehensive income statement in the period they incur.

**NOTES TO THE FINANCIAL STATEMENTS  
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(Amounts expressed as Turkish Lira ("TL") unless otherwise stated.)

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

**2.5.6. Financial instruments**

***Classification***

The Company has the following financial assets, cash and cash equivalents and trade receivables; and has the following financial liability, trade payables.

**i) Non-derivative financial assets**

The company, its assets are recognized at the date they are incurred. All other financial assets, the transaction date that becomes a party to the conditions of the contract regarding the Company's financial instruments are recognized. When the company transferred the assets with the relevant contract in accordance with the resulting cash flows related rights expired or related rights of ownership of all of the risks and rewards associated with the assets in a purchase and sale transactions in question is to remove the financial asset register. All kinds created or retained financial assets transferred by the Company is recognized as a separate asset or liability.

Non-derivative financial assets that can be directly attributable to the statement of financial position and transaction costs are recognized at fair value. Subsequent to initial recognition, subsequent period of financial assets are measured as described below.

**Cash and cash equivalents**

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

**Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss is divided into three subgroups: "Financial assets held for trading", "Financial assets at fair value through profit or loss" and "Derivative financial assets held for trading".

Financial assets at fair value through profit or loss are generally acquired for the purpose of selling in the short term in order to acquire revenue from fluctuations in the market.

Financial assets at fair value through profit or loss are reflected to statement of financial position with their cost value and then measured at fair value. Difference between cost and fair values is included in profit/loss accounts.



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FOR THE PERIOD ENDED 31 DECEMBER 2015**

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

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

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

**Available for sale financial assets**

Available for sale financial assets are the financial assets other than assets held for trading purposes, financial assets at fair value through profit or loss, held to maturity financial assets and loans and receivables.

Available-for-sale financial assets are subsequently measured at their fair values. Unrecognised gains or losses derived from the difference between their fair value and the discounted values calculated per effective interest rate method are recorded in "Fair value reserve" under shareholders' equity. In case of sales, the realised gain or losses are recognised directly in the statement of operations. When equity investments are disposed of, any resulting gain or loss is recognised in profit or loss as the difference between the sales price and the carrying amount of the investment.

**Investments held to maturity**

Investments held to maturity are the investments, for which there is an intention of holding until maturity and the relevant conditions for fulfilment of such intention, including the funding ability, and for which there are fixed or determinable payments with fixed maturity; and which are recognized at fair value at initial recognition. Investments held to maturity with the initial recognition at fair value including transaction costs are subject to valuation with their discounted cost value by using the internal rate of return method less provision for any impairment, if any.

Interest income from investments held to maturity are recognized in the income statement as an interest income.

**Impairment of financial instruments**

Financial assets at fair value through profit or loss, a financial asset or group of financial assets at the end of each reporting period whether there are indicators of impairment are assessed. After the initial recognition of a financial asset of one or more events to occur and where there is a financial asset or group of assets that can be reliably estimated as a result of the negative impact on the estimated future cash flows of the financial asset is impaired if there is objective evidence of impairment loss is recognized.

For receivables impairment, estimated future cash flows discounted at the financial asset's original effective interest rate is calculated by the difference between the carrying amount and the present value.

Carrying amount is reduced through the use of an allowance account all financial assets with the exception of trade receivables, impairment loss directly deducted from the carrying amount of the financial asset. Trade receivables can not be collected, the amount deducted from the reserve account will be deleted. Changes in the allowance account are recognized in profit or loss for the period.

The exception of available for sale equity equity instruments, in a subsequent period the impairment loss decreases and the decrease related to an event occurring after the impairment loss is recognized, the previously recognized impairment loss for the investment at the date the impairment is reversed if the impairment is recognized in no time to reach does not exceed the amortized cost of in the income statement will be cancelled.

Available-for-sale equity securities, any increase in fair value subsequent to an impairment loss recognized directly in equity.

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

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

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

**Recognition and derecognition of financial assets and liabilities**

The Company's financial assets and liabilities, is a party to the contractual provisions of the financial instrument if the statement of financial position reflects. All or part of the Company's financial assets, are subject only when it loses control over the contractual rights that removes records. The Company's financial liabilities are eliminated, but the obligation specified in the contract, cancelled or expires releases the records.

**Trade receivables**

Trade receivables are recognized as net invoice value after deduction of provisions for doubtful receivables are carried at. The carrying values of trade receivables net of allowance for doubtful receivables considered to approximate their fair values due to the short-term nature. The collection of the receivable is estimated for the provision for doubtful receivables is made when it is not possible. Provision is made for doubtful receivables have been identified.

**Due from related parties**

Close relatives of members of the Board of Directors and Senior Executives, and organisations that Company can able to control directly or indirectly are defined as related parties. Book value of receivables from related parties, close to its fair value.

**ii) Non-derivative financial liabilities**

**Loans and borrowings**

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

**Trade and other payable**

Trade and other payable are recognised initially at fair value. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

**iii) Capital**

**Ordinary Shares**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction in equity after tax effects.

**NOTES TO THE FINANCIAL STATEMENTS  
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(Amounts expressed as Turkish Lira ("TL") unless otherwise stated.)

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

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

**2.5.7 Foreign Currency Transactions**

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

The exchange rates used by the Company are as follows:

	<b>31 December 2015</b>	<b>31 December 2014</b>
USD	2.9076	2.3189
EURO	3.1776	2.8207

**2.5.8 Offsetting**

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

**2.5.9. Earning 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. Weighted average number of shares is number of ordinary shares at the beginning of the period and the number of shares issued during the period or taken back to a time-weight factor multiplied by the number of shares. The time-weight factor is the ratio of the number of days where a certain number of shares issued and total number of days in the period.

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.

**2.5.10. Subsequent events**

Subsequent events represent the events that occur against or on behalf of the Company between the reporting date and the date when reporting was authorised for the issue. There are two types of subsequent events:

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
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**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

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

**2.5.11. Provisions, contingent liabilities and contingent assets**

A provision is recognised when the Company has a present implicit or legal obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the specified criteria are not met, the Company discloses the related issues in the notes.

If the inflow of economic benefits is probable, contingent assets are disclosed in the notes to the financial statements. If the inflow of the economic benefit is more than likely to occur, such asset and income statement effect are recognised in the financial statements at the relevant period that income change effect occurs.

**2.5.12. Leases**

**Financial Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Fixed assets that are acquired through financial leasing are reflected at the statement through deducting the accumulated depreciation and impairment from the lowest version of the beginning of the lease discounted value of minimum lease payments at balance sheet date and the fair value of the goods subject to lease. Liabilities under finance leases, decreased by the payment of principal and interest payments are recorded as expense in the statement of comprehensive income.

**Operational Leasing**

Operational leasing transactions are recorded to comprehensive income statements in the period they have realized.

**2.5.13. Related parties**

- (a) A person or a relative of the subject person is considered as related party of the Company in such situations that are described as follows:

If the subject person,

- i) Has a sole control or jointly control over the Company,
- ii) Has a significant impact on or the authority to effect the Company,
- iii) Has a title in a key management personnel of the main Company or a parent company.

- (b) If any of the following conditions apply

- i) Entity and the company are the members of the same group,
- ii) Entity is the subsidiary or business partner of the other entity.
- iii) Both of the entities are the business partners of a third party.
- iv) One of the entities is a business partner of a third entity and the other entity is the subsidiary of the subject third party.
- v) Entity has utility plans for the personel of the Company or a related party of the Company after quitting the job, these sponsors are also considered as related party.
- vi) Entity is being controlled or jointly controlled by a person that is specified in (a),
- vii) Entity is affected majorly by a person that has the characteristics specified in (a)(i).

Transaction between related parties is the transfers between the reserves, service or the obligations without considering if there is a compensation or not.

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

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

**2.5.14. Segment reporting**

Segment reporting is designed as to supply consistence on reporting to the competent authority on taking decisions about the activities of the group. The competent authority is responsible for evaluation of the departments' performance and decision taking related to the resources which are to be allocated according to departments.

Since the Company operates only in the development of real estate, the Company does not prepare a segment reporting.

**2.5.15. Governments grants and incentives**

As disclosed in Note 2.5.16, the Company which operates as a real estate investment trust, is exempt from corporate tax.

**2.5.16. Taxation**

According to Article 5/1(d) (4) of the New Corporate Tax Law No: 5520, the income of Real Estate Investment Trusts ("REIT") is exempt from Corporate Income Tax in Turkey. This exemption is also applicable to Quarterly Advance Corporate Tax.

Since the Company is exempt from Corporate Income Tax in Turkey in accordance with Article 5 of the Corporate Tax Law, deferred tax is not recognised.

**2.5.17. Provision for employee termination benefits**

Provision for the employee termination benefits shows the present value of total liabilities resulting from retirement of personnel in the future for the company in accordance with Turkish Labor Law. Under the Turkish Labor 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 TL 3,828 in full TL amount as of 31 December 2015 (31 December 2014: TL 3,438).

Provision is related to fair value of defined benefit plan calculated with the method of estimated liability. All actuarial profit and losses are accounted under consolidate comprehensive income statement

Provision is related to fair value of defined benefit plan calculated with the method of estimated liability. All actuarial profit and losses are accounted under comprehensive income statement. 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 TL 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 periodically by the authorities, the maximum amount of 4,093 full TL which is effective from 1 January 2016 has been taken into consideration when calculating the liability (1 January 2015: 3,541 full TL) as of 31 December 2015.

## DOĞUŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

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

#### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

##### 2.5. Summary of significant accounting policies (Continued)

###### 2.5.18. Statements of cash flow

The Company presents statement of cash flows as an integral part of other financial statements to inform the users of financial statements about the changes in its net assets, its financial structure and its ability to manage the amount and timing of its cash flows under new conditions.

#### 3. CASH AND CASH EQUIVALENTS

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

	31 December 2015	31 December 2014
Cash	1,129	11,327
Banks - Demand deposits	132,409	38,379
Banks - Time deposits	37,115,997	46,320,130
<b>Cash and cash equivalents in the financial position</b>	<b>37,249,535</b>	<b>46,369,836</b>
Interest income accruals on cash equivalents	(200,562)	(247,258)
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>37,048,973</b>	<b>46,122,578</b>

##### Demand deposits

As of 31 December 2015 and 31 December 2014, the details of demand deposits at banks are as follows:

	31 December 2015	31 December 2014
TL	132,409	38,379
<b>Total</b>	<b>132,409</b>	<b>38,379</b>

##### Time deposits

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

31 December 2015	Amount (TL)	Nominal interest rate (%)	Maturity
TL	14,692,202	13.00	12 January 2016
TL	12,036,006	13.00	12 January 2016
USD	4,716,430	2.00	2 February 2016
TL	2,840,584	7.50	4 January 2016
TL	2,830,775	10.00	4 January 2016
<b>Total</b>	<b>37,115,997</b>		

## DOĞUŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

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

#### 3. CASH AND CASH EQUIVALENTS (Continued)

31 December 2014	Amount (TL)	Nominal interest rate (%)	Maturity
TL	14,750,347	9.50	29 January 2015
TL	10,730,110	10.10	7 January 2015
TL	7,598,576	10.00	5 January 2015
TL	5,488,473	7.50	2 January 2015
USD	3,653,715	2.50	3 February 2015
TL	2,000,548	10.00	3 February 2015
TL	1,365,280	7.50	2 January 2015
TL	733,081	7.50	2 January 2015
<b>Total</b>	<b>46,320,130</b>		

#### 4. FINANCIAL INVESTMENTS

As at 31 December 2015 and 31 December 2014, the Company's financial investments are as follows:

31 December 2015	Cost	Fair value	Carrying value
Private sector bonds	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

  

31 December 2014	Cost	Fair value	Carrying value
Private sector bonds	7,981,171	8,091,172	8,091,172
Government sector bonds	58,360	58,949	58,949
<b>Total</b>	<b>8,039,531</b>	<b>8,150,121</b>	<b>8,150,121</b>

Private sector bonds and government bonds held-for-trading as at 31 December 2014 having interest rate: %7.96-%12.18.

The increase/ (decrease) in fair value of financial assets are accounted under the investment income/ (expenses).

**DOĞUŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2015**

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

**5. FINANCIAL LIABILITIES**

	31 December 2015	31 December 2014
Short- term portion of long-term financial liabilities	20,555,723	18,644,553
<b>Short- term portion of long-term financial liabilities</b>	<b>20,555,723</b>	<b>18,644,553</b>
Long- term financial liabilities	65,823,309	75,124,583
<b>Long -term financial liabilities</b>	<b>65,823,309</b>	<b>75,124,583</b>
<b>Total financial liabilities</b>	<b>86,379,032</b>	<b>93,769,136</b>

31 December 2015	Weighted average effective interest rate (%)	Currency	Original balance	TL equivalent
Short term portion of long term financial liabilities	Euribor+ %4.75	Euro	6,468,946	20,555,723
Long term financial liabilities	Euribor+%4.75	Euro	20,714,788	65,823,309
				<b>86,379,032</b>

31 December 2014	Weighted average effective interest rate p.a (%)	Currency	Original balance	TL equivalent
Short term portion of long term financial liabilities	Euribor+ %4.75	Euro	6,609,903	18,644,553
Long term financial liabilities	Euribor+%4.75	Euro	26,633,312	75,124,583
				<b>93,769,136</b>



## DOĞUŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

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

#### 6. TRADE RECEIVABLES AND PAYABLES

As at 31 December 2015 and 31 December 2014, trade receivables of the Company are as follows.

	31 December 2015	31 December 2014
Trade receivables	4,225,012	3,185,940
Due from related parties (Note 28)	13,889	133,226
Provision for doubtful receivables	(1,121,082)	(970,417)
Provision for doubtful receivables from related parties (Note 28)	(6,195)	-
<b>Balance at the end of the period</b>	<b>3,111,624</b>	<b>2,348,749</b>

As at 31 December 2015 and 2014, provisions for doubtful receivables of the Company are as follows:

	31 December 2015	31 December 2014
<b>Balance at 1 January</b>	(970,417)	(215,416)
Additions	(581,650)	(755,001)
Disposal	424,790	-
<b>Balance at the end of the period – 31 December</b>	<b>(1,127,277)</b>	<b>(970,417)</b>

As at 31 December 2015 and 31 December 2014, trade payables of the Company are as follows:

	31 December 2015	31 December 2014
Other trade payables (*)	4,411,378	966,134
Due to related parties (Note 29)	793,694	810,773
<b>Total</b>	<b>5,205,072</b>	<b>1,776,907</b>

(\*) Other trade payables comprise of payables to suppliers TL 580,321 and payables to contractor company related to Gebze Additional Building Project TL 3,831,057.

#### Long term trade payables

As at 31 December 2015, the Company does not have long term trade payables (31 December 2014: None).

## DOĞUŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

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

#### 7. OTHER RECEIVABLES AND PAYABLES

As at 31 December 2015, other receivables is TL 1,126 (31 December 2014: TL 278,076).

As at 31 December 2015, there is no other receivables from related parties (31 December 2014: TL 67,540).

As at 31 December 2015, other payables comprise of deposits and guarantee received TL 140,895 and other payables TL 13,996 (31 December 2014: TL 74,475).

As at 31 December 2015, there is no other payables to related parties (31 December 2014: TL 128,935).

As at 31 December 2015, other long term payables comprise of deposits and guarantee received TL 250,862 (31 December 2014: TL 184,908).

#### 8. PREPAID EXPENSES AND DEFERRED INCOME

As at 31 December 2015 and 31 December 2014, the details of prepaid expenses of the Company are as follows:

##### *Short term prepaid expenses*

	31 December 2015	31 December 2014
Prepaid insurance expenses	96,869	96,869
Prepaid commission expenses	11,991	7,356
<b>Total</b>	<b>108,860</b>	<b>104,225</b>

##### *Long term prepaid expenses*

	31 December 2015	31 December 2014
Advances given (*)	15,021,116	-
Prepaid commission expenses	298,570	395,439
<b>Total</b>	<b>15,319,686</b>	<b>395,439</b>

(\*) Advances given represent advances given for company's Gebze Center Shopping Mall, Hotel and Additional Buildings Project.

As at 31 December 2015 and 31 December 2014, the details of deferred income of the Company are as follows:

##### *Short term deferred income*

	31 December 2015	31 December 2014
Short term deferred income (**)	349,700	214,697
<b>Total</b>	<b>349,700</b>	<b>214,697</b>

(\*\*) Short term deferred income consist of rent income received in advance.

## DOĞUŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

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

#### 9. CURRENT INCOME TAX ASSETS

As at 31 December 2015 and 31 December 2014, the details of current income tax assets of the Company are as follows:

	31 December 2015	31 December 2014
Prepaid taxes and funds	103,210	34,430
<b>Total</b>	<b>103,210</b>	<b>34,430</b>

#### 10. INVESTMENT PROPERTIES

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

	31 December 2015	31 December 2014
Operating investment properties	768,492,000	690,318,000
Investment properties under development	3,705,424	7,019,714
<b>Total</b>	<b>772,197,424</b>	<b>697,337,714</b>

##### Operating investment property

The fair values of investment properties as at 31 December 2015 are as follows:

Description	Valuation method	Valuation report date	Fair value
Antalya 2000 Shopping Mall	"Sale comparison"	29 December 2015	14,285,000
Gebze Center Shopping Mall, Hotel and Additional Buildings Project	"Cost method"	31 December 2015	489,002,000
Doğuş Center Maslak	"Discounted cashflow"	29 December 2015	265,205,000
<b>Total</b>			<b>768,492,000</b>

The fair values of investment properties as at 31 December 2014 are as follows:

Description	Valuation method	Valuation report date	Fair value
Antalya 2000 Shopping Mall	"Sale comparison "	29 December 2014	13,868,000
Gebze Center Shopping Mall	"Discounted cashflow"	31 December 2014	462,985,000
Doğuş Center Maslak	"Discounted cashflow"	29 December 2014	213,465,000
<b>Total</b>			<b>690,318,000</b>

## DOĞUŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

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

#### 10. INVESTMENT PROPERTIES (Continued)

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

	1 January - 31 December 2015	1 January - 31 December 2014
Beginning of the period - 1 January	690,318,000	672,907,000
Additions	462,288	188,906
Transfers (*)	29,688,635	-
Increase in fair value	48,023,077	17,222,094
<b>End of the period - 31 December</b>	<b>768,492,000</b>	<b>690,318,000</b>

(\*) According to valuation report, Gebze Center Shopping Mall, Hotel and Additional Buildings Project valuated together with the Gebze Shopping Mall as of 31 December 2015. Transfers in the amount of TL 29,688,635 are related with Gebze Center Shopping Mall, Hotel and Additional Buildings Project that is transferred from investment properties under development to operating investment properties.

As at 31 December 2015 and 31 December 2014, insurance amount on investment properties are as follows:

		31 December 2015	31 December 2014
Gebze Center Shopping Mall	Euro	91,077,144	91,077,144
Doğuş Center Maslak Building	Euro	34,355,942	34,043,042
Antalya 2000 Plaza	Euro	2,192,415	2,192,415
<b>Total (**)</b>		<b>127,625,501</b>	<b>127,312,601</b>

(\*\*) As of 31 December 2015, total TL equivalent of insurance on investment properties is TL 405,542,792 (31 December 2014: TL 359,110,654).

There is no mortgage or lien on the investment properties.

#### *Investment Properties Under Development*

##### *Investment properties under development measured at fair value*

As of 31 December 2014, the fair value of the investments properties under development in the financial statements is as follows:

Description	Valuation method	Valuation report date	Fair value
Gebze Land /Project	"Discounted cashflow"	31 December 2014	3,174,000
<b>Total</b>			<b>3,174,000</b>

## DOĞUŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

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

#### 10. INVESTMENT PROPERTIES (Continued)

As at 31 December 2015 and 31 December 2014 the movement of investments properties under development is as follows:

	1 January - 31 December 2015	1 January - 31 December 2014
Beginning of the period - 1 January	3,174,000	-
Additions	26,514,635	-
Transfers (*)	(29,688,635)	3,174,000
<b>End of the period - 31 December</b>	<b>-</b>	<b>3,174,000</b>

(\*) According to valuation report, Gebze Center Shopping Mall, Hotel and Additional Buildings Project Project valued together with the Gebze Shopping Mall as of 31 December 2015. Transfers in the amount of TL 29,688,635 are related with Gebze Center Shopping Mall, Hotel and Additional Buildings Project that is transferred from investment properties under development to operating investment properties.

#### Investment properties under development measured at fair value

As at 1 January 2015 and 31 December 2015 the movement of investment properties under development are as follows:

	1 January 2015	Additions	Disposal	31 December 2015
Investment properties	3,845,714	550,000	(690,290)	3,705,424
<b>Total</b>	<b>3,845,714</b>	<b>550,000</b>	<b>(690,290)</b>	<b>3,705,424</b>

As at 1 January 2014 and 31 December 2014 the movement of investment properties under development are as follows:

	1 January 2014	Additions	Disposal (**)	31 December 2014
Investment properties	6,065,909	1,208,732	(3,428,927)	3,845,714
<b>Total</b>	<b>6,065,909</b>	<b>1,208,732</b>	<b>(3,428,927)</b>	<b>3,845,714</b>

Due to reason that the comparable market transactions being infrequent and alternative reliable estimates of fair value (for example based on discounted cash flow projections) being not available, the fair value of the investment property under development, namely "Doğuş GYO Office Tower Project" is deemed to be not reliably determinable. Therefore, the Company determines that the fair value of its investment property under development is not reliably determinable but expects the fair value of the property to be reliably determinable when construction is complete; it measures that investment property under development at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier).

Investment property is composed of "Doğuş GYO Office Tower Project" which details is described below.

## DOĞUŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

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

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#### 10. INVESTMENT PROPERTIES (Continued)

##### *Doğuş GYO Office Tower Project*

Istanbul province, Şişli district, Ayazağa district, address and the title of the two layouts, 1 island, 131 numbered following the finalization of development plans on registered real estate parcel, a "Business Project", it was decided to construct. According to the Board of Directors resolution dated 16 November 2012 and numbered 340, the Company has decided to receive service in scope of projection, related application to the governmental institutions and obtaining required permission and approvals in order to initiate the process of construction from Doğuş Gayrimenkul Yatırım ve İşletme A.Ş. through signing engagement letter of "Improvement of Project Construction" and then start to construct the project.

The company raised an objection to and demanded the correction of the Master Development Plan for Maslak and its surroundings, scaled 1/5000, which was finalised upon the approval of Istanbul Metropolitan Municipality and announced on 12 March 2014. Since the demand for correction was rejected, a lawsuit was filed on 11 August 2014 regarding the request of the cancellation and the stay of the execution for the said development plan. The İstanbul 2nd Administrative Court rejected the company's demand for stay of execution on 11 June 2015. The Company was filed a lawsuit on 3 November 2015 regarding the request of the cancellation and the stay of the execution to İstanbul Administrative Court. The judicial process continues. Accordingly, the Company would not be exposed to any damages as a result of the ongoing legal process. In this respect, no provision had been provided by the management regarding the outcome of the ongoing legal process in the accompanying consolidated financial statements.

##### *Gebze Center Shopping Mall, Hotel and Additional Building Project*

According to Board of Directors' Decision No. 390 dated 9 July 2014, the Company has been performing research, evaluation, and planning activities regarding "Hotel construction (primarily) and the construction of additional buildings project" on the property whose title deed is registered at plot G22B24B2A, block 5678, and parcel number 22, located at Kocaeli, Gebze District, Sultanorhan District, Güneyyanyol, No:310. Construction permit of the related Project has been taken on 20 February 2015. Constructions works have been begun.

The company raised an objection on 11 January 2016 and demanded cancelation of the Master Development Plan, scaled 1/5000, that was approved with the decision of Kocaeli Metropolitan Municipality Council's 516 numbered meeting on 17 September 2015. Per the opinion of the lawyer, there is no effect of this objection on the construction permit that was taken for Gebze Center Hotel and Additional Buildings Project.

There is no mortgage or lien on investment properties.

## DOĞUŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

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

#### 11. TANGIBLE ASSETS

The movement schedule of tangible assets as of 31 December 2015 and 31 December 2014 are as follows:

	1 January 2015	Addition	Disposal	31 December 2015
Furniture and fixture	2,818,389	78,680	(177,757)	2,719,312
Accumulated depreciation	(1,479,458)	(398,051)	175,827	(1,701,682)
<b>Net book value</b>	<b>1,338,931</b>			<b>1,017,630</b>

  

	1 January 2014	Addition	Disposal	31 December 2014
Furniture and fixture	1,559,904	1,263,122	(4,637)	2,818,389
Accumulated depreciation	(1,057,189)	(424,435)	2,166	(1,479,458)
<b>Net book value</b>	<b>502,715</b>			<b>1,338,931</b>

There is no pledge on tangible assets as of 31 December 2015 and 31 December 2014.

#### 12. INTANGIBLE ASSETS

The movement schedule of intangible assets as of 31 December 2015 and 31 December 2014 are as follows:

	1 January 2015	Addition	Disposal	31 December 2015
Rights	270,073	21,684	-	291,757
Accumulated depreciation	(104,948)	(19,593)	-	(124,541)
<b>Net book value</b>	<b>165,125</b>			<b>167,216</b>

  

	1 January 2014	Addition	Disposal	31 December 2014
Furniture and fixture	214,632	55,441	-	270,073
Accumulated depreciation	(89,052)	(15,896)	-	(104,948)
<b>Net book value</b>	<b>125,580</b>			<b>165,125</b>

## DOĞUŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

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

#### 13. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

According to the decision of CMB's 28/780 numbered meeting on 9 September 2009, related to the commitments of publicly owned companies given to the guarantee 3rd party's debts, The commitments given;

For companies other than publicly owned associations and financial institutions;

- i) For their own corporate identities,
- ii) In favor of fully consolidated associations,
- iii) In favor of 3rd parties to continue their operations will not be limited.

After the decision is published at the Platform of Public Enlightenment, publicly owned companies will not give commitments to real people or corporations other than mentioned at the bullets (i) and (ii) above or to third parties other than mentioned at the bullet (iii).

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

	31 December 2015	31 December 2014
A. CPM's given for its own legal personality	268,125	197,972
B. CPM's given on half of fully consolidated companies	-	-
C. CPM's given for continuation of its economic activities on behalf on third parties	-	-
D. Total amount of other CPM's	-	-
Total amount of CPM's given to on behalf		
- The majority shareholder	-	-
- Total amount of CPM's given to on behalf of other group companies which are not in scope of B and C	-	-
- Total amount of CPM's given to on behalf of third parties which are not in scope of C	-	-
<b>Total</b>	<b>268,125</b>	<b>197,972</b>

The proportion of other CPM and Group's equity is %0.04 as of 31 December 2015 (31 December 2014: %0.03).

As of 31 December 2015, company has TL 889,195 contingent liabilities to related parties related to borrowing guarantees, which has been given by related parties (31 December 2014: None)



# DOĞUŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

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

### 13. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

The details of guarantee received are below as of 31 December 2015 and 31 December 2014:

	<b>31 December 2015</b>		<b>31 December 2014</b>	
	<b>Original amount</b>	<b>TL Equivalent</b>	<b>Original amount</b>	<b>TL Equivalent</b>
TL (*)	31,775,509	31,775,509	176,000	176,000
Euro (**)	2,024,639	6,433,494	1,390,885	3,923,269
USD (**)	71,730	208,562	-	-
		<b>38,417,565</b>		<b>4,099,269</b>

(\*) As at 31 December 2015, the company has received amount of TL 31,500,000 letter of guarantee from the supplier for the construction activities within the scope of Gebze Center Shopping Mall, Hotel and Additional Buildings Project.

(\*\*) The deposits and guarantees received from Gebze Center Shopping Center's tenants.

### 14. LIABILITIES FOR EMPLOYEE BENEFITS

As at 31 December 2015 and 31 December 2014, the details of liabilities for employee benefits of the Company are as follows:

	<b>31 December 2015</b>	<b>31 December 2014</b>
Social security premiums payable	38,079	29,915
Payables to personnel	281	534
<b>Total</b>	<b>38,360</b>	<b>30,449</b>

### 15. PROVISIONS FOR EMPLOYEE BENEFITS

#### Provision for unused vacation

The undiscounted unused vacation provision liability is below:

	<b>31 December 2015</b>	<b>31 December 2014</b>
<b>Short term liabilities</b>		
Provisions for employee benefits	1,500,000	2,500,000
Unused vacation	372,734	396,302
<b>Total</b>	<b>1,872,734</b>	<b>2,896,302</b>

The movement schedule of the unused vacation as of 31 December 2015 and 31 December 2014 is as follows:

	<b>31 December 2015</b>	<b>31 December 2014</b>
Balance at the beginning of the period - 1 January	396,302	179,039
Increase during the period	(23,568)	217,263
<b>At the end of the period - 31 December</b>	<b>372,734</b>	<b>396,302</b>

# DOĞUŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

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

### 15. PROVISIONS FOR EMPLOYEE BENEFITS (Continued)

As at 31 December 2015 and 31 December 2014, the provisions for employee benefits of the Company are as follows:

	31 December 2015	31 December 2014
Beginning of the period - 1 January	2,500,000	2,000,000
Payment in period	(1,404,454)	(1,301,591)
Additions	404,454	1,801,591
<b>End of the period - 31 December</b>	<b>1,500,000</b>	<b>2,500,000</b>

	31 December 2015	31 December 2014
<b>Long term liabilities</b>		
Provision for employee termination benefit	81,544	73,998
<b>Total</b>	<b>81,544</b>	<b>73,998</b>

Provisions for severance payments represent the Companies' liabilities that could be occur through retirements of its employees and the present value of calculated possible liabilities in accordance with Turkish Labour Law. Provisions for severance payments are calculated on an accrual basis as the employees deserve and reflected at financial statements. The computation of the liability is based upon the retirement pay ceiling announced by the Government. The applicable ceiling amount as of 1 January 2016 TL 4,093. (1 January 2015: TL 3,541)

In accordance with TAS 19 - Employee Benefits, the Company is required to use actuarial valuation methods in estimating the liability related with current retirement plans. As at 31 December 2015 and 31 December 2014, employee severance indemnity in the accompanying financial statements has been calculated using the following actuarial assumptions:

	31 December 2015	31 December 2014
Discount rate	%4.72	%3.95
Expected salary / Rate of limit increase	%6.00	%5.00
Estimated retirement turnover rate	%98	%98

	31 December 2015	31 December 2014
<b>1 January</b>	<b>73,998</b>	<b>56,039</b>
Service cost	12,756	12,756
Interest cost	6,771	6,771
Actuarial loss/ (gain)	22,815	(1,568)
Payments in period	(34,796)	-
	<b>81,544</b>	<b>73,998</b>

## DOĞUŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

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

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

##### *Other current assets*

As at 31 December 2015 and 31 December 2014, the details of other current assets are presented below:

	31 December 2015	31 December 2014
Job advances	65,351	11,565
Other	-	6,560
<b>Total</b>	<b>65,351</b>	<b>18,125</b>

##### *Other non-current assets*

As at 31 December 2015, the other non-current assets amounting to TL 11,704 (31 December 2014: TL 11,704) consist of deposits and guarantees given.

##### *Other short term liabilities*

As of 31 December 2015 and 31 December 2014, the details of other short-term liabilities are presented below:

	31 December 2015	31 December 2014
Taxes payables and other duties	552,056	579,794
Expense accrual	550,000	550,000
<b>Total</b>	<b>1,102,056</b>	<b>1,129,794</b>

#### 17. NON-CONTROLLING INTEREST

None.

## DOĞUŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

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

#### 18. SHAREHOLDER'S EQUITY

##### 18.1. Paid in capital

As at 31 December 2015, The Company's paid in capital is TL 227,208,155 (31 December 2014: TL 227,208,155).

As at 31 December 2015 and 31 December 2014, The Company's capital comprise of issued and each carries 1 TL nominal value shares.

As at 31 December 2015 and 31 December 2014, The Company's capital structure shows below:

Description	Class	Type	31 December 2015		31 December 2014	
			Capital amount (TL)	Capital rate (%)	Capital amount (TL)	Capital rate (%)
Doğuş Holding A.Ş. (Non-public)	A	Registered	1,874,850	0.83	1,874,850	0.83
Doğuş Holding A.Ş. (Non-public)	B	Bearer	35,052,950	15.43	35,052,950	15.43
Doğuş Holding A.Ş. (Public)	B	Bearer	132,332,502	58.24	132,332,502	58.24
Doğuş Turizm Sağlık Yat. ve İşl. San. Tic. A.Ş. (Public)	B	Bearer	1,095,653	0.48	1,095,653	0.48
Public held	B	Bearer	56,852,200	25.02	56,852,200	25.02
<b>Total</b>			<b>227,208,155</b>	<b>100</b>	<b>227,208,155</b>	<b>100</b>

##### 18.2. Restricted reserves

As at 31 December 2015 and 31 December 2014, restricted reserves are consist of legal reserves.

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of %5 per annum, until the total reserve balance reaches %20 of the Company's paid-in share capital. The second legal reserve is appropriated at the rate of %10 per annum of all cash distributions in excess of %5 of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed %50 of paid-in share capital.

## DOĞUŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

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

#### 18. SHAREHOLDER'S EQUITY (Continued)

##### 18.3. Dividend distribution

According to Communiqué Serial: IV, No: 27, regarding profit distribution obligation, it has been made possible that shares, issued in cash or through the addition of dividend to the capital upon the decision of the Company's general assembly, can be distributed to the shareholders free of charge or that the distribution can be partly made in cash and partly through the free distribution of shares. It has been further made possible that initial dividend amount be left to the companies without distribution, if such amount is lower than the %5 of the existing paid-up/issued capital amount.

In this context; according to the decision of CMB, the net distributable profit that is calculated per CMB's minimum profit distribution requirements will be wholly distributed if it is met by the net distributable profit of statutory records, if the amount per CMB is not met by statutory records, the amount to be distributed will be limited to the amount at the statutory records. If losses are incurred in either of CMB or statutory financial statements, no profit will be distributed.

##### 18.4 Retained earnings

As at 31 December 2015, the Company's statutory retained earnings and statutory net profit are TL 72,099,114 and TL 24,119,337 respectively.

##### 18.5 Share premium

The difference between the nominal amount of the new shares amounting to TL 133,428,155 issued after the partially spin off and the net fair value of the acquired investment property amounting to TL 356,881,072 was recorded as shared premium as of 8 October 2013.

#### 19. SALES AND COST OF SALES

Sales for the periods ended 31 December 2015 and 2014 are as follows:

	31 December 2015	31 December 2014
Rent income	53,883,534	46,325,802
Other income	81,624	135,801
<b>Total</b>	<b>53,965,158</b>	<b>46,461,603</b>

Cost of the sales for the periods ended 31 December 2015 and 2014 are as follows:

	31 December 2015	31 December 2014
Common area expenses	4,897,758	3,046,031
Real estate tax expenses	3,204,251	3,506,044
Other expenses	-	73,121
<b>Total</b>	<b>8,102,009</b>	<b>6,625,196</b>

## DOĞUŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

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

#### 20. GENERAL ADMINISTRATIVE EXPENSES

General administrative expenses for the periods ended 31 December 2015 and 2014 are as follows:

	31 December 2015	31 December 2014
Personnel expenses	3,771,073	4,738,598
Depreciation and amortization	417,644	440,331
Travel and vehicle rent expenses	366,880	312,497
Tax and other duties	315,017	333,291
Head office expenses	159,058	156,898
Consultancy expenses	101,099	78,340
Istanbul Stock Exchange expenses	72,399	23,445
Communication expenses	44,802	44,001
Software expenses	43,555	21,256
Membership and subscription expenses	12,517	22,239
Other	142,818	149,409
<b>Total</b>	<b>5,446,862</b>	<b>6,320,305</b>

#### 21. OTHER OPERATING INCOME/EXPENSES

Other operating income for the periods ended 31 December 2015 and 2014 are as follows:

	31 December 2015	31 December 2014
Provisions no longer required	424,790	-
Foreign exchange gains	19,040	47,383
Other	82,297	39,871
<b>Total</b>	<b>526,127</b>	<b>87,254</b>

Other operating income for the periods ended 31 December 2015 and 2014 are as follows:

	31 December 2015	31 December 2014
Provision for doubtful receivables	581,650	755,001
Foreign exchange losses	97,481	3,856
Inventories recognised as expense	-	70,848
Other	-	14,741
<b>Total</b>	<b>679,131</b>	<b>844,446</b>

## DOĞUŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

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

#### 22. INCOME AND EXPENSES FROM INVESTING ACTIVITIES

Income from investing activities for the periods ended 31 December 2014 and 2013 are as follows:

	31 December 2015	31 December 2014
Interest income generated from government and private sector bonds	436,994	1,934,429
<b>Total</b>	<b>436,994</b>	<b>1,934,429</b>

Expenses from investing activities for the periods ended 31 December 2015 and 2014 are as follows:

	31 December 2015	31 December 2014
Expenses from investing activities	690,290	3,428,927
<b>Total</b>	<b>690,290</b>	<b>3,428,927</b>

#### 23. FINANCE INCOME

Finance income for the periods ended 31 December 2015 and 2014 are as follows

	31 December 2015	31 December 2014
Foreign exchange gains	7,979,681	6,891,810
Interest income	3,677,468	2,508,491
<b>Total</b>	<b>11,657,149</b>	<b>9,400,301</b>

#### 24. FINANCE EXPENSE

Finance expense for the periods ended 31 December 2015 and 2014 are as follows:

	31 December 2015	31 December 2014
Interest expenses	16,970,931	3,038,099
Foreign exchange losses	4,546,330	5,331,727
Commission expenses	564,665	739,050
Other	6,771	123,686
<b>Total</b>	<b>22,088,697</b>	<b>9,232,562</b>

## DOĞUŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

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

#### 25. DISCONTINUED OPERATIONS

None.

#### 26. TAX ASSETS AND LIABILITIES

In accordance with the Corporate Tax Law, the income of the Company is exempted from taxation since its operations are related to real estate investment trust. Since the earnings of the Company are exempt from tax in accordance with the Corporate Income Tax Law, the Company does not have any deferred tax assets and liabilities. Earnings per share stated in statement of income are calculated by dividing net income for the period by the weighted average number of the Company's shares for the period.

#### 27. EARNINGS PER SHARE

Earnings per share amounts, net income is calculated by the weighted average number of shares in the current period, the Company's shares.

	31 December 2015	31 December 2014
Profit for the period	77,601,516	51,828,245
Weighted average number of shares	227,208,155	227,208,155
Earning per share	0.3415	0.2281

#### 28. RELATED PARTY DISCLOSURES

##### Due to /from related parties

As at 31 December 2015 and 31 December 2014, the Company's related party balances are as follows;

	31 December 2015	31 December 2014
<i>Trade receivables from related parties:</i>		
Doğuş Oto Pazarlama Tic. A.Ş.	7,694	58,842
Doğuş İstanbul Sportif Faaliyetler Kulübü Derneği	6,195	6,195
Türkiye Garanti Bankası A.Ş.	-	47,920
A Yapım Radyo ve Televizyon Yay. A.Ş.	-	2,744
Doğuş Center Maslak Yöneticiliği	-	16,294
Doğuş Yayın Grubu A.Ş.	-	1,231
<i>Provision for doubtful receivables from related parties:</i>		
Doğuş İstanbul Sportif Faaliyetler Kulübü Derneği	(6,195)	-
<b>Total</b>	<b>7,694</b>	<b>133,226</b>



## DOĞUŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

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

#### 28. RELATED PARTY DISCLOSURE (Continued)

	31 December 2015	31 December 2014
<i>Other receivables from related parties:</i>		
Doğuş Power Center Maslak Yöneticiliği	-	67,540
<b>Total</b>	<b>-</b>	<b>67,540</b>

As at 31 December 2015 and 31 December 2014, there is no guarantee given to/received from related parties.

	31 December 2015	31 December 2014
<i>Trade payables to related parties:</i>		
Doğuş Gayrimenkul Yatırım ve İşletme A.Ş.	494,263	368,938
Doğuş Holding A.Ş.	267,824	286,990
Doğuş Bilgi işlem ve Teknoloji Hizmetleri A.Ş.	12,667	5,840
Antur Turizm A.Ş.	10,812	79,240
Doğuş Avenu Dış Ticaret A.Ş.	8,128	-
Doğuş Power Center Maslak Yöneticiliği	-	-
Antalya 2000 Plaza	-	35,594
Leaseplan Otomotiv Servis ve Tic. A.Ş.	-	18,128
Garanti Portföy Yönetimi A.Ş.	-	16,043
<b>Total</b>	<b>793,694</b>	<b>810,773</b>

	31 December 2015	31 December 2014
<i>Other payables to related parties:</i>		
Doğuş Gayrimenkul Yatırım ve İşletme A.Ş.	-	128,935
<b>Total</b>	<b>-</b>	<b>128,935</b>

As of 31 December 2015 and 31 December 2014, the Company's related company Türkiye Garanti Bankası A.Ş.'s balances are as follows:

	31 December 2015	31 December 2014
<i>Banks - demand deposits</i>		
Türkiye Garanti Bankası A.Ş.	48,958	30,338
Garanti Portföy Yönetimi A.Ş.	-	2,992
<i>Banks - time deposits</i>		
Türkiye Garanti Bankası A.Ş.	7,557,014	7,018,464
Garanti Portföy Yönetimi A.Ş. (*)	-	13,087,049
<i>Financial investments</i>		
Garanti Portföy Yönetimi A.Ş. (*)	-	8,150,121

(\*) Garanti Portföy Yönetimi A.Ş. has given portfolio management services to the Company.

## DOĞUŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

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

#### 28. RELATED PARTY DISCLOSURE (Continued)

##### Related party transactions

As at 31 December 2015 and 2014, the Company's transactions with related parties' summary is as follows:

	31 December 2015	31 December 2014
<i>Rent income</i>		
Doğuş Oto Pazarlama Ticaret A.Ş.	12,876,223	8,568,371
Doğuş Yayın Grubu A.Ş.	6,536,191	5,100,726
A Yapım Radyo ve Televizyon Yapımcılığı A.Ş.	849,083	662,770
Doğuş Spor Kompleksi Yatırım ve İşletme A.Ş.	514,778	1,741,314
Türkiye Garanti Bankası A.Ş.	392,639	308,540
Garanti Emeklilik ve Hayat A.Ş.	33,854	31,708
Garanti Finansal Kiralama A.Ş.	13,490	10,623
Doğuş Gayrimenkul Yatırım ve İşletme A.Ş.	-	88,859
<b>Total</b>	<b>21,216,258</b>	<b>16,512,911</b>

##### Service and other expenses

Doğuş Holding A.Ş.	228,443	243,478
Doğuş Center Maslak Yöneticiliği	226,989	213,205
Doğuş Gayrimenkul Yatırım ve İşletme A.Ş.	226,968	2,128,935
Doğuş Oto Pazarlama Ticaret A.Ş.	170,724	-
Kral Pop Medya Hizmetleri A.Ş.	136,500	-
Antur Turizm	122,628	72,697
Kraltv Radyo Ve Televizyon Yayın A.Ş.	62,500	-
Doğuş Bilgi İşlem ve Teknoloji Hizmetleri A.Ş.	34,635	17,237
Leaseplan Otomotiv Servis ve Tic. A.Ş.	30,788	189,854
Garanti Portfoy Yönetimi	13,842	106,635
Garanti Yatırım Menkul Kıymetler A.Ş.	5,250	5,250
Türkiye Garanti Bankası A.Ş.	1,802	-
<b>Total</b>	<b>1,261,069</b>	<b>2,977,291</b>

##### Service procurement

Doğuş Gayrimenkul Yatırım ve İşletme A.Ş.	2,277,563	-
<b>Total</b>	<b>2,277,563</b>	<b>-</b>

##### Interest income

Türkiye Garanti Bankası A.Ş.	581,288	298,590
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As at 31 December 2015, %40 of the Company's revenues were generated from the related parties of the Company (31 December 2014: %36).

##### Employee benefits to key management:

Remuneration and fees paid to the key management personnel for 31 December 2015 is TL 3,329,132 (31 December 2014: TL 2,960,724).

## DOĞUŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

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

#### 29. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS

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

- Credit risk
- Liquidity risk
- Market risk

##### 29.1. Credit risk

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

The Company leased out the majority of its investment property portfolio to the main shareholders, group companies and public institutions. Credit risk of other tenants is limited via letter of guarantee.

As at 31 December 2015, credit risk exposure of financial assets is as follows:

31 December 2015	Receivables				Deposits on banks	Financial investments
	Trade receivables		Other receivables			
	Related party	Other party	Related party	Other party		
Exposure to maximum credit risk as of reporting date (A+B+C+D+E)	7,694	3,103,930	-	1,126	37,248,406	-
A) Net book value of financial assets that are either not due or not impaired						
Secured portion by guarantees, etc.	7,694	3,103,930	-	1,126	37,248,406	-
B) Financial assets with renegotiated Condition- Secured portion by guarantees, etc.	-	-	-	-	-	-
C) Net book value of the expired but not impaired financial assets	-	-	-	-	-	-
Secured portion by guarantees, etc.	-	-	-	-	-	-
D) Net book value of impaired assets	-	-	-	-	-	-
- Overdue (Gross book value)	6,195	1,121,082	-	-	-	-
- Impairment (-)	6,195	1,121,082	-	-	-	-
- Secured portion of the net value by guarantees, etc.	-	-	-	-	-	-
E) Off balance sheet items with credit risks	-	-	-	-	-	-

# DOĞUŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

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

### 29. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

As at 31 December 2014, credit risk exposure of financial assets is as follows:

31 December 2014	Receivables				Deposits on banks	Financial investments
	Trade receivables		Other receivables			
	Related party	Other party	Related party	Other party		
Exposure to maximum credit risk as of reporting date (A+B+C+D+E)	133,226	2,215,523	67,540	278,076	46,358,509	8,150,121
A) Net book value of financial assets that are either not due or not impaired						
Secured portion by guarantees, etc.	133,226	2,215,523	67,540	278,076	46,358,509	8,150,121
B) Financial assets with renegotiated Condition- Secured portion by guarantees, etc.	-	-	-	-	-	-
C) Net book value of the expired but not impaired financial assets						
Secured portion by guarantees, etc.	-	-	-	-	-	-
D) Net book value of impaired assets	-	-	-	-	-	-
- Overdue (Gross book value)	-	1,006,516	-	-	-	-
- Impairment (-)	-	970,417	-	-	-	-
- Secured portion of the net value by guarantees, etc.	-	36,099	-	-	-	-
E) Off balance sheet items with credit risks	-	-	-	-	-	-

#### 29.2. Liquidity risk

Liquidity risk is the inability of the Company to match the net funding requirements with sufficient liquidity.

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

#### Contract terms

31 December 2015	Carrying value	Total of contractual cash flows	Up to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years
<b>Short term financial liabilities (Non - derivative)</b>						
Financial liabilities	20,555,723	22,805,305	11,503,813	11,301,492	-	-
Trade payables	5,205,072	5,205,072	5,205,072	-	-	-
Other payables and liabilities	1,295,307	1,295,307	1,295,307	-	-	-
<b>Total</b>	<b>27,056,102</b>	<b>29,305,684</b>	<b>18,004,192</b>	<b>11,301,492</b>	<b>-</b>	<b>-</b>

**DOĞUŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2015**

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

**29. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS  
(Continued)**

<b>31 December 2015</b>	<b>Carrying value</b>	<b>Total of contractual cash flows</b>	<b>Up to 3 months</b>	<b>3 months to 1 year</b>	<b>1 year to 5 years</b>	<b>More than 5 years</b>
<b>Long term financial liabilities (Non - derivative)</b>						
Financial liabilities	65,823,309	72,536,274	-	-	72,536,274	-
Other payables and liabilities	250,862	250,862	-	-	250,862	-
<b>Total</b>	<b>66,074,171</b>	<b>72,787,136</b>	<b>-</b>	<b>-</b>	<b>72,787,136</b>	<b>-</b>

**Contract terms**

<b>31 December 2014</b>	<b>Carrying value</b>	<b>Total of contractual cash flows</b>	<b>Up to 3 months</b>	<b>3 months to 1 year</b>	<b>1 year to 5 years</b>	<b>More than 5 years</b>
<b>Short term financial liabilities (Non - derivative)</b>						
Financial liabilities	18,644,553	21,069,003	10,656,590	10,412,413	-	-
Trade payables	1,776,907	1,776,907	1,776,907	-	-	-
Other payables and liabilities	1,363,653	1,363,653	1,363,653	-	-	-
<b>Total</b>	<b>21,785,113</b>	<b>24,209,563</b>	<b>13,797,150</b>	<b>10,412,413</b>	<b>-</b>	<b>-</b>

<b>31 December 2014</b>	<b>Carrying value</b>	<b>Total of contractual cash flows</b>	<b>Up to 3 months</b>	<b>3 months to 1 year</b>	<b>1 year to 5 years</b>	<b>More than 5 years</b>
<b>Long term financial liabilities (Non - derivative)</b>						
Financial liabilities	75,124,583	84,512,873	-	-	75,955,747	8,557,126
Other payables and liabilities	184,908	184,908	-	-	184,908	-
<b>Total</b>	<b>75,309,491</b>	<b>84,697,781</b>	<b>-</b>	<b>-</b>	<b>76,140,655</b>	<b>8,557,126</b>

As at 31 December 2015 the Company does not have any derivative financial liabilities (31 December 2014: None).

# DOĞUŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

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

### 29. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

#### 29.3. Market Risk

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

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

#### *Foreign currency risk*

Exchange risk comprises the effects arising from exchange movements in the event foreign currency assets and liabilities.

Due to the fact that the Company signs rent agreements on USD and Euro, loans and borrowings has been made generally on Euro.

As at 31 December 2015 and 31 December 2014, the Company's foreign currency assets and liabilities are as follows:

	31 December 2015 (TL amount)	31 December 2014 (TL amount)
Total assets in foreign currency	4,813,637	3,677,735
Total liabilities in foreign currency	(86,614,846)	(93,990,260)
<b>Net position</b>	<b>(81,801,209)</b>	<b>(90,312,525)</b>

#### *Foreign currency in details;*

	31 December 2015			31 December 2014		
	Currency Type	Currency amount	TL amount	Currency amount	Currency amount	TL amount
<b>Assets</b>						
Cash and cash equivalents						
	USD	1,622,104	4,716,430	USD	1,575,624	3,653,715
	Euro	30,592	97,207	Euro	8,494	23,959
	CZK	-	-	CZK	600	61
<b>Total</b>			<b>4,813,637</b>			<b>3,677,735</b>
<b>Liabilities</b>						
Financial liabilities	Euro	(27,183,734)	(86,379,032)	Euro	(33,243,215)	(93,769,136)
Trade payables	Euro	(74,211)	(235,814)	Euro	(63,959)	(180,408)
Other payables	USD	-	-	USD	(17,558)	(40,716)
<b>Total</b>			<b>(86,614,846)</b>			<b>(93,990,260)</b>
<b>Net position</b>			<b>(81,801,209)</b>			<b>(90,312,525)</b>

**DOĞUŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2015**

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

**29. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS  
(Continued)****Foreign currency sensitivity analysis table****31 December 2015**

	<b>Profit/(Loss)</b>	
	<b>Valuation of foreign currency</b>	<b>Devaluation of foreign currency</b>
<i>In the case of US Dollar gaining %10 value against TL;</i>		
1- US Dollar net asset / liability	471,643	(471,643)
2- Hedged portion against US Dollar risk (-)	-	-
<b>3- Net effect of US Dollar (1+2)</b>	<b>471,643</b>	<b>(471,643)</b>

*In the case of Euro gaining %10 value against TL;*

1- Euro net asset / liability	(8,651,764)	8,651,764
2- Hedged portion against Euro risk (-)	-	-
<b>3- Net effect of Euro (1+2)</b>	<b>(8,651,764)</b>	<b>8,651,764</b>

**31 December 2014**

	<b>Profit/(Loss)</b>	
	<b>Valuation of foreign currency</b>	<b>Devaluation of foreign currency</b>
<i>In the case of US Dollar gaining %10 value against TL;</i>		
1- US Dollar net asset / liability	361,300	(361,300)
2- Hedged portion against US Dollar risk (-)	-	-
<b>3- Net effect of US Dollar (1+2)</b>	<b>361,300</b>	<b>(361,300)</b>

*In the case of Euro gaining %10 value against TL;*

1- Euro net asset / liability	(9,392,558)	9,392,558
2- Hedged portion against Euro risk (-)	-	-
<b>3- Net effect of Euro (1+2)</b>	<b>(9,392,558)</b>	<b>9,392,558</b>

## DOĞUŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

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

#### 29. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

##### *Interest rate risk*

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

The table below shows the financial instruments sensitive to interest rates as at 31 December 2015 and 31 December 2014:

	31 December 2015	31 December 2014
<i>Financial instruments with fixed interest rates</i>		
Financial assets	37,115,997	54,470,251
Time deposits	37,115,997	46,320,130
Financial investments	-	8,150,121

Weighted average interest rates which are applied to financial instruments as of 31 December 2015 and 31 December 2014 are as follows:

	31 December 2015	31 December 2014
<i>Financial instruments</i>		
Time deposits - TL	%7.50-%13.00	%7.50-%10.10
Time deposits - USD	%2.00	%2.5
Financial liabilities - Euro	Euribor + %4.75	Euribor + %4.75
Financial investments - TL	-	%7.96-%12.18

##### *Interest rate sensitivity:*

The company's financial claims and debts are generally short term and there is no exposure to the risk of interest.

The company reduces interest risk of change by using variable-rate loans and loan term credit.

#### 29.4. Capital management

The Company manages capital by using effective portfolio management to reduce the risk of investment. The main objectives of the Company are to continue operations with generating revenue, to secure the benefits of the shareholders, cost of capital and to continue the optimum level of net liabilities/equity and to achieve the efficient capital structure continuity.



# DOĞUŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

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

### 30. FINANCIAL INSTRUMENTS

The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties.

The determination of fair value of company's liabilities and obligations are required for both accounting policies and presentation of the notes.

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

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

#### *Trade receivables*

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

#### *Financial assets*

Financial assets comprise of government bonds and private sector bonds. These assets are measured at fair value in the financial statements.

#### *Financial liabilities*

#### **Trade and other payables**

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

#### *Fair Value of Financial Instruments*

Financial value of financial instruments is calculated through reliable informations available in Turkey financial markets.

Fair values and carrying values of the EUR denominated loans with floating interest rates as of 31 December 2015 and 31 December 2014 are as follows:

<b>Carrying value</b>		<b>Fair value</b>	
<b>31 December 2015</b>	<b>31 December 2014</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
86,379,032	93,769,136	86,527,155	94,588,726

#### *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 basically 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.

## DOĞUŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

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

#### 30. FINANCIAL INSTRUMENTS (Continued)

This distinction brings about a fair value measurement classification generally as follows:

- Level 1: Financial assets and financial liabilities with standard terms and conditions are valued with quoted market prices which are determined on active liquid markets.
- Level 2: Financial assets and financial liabilities are valued by directly or indirectly observable market prices rather than the quoted market prices mentioned in first level of the regarding assets or liabilities.
- Level 3: Financial assets and financial liabilities are valued by the inputs where there is no observable market data of the fair value of the regarding assets and liabilities.

Classification requires using observable market data if possible.

In this context, classification of fair value of financial assets and liabilities measured at fair value are as follows:

31 December 2015	Level 1	Level 2	Level 3	Total
Investment properties (*)	-	14,285,000	757,912,424	772,197,424
<b>Total</b>	<b>-</b>	<b>14,285,000</b>	<b>757,912,424</b>	<b>772,197,424</b>
31 December 2014	Level 1	Level 2	Level 3	Total
Private sector bonds	8,091,172	-	-	8,091,172
Government sector bonds	58,949	-	-	58,949
Investment properties (*)	-	13,868,000	683,469,714	697,337,714
<b>Total</b>	<b>8,150,121</b>	<b>13,868,000</b>	<b>683,469,714</b>	<b>705,487,835</b>

- (\*) The company's investment properties under development amounting to TL 3,705,424 are carried by its cost value by assuming that the cost value of the investment properties under development is very close to its fair value (31 December 2014: TL 3,845,714) (Note 10).

#### 31. SUBSEQUENT EVENTS

None.

#### SUPPLEMENTARY INFORMATION: COMPLIANCE CONTROL OF THE PORTFOLIO RESTRICTIONS

Presented information, in accordance with Capital Markets Board's Communiqué Serial: II, No: 14.1 "Financial Reporting in Capital Markets" Amendment No: 16 comprised condensed information and prepared in accordance with Capital Markets Board's Communiqué Serial: III, No: 48.1 "Real Estate Investment Company" published in the Official Gazette dated 28 May 2013 numbered 28660 Capital Markets Board's Communiqué Serial: III, No: 48.1a "Amendment on Real Estate Investment Company" published in the Official Gazette dated 23 January 2014 numbered 28891.

# DOĞUŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

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

### SUPPLEMENTARY INFORMATION: COMPLIANCE CONTROL OF THE PORTFOLIO RESTRICTIONS (Continued)

As of 31 December 2015, the information in the table of "control of compliance with the portfolio limitations" is prepared in accordance with the provisions on the control of portfolio limitations of Communiqué Series:III No: 48.1a, and article 22(e), article 24(a,b,c,d) and article 28 and 31 "Principles Regarding Real Estate Investment Companies", and the limitations are showed below:

	Financial Statement Primary Accounts Items	Related Regulations	31 December 2015 (TL)	31 December 2014 (TL)
A	Monetary and capital market instruments	Serial III-48.1a, Art.24/(b)	37,249,535	54,519,957
B	Real estates, projects based on real estates, rights based on real estates	Serial III-48.1a, Art.24/(a)	772,197,424	697,337,714
C	Subsidiaries	Serial III-48.1a, Art.24/(b)	-	-
	Due from related parties ( non-trade)	Serial III-48.1a, Art.23/(f)	-	67,540
	<b>Other assets</b>		<b>19,906,407</b>	<b>4,694,804</b>
<b>D</b>	<b>Total asset</b>	<b>Serial III-48.1a, Art.3/(p)</b>	<b>829,353,366</b>	<b>756,620,015</b>
E	Financial liabilities	Serial III-48.1a, Art.31	86,379,032	93,769,136
F	Other financial liabilities	Serial III-48.1a, Art.31	-	-
G	Financial leasing obligations	Serial III-48.1a, Art.31	-	-
H	Due to related parties (non-trade)	Serial III-48.1a, Art.23/(f)	-	128,935
I	Equity	Serial III-48.1a, Art.31	733,919,115	656,340,414
	<b>Other liabilities</b>		<b>9,055,219</b>	<b>6,381,530</b>
<b>D</b>	<b>Total liabilities</b>	<b>Serial III-48.1, Art.3/(p)</b>	<b>829,353,366</b>	<b>756,620,015</b>

	Financial Information	Related Regulations	31 December 2015 (TL)	31 December 2014 (TL)
A1	The portion of money and capital market instruments held for payables of properties for the following 3 years	Serial III-48.1a, Art.24/(b)	-	-
A2	Time deposit/demand deposit/TL/Foreign currency	Serial III-48.1a, Art.24/(b)	37,248,406	46,358,509
A3	Foreign capital market instruments	Serial III-48.1a, Art.24/(d)	-	-
B1	Foreign properties, projects based on properties and rights based on properties	Serial III-48.1a, Art.24/(d)	-	-
B2	Idle lands	Serial III-48.1a, Art.24/(c)	-	-
C1	Foreign Subsidiaries	Serial III-48.1a, Art.24/(d)	-	-
C2	Investments in affiliated operating companies	Serial III-48.1a, Art.28/1/(a)	-	-
J	Non-cash loans	Serial III-48.1a, Art.31	268,125	197.972
K	Mortgage amounts on lands that project to be developed and the ownership does not belong the partnership	Serial III-48.1a, Art.22/(e)	-	-
L	Total investments of monetary and capital market instruments at one company	Serial III-48.1a, Art.22/(1)	-	-

# DOĞUŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

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

### SUPPLEMENTARY INFORMATION: COMPLIANCE CONTROL OF THE PORTFOLIO RESTRICTIONS (Continued)

				31 December 2015 (TL)	31 December 2014 (TL)
Portfolio Restrictions	Related Regulation	Calculation	Max/Min rate		
1 Mortgage amounts on lands that project to be developed and the ownership does not belong the partnership	Serial III-48.1a, Art.22/(e)	K/D	Max%10	-	-
2 Real estates, projects based on real estates, rights based on real estates	Serial III-48.1a, Art.24/(a),(b)	(B+A1)/D	Min %51	%93.11	%92.16
3 Monetary and capital market instruments	Serial III-48.1a, Art.24/(b)	(A+C-A1)/D	Max %49	%4.49	%7.21%
4 Foreign properties, projects based on properties rights based on properties affiliates capital, market instruments	Serial III-48.1a, Art.24/(d)	(A3+B1+C1)/D	Max %49	-	-
5 Idle lands	Serial III-48.1a , Art.24/(c)	B2/D	Max %20	-	-
6 Subsidiaries (operating companies)	Serial III-48.1a , Art.28/1(a)	C2/D	Max %10	-	-
7 Borrowing limit	Serial III-48.1a , Art.31	(E+F+G+H+J)/İ	Max %500	%11.81	%14.34
8 TL and foreign currency time and demand deposits	Serial III-48.1a , Art.24/(b)	(A2-A1)/D	Max %10	%4.49	%6.13
9 Total investments of monetary and capital market instruments at one company	Serial III-48.1a Art.22/(1)	L/D	Max %10	-	-

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