IMPORTANT NOTICE

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the preliminary offering memorandum attached to this electronic transmission and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the attached preliminary offering memorandum. In accessing the attached preliminary offering memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

THE DOCUMENT IS IN PRELIMINARY FORM ONLY, IS NOT COMPLETE AND CONTAINS INFORMATION THAT IS SUBJECT TO COMPLETION AND CHANGE.

Confirmation of your representation: By accessing this preliminary offering memorandum you have confirmed to the Global Coordinator and the Company (each as defined in the preliminary offering memorandum) that (i) you have understood and agree to the terms set out herein, (ii) (a) you and the electronic mail address you have given to us are not located in the United States, its territories and possessions or (b) you are a person that is a "qualified institutional buyer" ("QIB") within the meaning of Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"), (iii) if you are in the United Kingdom, you are a "relevant person" (as defined below), and to the extent you are acting on behalf of persons or entities in the United Kingdom, you are acting on behalf of relevant persons, (iv) if you are in any member state of the European Economic Area ("EEA"), you are a "qualified investor" (as defined below), and to the extent you are acting on behalf of persons or entities in the EEA, you are acting on behalf of qualified investors, (v) you consent to delivery by electronic transmission, (vi) you will not forward, reproduce or otherwise transmit or publish the attached preliminary offering memorandum (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person, and (vii) you acknowledge that you will make your own assessment regarding any legal, taxation or other economic considerations with respect to your decision to purchase Class C Shares. In the case of any securities being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive (2003/71/EC), such financial intermediary will also be deemed to have represented, acknowledged and agreed that the securities acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, any person in circumstances which may give rise to an offer of any securities to the public other than their offer or resale in a relevant member state to qualified investors as so defined or in circumstances in which the prior consent of the Global Coordinator has been obtained to each such proposed offer or resale.

You are reminded that the attached preliminary offering memorandum has been delivered to you on the basis that you are a person into whose possession this preliminary offering memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver this preliminary offering memorandum, electronically or otherwise, to any other person and in particular to any U.S. address. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions.

Restrictions: NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. ANY CLASS C SHARES BEING SOLD HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QIB THAT IS ACQUIRING SUCH SHARES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER RULE 144 UNDER THE SECURITIES ACT, IF AVAILABLE OR (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE ATTACHED PRELIMINARY OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. DISTRIBUTION OR REPRODUCTION OF THE ATTACHED PRELIMINARY OFFERING MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE SECURITIES LAWS OF OTHER JURISDICTIONS.

Under no circumstances shall this preliminary offering memorandum constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Class C Shares in any jurisdiction in which such offer, solicitation or sale would be unlawful. Recipients of this preliminary offering memorandum who intend to purchase any Class C Shares are reminded that any such purchase may only be made on the basis of the information contained in the offering memorandum in final form. You are reminded that no representation or warranty, expressed or implied, is made or given by or on behalf of the Global Coordinator nor any person who controls it or any of its directors, officers, employees, agents or affiliates as to the accuracy, completeness or fairness of the information or opinions contained in this document and such persons do not accept responsibility or liability for any such information or opinions. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Global Coordinator or any affiliate of the Global Coordinator is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Global Coordinator or such affiliate on behalf of the Global Coordinator in such jurisdiction.

This preliminary offering memorandum and the offer when made are addressed only to and directed only at persons in member states of the EEA, who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive (2003/71/EC) ("qualified investors"). In addition, in the United Kingdom, this preliminary offering memorandum is being distributed only to, and is directed only at, qualified investors (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order"), (ii) who fall within Article 49(2)(a) to (d) of the Order and (iii) to whom it may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). This preliminary offering memorandum must not be acted on or relied on (i) in the United Kingdom, by persons who are not relevant persons, and (ii) in any member state of the EEA other than the United Kingdom, by persons who are not qualified investors. The Class C Shares are only available to, and any investment or investment activity to which this preliminary offering memorandum relates is available only to (i) in the United Kingdom, relevant persons, and (ii) in any member state of the EEA other than the United Kingdom, qualified investors, and will be engaged in only with such persons.

This preliminary offering memorandum has been sent to you in an electronic form. You are responsible for protecting against viruses and other destructive items. Your receipt of this electronic transmission is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature. You are reminded that documents transmitted in an electronic form may be altered or changed during the process of electronic transmission and consequently none of the Global Coordinator, any person who controls any of the Global Coordinator or the Company, any director, officer, employee or agent of any of them or any affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the preliminary offering memorandum distributed to you in electronic format and the hard copy version of the preliminary offering memorandum.

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The information in this preliminary offering memorandum is not complete and may be changed. This preliminary offering memorandum is not an offer to sell Class C Shares and is not soliciting an offer to buy Class C Shares in any jurisdiction where the offer, sale or solicitation is not permitted.

PRELIMINARY OFFERING MEMORANDUM DATED OCTOBER 4, 2010

TORUNLAR REIC

Torunlar Gayrimenkul Yatırım Ortaklığı A.Ş.

Offering of 56,352,942 Class C Shares

This offering memorandum relates to the global offering of 56,352,942 Class C Shares, nominal value TL 1.00 per share ("Class C Shares"), of Torunlar Gayrimenkul Yatırım Ortaklığı A.Ş., a joint stock company organized as a real estate investment company under the laws of Turkey. The global offering consists of (i) an offering of 45,082,352 Class C Shares outside of the United States and Turkey to certain institutional investors in offshore transactions in reliance on Regulation S ("Regulation S") under the US Securities Act of 1933, as amended (the "Securities Act"), and in the United States only to qualified institutional buyers ("QIBs") as defined in, and in reliance on, Rule 144A ("Rule 144A") under the Securities Act (the "international offering"), and (ii) a public offering of 11,270,590 Class C Shares to retail and institutional investors in Turkey in reliance on Regulation S (the "domestic offering," and together with the international offering, the "global offering"), in each case subject to the approval of the Turkish Capital Markets Board. The allocation of Class C Shares between the international offering and the domestic offering is subject to change. See "*Plan of Distribution*."

We are offering 47,900,000 newly issued Class C Shares and Mr. Aziz Torun, Mr. Mehmet Torun and Torun Pazarlama A.Ş. (collectively, the "Selling Shareholders") are offering 8,452,942 Class C Shares in aggregate in the global offering. See "*Our Shareholders*." In addition, up to 8,452,942 additional Class C Shares (the "Additional Shares") may be sold by Mr. Aziz Torun and Mr. Mehmet Torun on the Closing Date (as defined below) for the purpose of covering over-allotments and to permit İş Yatırım Menkul Değerler A.Ş. ("İş Yatırım"), as the stabilization manager, after consultation with J.P. Morgan Securities Ltd. ("J.P. Morgan" or the "Global Coordinator"), to effect transactions with a view to supporting the market price of the Class C Shares on the İstanbul Stock Exchange (the "ISE"), as described more fully under "*Plan of Distribution—Over-allotment and Stabilization*."

Investing in the Class C Shares involves risks. Prospective investors should read the entire offering memorandum and, in particular, "*Risk Factors*" beginning on page 26 before making an investment decision with respect to the Class C Shares.

Offer Price Range: TL 5.50 to TL 7.50 per Class C Share

The Class C Shares have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except to QIBs in accordance with Rule 144A or outside the United States in offshore transactions in accordance with Regulation S. Prospective purchasers are hereby notified that sellers of the Class C Shares may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions on offers, sales and transfers of the Class C Shares and the distribution of this offering memorandum, see "*Important Information*," "*Plan of Distribution*" and "*Transfer Restrictions*."

No public trading market currently exists for the Class C Shares. We have applied for listing of the Class C Shares on the ISE under the symbol "TRGYO," and it is expected that trading will commence on or about October 22, 2010.

The Class C Shares in the international offering are offered by J.P. Morgan when, as and if delivered to and accepted by J.P. Morgan, and subject to its right to reject orders in whole or in part. J.P. Morgan and İş Yatırım are each referred to herein as a "Manager" and collectively as the "Managers." The Managers expect to deliver the Class C Shares by means of book-entry registration with accounts maintained by Merkezi Kayıt Kuruluşu A.Ş., (the "Central Registry"), the custody center for the ISE, against payment in İstanbul, Turkey on or about October 20, 2010 (the "Closing Date").

Global Co-ordinator and International Bookrunner

J.P. Morgan

Domestic Co-ordinator and Domestic Bookrunner

İş Yatırım Menkul Değerler A.Ş.

The date of this offering memorandum is [•] 2010

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IMPORTANT INFORMATION

This offering memorandum is being furnished by us in connection with a global offering exempt from registration under the Securities Act and applicable state securities laws in the United States solely for the purpose of enabling an investor to consider the purchase of the Class C Shares offered hereby. Delivery of this offering memorandum to any other person or any reproduction of this offering memorandum, in whole or in part, without our consent and the consent of the Managers, is prohibited.

The international offering is being made solely on the basis of this offering memorandum. Any decision to purchase the Class C Shares in the international offering must be based solely on the information contained in this offering memorandum. In making an investment decision, you should rely on your own examination, analysis and enquiry of us and the terms of the international offering, including the merits and risks involved. Neither the delivery of this offering memorandum nor any sale made hereunder shall under any circumstances imply that there has been no change in our affairs or that the information set forth in this offering memorandum is correct as of any date subsequent to the date hereof. See "*Risk Factors*." We have not authorized any person to give any information or make any representation not contained in this offering memorandum in connection with the international offering and, if given or made, such information or representation must not be relied upon as having been authorized by us, the Selling Shareholders or the Managers. No representation or warranty, express or implied, is being made by the Managers as to the accuracy or completeness of information contained herein, and nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation by us, the Selling Shareholders, the Managers or any of their affiliates or advisers as to the past, present or future. You should not assume that the information contained in this offering memorandum is accurate as of any date other than the date on the front of this offering memorandum. The Managers assume no responsibility for its accuracy or completeness and accordingly disclaim, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which they might otherwise be found to have in respect of this document or any such statement.

This offering memorandum does not constitute an offer to sell or a solicitation of an offer to purchase Class C Shares by any person in any jurisdiction where it is unlawful for such person to make such an offer or solicitation. The distribution of this offering memorandum and the offering or sale of the Class C Shares in certain jurisdictions is restricted by law. This offering memorandum may not be used for, or in connection with, and does not constitute, any offer to, or solicitation by, anyone in any jurisdiction or under any circumstance in which such offer or solicitation is not authorized or is unlawful. Accordingly, neither this offering memorandum nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this offering memorandum may come are required by us, the Selling Shareholders and the Managers to inform themselves about and to observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Further information with regard to restrictions on offers and sales of the Class C Shares and the distribution of this offering memorandum is set out under "*Plan of Distribution—Selling Restrictions*" and "*Transfer Restrictions*."

The Class C Shares have not been and will not be registered under the Securities Act, and are being offered and sold outside the United States in accordance with Regulation S, and within the United States in accordance with Rule 144A. See "*Plan of Distribution—Selling Restrictions*" and "*Transfer Restrictions*."

The Managers will be acting for us and the Selling Shareholders and no one else in connection with the global offering and will not regard any other person as their client in relation to the global offering and will not be responsible to anyone other than us and the Selling Shareholders for providing the protections afforded to their respective clients or for providing advice in relation to the global offering or any transaction or arrangement referred to in this document.

In connection with the international offering, the Managers and any of their respective affiliates acting as investors for their own account may take up the Class C Shares and in that capacity may retain, purchase or sell for their own account such securities and any securities of Torunlar or related investments and may offer or sell such securities or other investments otherwise than in connection with the international offering. Accordingly, references in this offering memorandum to the Class C Shares being offered or placed should be read as including any issue, offering or placement of such securities to any of the

Managers and any of their respective affiliates acting in such capacity. The Managers do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

None of Torunlar, the Selling Shareholders or the Managers, or any of their respective representatives, is making any representation to any offeree or purchaser of the Class C Shares regarding the legality of an investment in the Class C Shares by such offeree or purchaser. Prospective investors should not construe anything in this offering memorandum as legal, business or tax advice. Each prospective investor should consult its own advisors as to the legal, tax, business, financial and related aspects of a purchase of Class C Shares needed to make its investment decision and to determine whether it is legally permitted to purchase the Class C Shares offered hereby under applicable legal investment or similar laws or regulations. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

The Class C Shares have not been approved or disapproved by the US Securities and Exchange Commission (the "SEC"), any state securities commission in the United States or any other US regulatory authority nor have any of the foregoing authorities passed upon or endorsed the merits of the global offering of the Class C Shares or the accuracy or the adequacy of this offering memorandum. Any representation to the contrary is a criminal offence in the United States.

The Class C Shares have been or will be registered with the Turkish Capital Markets Board (the "CMB"), pursuant to the provisions of the Capital Markets Law No. 2499, as amended, (the "CML"). Such registration does not constitute a guarantee by the CMB or any other public authority with respect to the Class C Shares or us. A Turkish language offering memorandum for use in the domestic offering has been or will be registered with and approved by the CMB. Neither this offering memorandum nor any other offering material related to the international offering of Class C Shares may be used in connection with any general offering to the public within the Republic of Turkey without the prior approval of the CMB.

STABILIZATION

It has been agreed that Aziz Torun and Mehmet Torun will allocate the proceeds from the sale of Additional Shares or, if the Additional Shares are not sold, that the Selling Shareholders will allocate funds (calculated to be an amount equal to 15% of the gross proceeds of the global offering) (in either case, the "Stabilization Funds") to İş Yatırım, as stabilization manager (the "Stabilization Manager"), to conduct price stabilization activities. The Stabilization Manager may, after consultation with J.P. Morgan, use the Stabilization Funds to effect transactions with a view to supporting the market price of the Class C Shares on the ISE at levels higher than those which might otherwise prevail for a limited period after the offer price is announced. In accordance with the regulations of the CMB, stabilizing activities may be carried on for a maximum period of 30 days following the commencement of trading of the Class C Shares on the ISE (the "Stabilization Period") and may be effected only on the ISE. Orders can be given only to stop a decline in the share price, may not be given at prices above the offer price and must otherwise comply with the regulations of the CMB and the ISE. Such transactions must be brought to an end at the expiry of the Stabilization Period or, if earlier, once the Stabilization Funds have been fully utilized. No representation is made as to the magnitude or effect of any such stabilizing or other transactions and any such activities or transactions would not constitute a guarantee of any share price. The Stabilization Manager is not obliged to engage in stabilization activities and may, upon public disclosure, discontinue any of these activities at any time. See "*Plan of Distribution—Over-allotment and Stabilization*."

AVAILABLE INFORMATION

For so long as any of our Class C Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, if at any time we are neither subject to the reporting requirements of Section 13 or 15 of the US Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor exempt from the reporting requirements of the Exchange Act pursuant to Rule 12g3-2(b) thereunder, we will provide upon request to the registered holder of any Class C Shares and to each prospective purchaser designated by any such registered holder, information required by Rule 144A(d)(4) to facilitate resales of the Class C Shares pursuant to Rule 144A.

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA

Each person in a Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") who receives any communication in respect of, or who acquires any Class C Shares, to whom any offer is made under this offering will be deemed to have represented, acknowledged and agreed that it is a "Qualified Investor" within the meaning of Article 2(l)(e) of the Prospectus Directive; and in the case of any Class C Shares acquired by it as a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Class C Shares acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than Qualified Investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the Managers has been given to the offer or resale; or where Class C Shares have been acquired by it on behalf of persons in any Relevant Member State other than Qualified Investors, the offer of those Class C Shares to it is not treated under the Prospectus Directive as having been made to such persons. We, the Managers and their affiliates, and others will rely (and we acknowledge that the Managers and their affiliates and others will rely) upon the truth and accuracy of the foregoing representations, acknowledgements and agreements and will not be responsible for any loss occasioned by such reliance. Notwithstanding the above, a person who is not a Qualified Investor and who has notified the Managers of such fact in writing may, with the consent of the Managers, be permitted to subscribe for the purchase of Class C Shares.

For the purposes of this provision, the expression an "offer to the public" in relation to any Class C Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Class C Shares to be offered so as to enable an investor to decide to purchase any Class C Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES, OR RSA, WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

INFORMATION FOR INVESTORS IN CERTAIN COUNTRIES

For information for investors in certain countries, see "*Plan of Distribution—Selling Restrictions*."

CERTAIN DEFINITIONS

As used herein, the following terms shall have the meanings indicated:

"Additional Shares" refers to the up to 8,452,942 additional Class C Shares which may be sold by Aziz Torun and Mehmet Torun (4,226,471 Class C Shares each) on the Closing Date for the purpose of covering over-allotments.

"ADNKS" refers to Address Based Population Registration System.

"AMPD" refers to Trade Council of Shopping Centers and Retailers.

"Ankamall" refers to the Ankamall shopping mall located in Ankara, Turkey.

"AYD" refers to The Council of Shopping Centers.

"BRT" refers to bus rapid transit.

"CAGR" refers to compound annual growth rate.

"CBD" refers to central business district.

"CEE" refers to Central and Eastern Europe.

"Central Bank" and "CBRT" refer to the Central Bank of the Republic of Turkey.

"CMB" refers to the Turkish Capital Markets Board.

"CMB Financial Statements" refers to our public audited financial statements as of June 30, 2010 and for the six-month periods ended June 30, 2010 and 2009 and as of and for the years ended December 31, 2009, 2008 and 2007 that have been prepared and presented in accordance with CMB Principles.

"CMB Principles" refers to the accounting principles which all public companies in Turkey must follow in preparing financial statements as required by the CMB.

"CMB Standards" refers to the valuation standards set forth in Communiqué VIII/45, *International Standards in the Capital Markets*.

"CML" refers to the Turkish Capital Markets Law No. 2499, as amended.

"Company," we," "us," "our" and "Torunlar" refer to Torunlar Gayrimenkul Yatırım Ortaklığı A.Ş. and its subsidiaries, as the context requires.

"CPI" refers to Consumer Price Index.

"Crowne Plaza Hotel" refers to the Crowne Plaza Hotel located adjacent to Ankamall in Ankara, Turkey.

"Deepo Outlet Center" refers to the Deepo Outlet Center in the Kepez district of Antalya, Turkey.

"DSC" refers to District Shopping Center.

"DTZ" refers to Debenham Tie Leung International Property Advisers.

"DTZ Pamir & Soyuer" refers to DTZ Pamir & Soyuer Gayrimenkul Danışmanlık A.Ş., exclusive representatives of DTZ in Turkey.

"DTZ Report" refers to the valuation report on the real estate of Torunlar as of June 30, 2010 which was commissioned by Torunlar from DTZ and issued by DTZ Pamir & Soyuer. A summary of the DTZ Report is attached as Annex A to this offering memorandum.

"EIU" refers to the Economist Intelligence Unit.

"Elit" refers to Elit Gayrimenkul A.Ş., a CMB-licensed valuation expert.

"euro" and "€" refer to the common currency of the European Union.

"FAR" refers to floor area ratio.

"FDI" refers to foreign direct investment.

"Foot traffic" refers to volume of shopping mall visitors.

"GAV" refers to the gross asset value of our properties as of June 30, 2010, as appraised by DTZ and set forth in the DTZ Report.

"GDP" refers to gross domestic product.

"GLA" as used with respect to our commercial property portfolio, refers to gross leasable area, which is the total floor area in square meters of a property that is designed for tenant occupancy and exclusive use. GLA is determined based on our internal calculations and includes shops, food court units, stands, buffets, ATMs, cinemas and amusement park areas. See "*Presentation of Financial and Other Information—Statistical Data.*"

"Global Insight" refers to HIS Global Insight.

"Government" refers to the government of the Republic of Turkey.

"GSA" refers to gross saleable area, which is the total floor area in sqm that is designed for occupancy as well as the total floor area of any common areas. GSA is determined based on our internal calculations. See "*Presentation of Financial and Other Information—Statistical Data.*"

"GVA" refers to gross value added.

"GYODER" refers to the Association of Real Estate Investment Companies.

"IFRS" refers to International Financial Reporting Standards, including International Accounting Standards as promulgated by the International Accounting Standards Board and the interpretations issued by the International Accounting Standards Committee and Standing Interpretations Committee of the IASB.

"IFRS Financial Statements" refers to our audited consolidated financial statements prepared in accordance with IFRS as of June 30, 2010 and for the six month periods ended June 30, 2010 and 2009 and as of and for the years ended December 31, 2009, 2008 and 2007, included elsewhere in this document.

"IFRS GAV" refers to the sum of our investment properties, investments in associates and current and non-current inventories as reported in the consolidated balance sheets in our IFRS Financial Statements as of the relevant balance sheet date.

"IMF" refers to the International Monetary Fund.

"ISE" refers to the İstanbul Stock Exchange.

"Kayabaşı Residential Lands" refers to our planned residential development to be developed in the Başakşehir district of İstanbul, Turkey.

"Kemankeş Hotel" refers to our planned boutique hotel to be developed in the Beyoğlu district of İstanbul, Turkey.

"Korupark Residences" refers to the three phases of residential development at Korupark located in the Osmangazi district of Bursa, Turkey.

"Korupark Shopping Mall" refers to the Korupark shopping mall located in the Osmangazi district of Bursa, Turkey.

"Land Bank" refers to land that either is owned by us or for which we hold a right to purchase but in respect of which we have not yet acquired ownership and that we intend or have begun to develop. A parcel of land ceases to be considered part of our Land Bank at the time the project development phase commences.

"LRT" refers to light railway transportation.

"LTM" refers to the last twelve months.

"LTV ratio" refers to loan-to-value ratio determined by dividing net debt (equal to the sum of "Current and Non-current Financial liabilities" and "Financial lease liabilities" less "Cash and cash equivalents" as reported in our IFRS Financial Statements as of the relevant balance sheet date) by IFRS GAV as of the relevant balance sheet date.

"LTV ratio (based on DTZ June 30, 2010 GAV)" refers to loan-to-value ratio determined by dividing net debt (equal to the sum of "Current and Non-current Financial liabilities" and "Financial lease liabilities" less "Cash and cash equivalents" as reported in our IFRS Financial Statements as of June 30, 2010) by GAV.

"Mall of İstanbul" refers to our planned mixed-use shopping mall to be developed in the Başakşehir district of İstanbul, Turkey.

"MICE" refers to meetings, incentives, conferences and exhibitions.

"MSU" refers to medium-size units.

"NAV" refers to Total Assets minus Current liabilities and Non-current liabilities as reported in our IFRS Financial Statements at the relevant balance sheet date. Torunlar's NAV may not be comparable to NAV as disclosed by other companies, as these terms are not uniformly defined. Therefore, investors should not place undue reliance on this measure.

"Netsel Marina" refers to the Netsel Marina located in Marmaris, Turkey.

"Netsel Turizm" refers to Netsel Turizm Yatırımları A.Ş.

"Nishİstanbul" refers to the office and residential development Nishİstanbul located in Yenibosna, Bahçelievler, İstanbul, Turkey.

"Nokta İnşaat" refers to Nokta İnşaat Yatırım Turizm Sanayi ve Ticaret A.Ş., a former associate of the Company.

"OECD" refers to the Organization for Economic Cooperation and Development.

"OIZ" refers to organized industrial zone.

"Özyazıcı" refers to Özyazıcı İnşaat Elektrik, Makine, Müşavirlik ve Taah. Ltd. Şti., our joint venture partner for the development of Nishİstanbul.

"Prime" refers to Prime Gayrimenkul Değerleme ve Danışmanlık A.Ş., a CMB-licensed valuation expert.

"Property Portfolio" refers to our completed projects, ongoing projects, projects in the project pipeline and Land Bank property, described in "*Our Business—Our Property Portfolio*" below.

"REIC" refers to a real estate investment company as defined under the REIC Communiqué.

"REIC Communiqué" refers to the Communiqué of the CMB Series VI Number 11 of the CMB on the Principles Relating to REICs.

"RICS" refers to the Royal Institute of Chartered Surveyors.

"Samsun Shopping Mall" refers to the shopping mall (expected to be named "Bulvar Shopping Center") to be constructed in Samsun, Turkey.

"Selling Shareholders" refer to Aziz Torun, Mehmet Torun and Torun Pazarlama.

"SPO" refers to Republic of Turkey Prime Ministry, State Planning Organization.

"sqm" refers to square meters.

"TCM" refers to Town Center Mall.

"TCSCR" refers to Trade Council of Shopping Centers and Retailers.

"TOKİ" refers to the Housing Development Administration of Turkey.

"Toray Construction" refers to Toray İnşaat Sanayi ve Ticaret A.Ş.

"Toray Danış" refers to our subsidiary, Toray İnşaat Danış Yapı Adi Ortaklığı.

"Torium İstanbul" refers to the Torium İstanbul shopping mall project located in the municipality of Esenyurt in İstanbul, Turkey.

"Torun AVM" refers to Torun Alışveriş Merkezleri Yatırım ve Yönetim A.Ş., an affiliated company of Torunlar that is controlled by the Torun family. Torun AVM provides management and administration services to Deepo Outlet Center, Korupark Shopping Mall and Torium İstanbul.

"Torun family" refers to Aziz Torun, Mehmet Torun, and their immediate families.

"Torun Pazarlama" refers to Torun Pazarlama A.Ş (or Torun Marketing), an affiliated company of Torunlar controlled by the Torun family.

"Torun Tower" refers to the planned mixed-use project to be developed in the Esentepe district in İstanbul, Turkey.

"Torun Yapı" refers to Torun Yapı Sanayi ve Ticaret A.Ş., an affiliated company of Torunlar controlled by the Torun family. Torun Yapı provides us with construction services on a project-by-project basis.

"Torunlar Gıda" refers to Torunlar Gıda Sanayi A.Ş. (or Torun Food Industry & Trade), an affiliated company of Torunlar controlled by the Torun family.

"Torunlar Group" and "Group" refer to all of the companies controlled directly and indirectly by the Torun family.

"Torunlar Özyazıcı" refers to Torunlar Özyazıcı Proje Ortaklığı, our joint venture partnership formed with Özyazıcı for the construction of Nishİstanbul.

"TRN" refers to our subsidiary, TRN Alışveriş Merkezleri Yatırım ve Yönetim A.Ş., which owns Deepo Outlet Center.

"TTA" refers to TTA Gayrimenkul Yatırım Geliştirme ve Yönetim A.Ş., the joint venture entity with Turkmall Gayrimenkul in which we have a 40% shareholding, the Torun family has a 10% shareholding, Turkmall Gayrimenkul and Turkmall Market have an aggregate 45% shareholding and Ahmet Demir has a 5% shareholding.

"Turkey" refers to the Republic of Turkey.

"Turkish Lira" and "TL" refer to the currency of Turkey.

"Turkish Treasury" refers to the Republic of Turkey Prime Ministry Undersecretariat of Treasury.

"Turkmall Gayrimenkul" refers to Turkmall Gayrimenkul Geliştirme Yönetim ve Yatırım A.Ş.

"Turkmall Market" refers to Turkmall Market Yatırım İnşaat ve Ticaret A.Ş.

"Turkstat" or "TURKSTAT" refers to the Turkish Statistical Institute.

"UNWTO" refers to United Nations World Tourism Organization.

"US dollars," "$" and "US$" refer to the currency of the United States.

"WAULT" refers to weighted average unexpired lease term.

"Yeni Gimat" refers to Yeni Gimat İşyerleri İşletmesi A.Ş. of which we own 14.83% of the total share capital. Yeni Gimat owns Ankamall and the Crowne Plaza Hotel.

"Zafer Plaza" refers to the Zafer Plaza shopping mall located in the city center of Bursa, Turkey.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

IFRS Financial Statements

Our audited consolidated financial statements as of June 30, 2010 and for the six-month periods ended June 30, 2010 and 2009 and as of and for the years ended December 31, 2009, 2008 and 2007 (the "IFRS Financial Statements") have been prepared and presented herein in accordance with International Financial Reporting Standards ("IFRS"), including International Accounting Standards ("IAS") as promulgated by the International Accounting Standards Board ("IASB") and the interpretations issued by the International Accounting Standards Committee and Standing Interpretations Committee of the IASB ("SIC"). The IFRS Financial Statements were audited by our independent accountants, Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., a member of PricewaterhouseCoopers, whose report thereon is included in this offering memorandum.

Except as otherwise indicated, the financial information presented in this offering memorandum was extracted or derived from our book of accounts and adjusted to conform with IFRS.

Non-IFRS Measures

We have included certain measures in this offering memorandum that are not measures of performance under IFRS or accounting principles generally accepted in the United States ("US GAAP"). These include EBITDA, EBIT, LTV ratio and LTV ratio (based on DTZ June 30, 2010 GAV). None of these measures should be considered as an alternative to the measures determined in accordance with IFRS. For a description of these non-IFRS measures and a reconciliation of such measures to the closest IFRS measure, see "*Operating and Financial Review—Key Operating Measures—Non-IFRS Operating Measures*."

Although EBITDA and EBIT are not typically measures of operating income, operating performance or liquidity under IFRS or US GAAP, we have presented EBITDA and EBIT in this offering memorandum because we understand that EBITDA, EBIT and indicators based on these measures are used by some investors to determine a company's ability to service indebtedness and fund ongoing capital expenditure. EBITDA and EBIT should not, however, be considered in isolation or as a substitute for operating profit as determined in accordance with IFRS, or for cash flows from operating activities as determined in accordance with IFRS, or as an indicator of operating performance. The EBITDA and EBIT disclosed in this offering memorandum may not be comparable to EBITDA and EBIT disclosed by other companies, as these terms are not uniformly defined.

We have included in this offering memorandum information regarding our loan-to-value ratio as of certain balance sheet dates because we understand that these measures may be used by certain investors to understand the level of a company's outstanding financial liabilities as compared to the value of its assets. Our loan-to-value information included in this offering memorandum is identified by the terms "LTV ratio" and "LTV ratio (based on DTZ June 30, 2010 GAV)." We have included information relating to our LTV ratio as of December 31, 2009, 2008 and 2007. Our LTV ratio is determined by dividing our net debt (equal to the sum of "Current and Non-current Financial liabilities" and "Financial lease liabilities" less "Cash and cash equivalents") by the sum of "investment properties," "investments in associates" and "current and non-current inventories," as each such line item is reported in our IFRS Financial Statements as of the applicable balance sheet dates. We have also included herein, as of June 30, 2010, information relating to our LTV ratio (based on DTZ June 30, 2010 GAV). Our LTV ratio (based on DTZ June 30, 2010 GAV) is determined by dividing our net debt (equal to the sum of "Current and Non-current Financial liabilities" and "Financial lease liabilities" less "Cash and cash equivalents") as of June 30, 2010 as reported in our IFRS Financial Statements by our gross asset value as of June 30, 2010, as determined by DTZ and set out in the DTZ Report.

CMB Financial Statements

The CMB requires that all public companies in Turkey prepare financial statements in accordance with the accounting principles of the CMB ("CMB Principles"), which are similar to IFRS. In connection with the domestic offering and in accordance with CMB requirements, we have made public our audited annual financial statements as of June 30, 2010 and for the six-month periods ended June 30, 2010 and

2009 and as of and for the years ended December 31, 2009, 2008 and 2007 that have been prepared and presented in accordance with CMB Principles (the "CMB Financial Statements").

Currency Presentation

In this offering memorandum, references to "TL" are to Turkish Lira; references to "US dollars," "US$" and "$" are to United States dollars; and references to "euro" or "€" are to the currency of the member states of the European Union ("EU") participating in the European Economic and Monetary Union (Belgium, Germany, Greece, Spain, France, Ireland, Italy, Luxembourg, the Netherlands, Austria, Portugal, Slovenia, Malta, Cyprus, Finland and Slovakia). As of January 1, 2005, the currency of Turkey was redenominated to New Turkish Lira. On January 1, 2009, the word "New" was eliminated from the name "Turkish Lira" and the currency is again called "Turkish Lira." TL 1.00 equals TL 1,000,000 as denominated prior to January 1, 2005. Unless otherwise indicated, all amounts in this offering memorandum are presented in Turkish Lira.

Exchange Rates

The Federal Reserve Bank of New York does not report a noon buying rate for Turkish Lira. The official Turkish Lira ask rate announced by the Central Bank of the Republic of Turkey (the "Central Bank") on October 1, 2010 for euro and US dollars respectively, (the "Central Bank exchange rate") was TL 1.9693 = €1.00 and TL 1.4434 = $1.00. We do not make any representation that the Turkish Lira, euro or US dollar amounts in this offering memorandum have been, could have been or could be converted into any currency at any particular rate or at all. You should read "*Exchange Rates*" for historical information regarding the Central Bank exchange rates between the Turkish Lira and the euro and US dollar. For a discussion of the effects on us of fluctuating exchange rates, see "*Risk Factors—Risks Related to Our Business and Industry—Fluctuations in currency exchange rates may adversely affect our financial condition and results of operation*s."

Statistical Data

Throughout this offering memorandum, we provide the surface or land area in square meters for different types of properties at different stages of development in GLA or GSA. The measure of square meters used depends on the type of property and the stage of development. Except as otherwise indicated, the surface and land areas provided for a particular property reflect the property's entire surface or land area in the measure indicated and, in those cases in which we own the property together with a third party, unless indicated otherwise, it has not been adjusted to reflect our proportionate ownership in such property. Except as otherwise indicated, the surface and land areas provided for an aggregate number of properties reflects the aggregate surface and land areas of all such properties combining the different measures applicable to each.

Other

Certain figures included in this offering memorandum have been subject to rounding adjustments; accordingly, figures shown for the same item presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

VALUATION STANDARDS APPLIED IN CONNECTION WITH THE VALUATION OF OUR PROPERTIES

Valuation by DTZ under RICS Standards

In connection with the international offering, we commissioned DTZ, an external independent appraiser, to conduct a valuation of our Property Portfolio as of June 30, 2010 in accordance with the current Practice Statement and the United Kingdom Practice Statement (contained within the Royal Institute of Chartered Surveyors' Appraisal and Valuation Standards, 6th Edition, commonly known as the Red Book), and the valuation framework established by the International Valuation Standards Committee (collectively, the "RICS Standards"). A summary report (the "DTZ Report") of the valuations conducted by DTZ has been reproduced in its entirety in Annex A to this offering memorandum. Unless otherwise indicated, all references to GAV included in this offering memorandum are to the values of the properties in our Property Portfolio as of June 30, 2010 as determined by DTZ in accordance with the RICS Standards and as set forth in the DTZ Report.

The valuation in the DTZ Report is based on DTZ's estimate of the market prices that could be obtained for each of our properties at June 30, 2010. However, the valuation of property is inherently subjective due to the individual nature of each property. Factual information relating to our properties taken into account by DTZ in connection with the DTZ Report was based solely on the basis of information provided by us. For the preparation of the DTZ Report, DTZ valued our real estate assets on a property-by-property basis (and not as part of a portfolio) in accordance with each property's stand-alone market value. The market value, as defined by the RICS Standards, is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The DTZ Report is based on certain material assumptions which have not been confirmed or investigated by DTZ or any other third party. These assumptions are described in the DTZ Report and include, among others, assumptions relating to (i) property size and structure, (ii) construction materials and condition of the properties, (iii) zoning and licensing, (iv) legal matters, (v) the completion of acquisition and construction, including the timing and costs thereof, and future occupancy levels of projects that had not been completed as of June 30, 2010 and (vi) the absence of encumbrances, restrictions or extraordinary expenses. A property-by-property valuation may exceed the value that could be obtained in connection with a concurrent sale of more than one property or a block sale. The DTZ Report provides a theoretical value of our properties, based on the assumptions made therein, some of which may turn out to be inaccurate. We cannot assure you that any of our properties could have been or could be sold at their respective market values set forth in the DTZ Report, if at all, or that the actual market values of our real estate properties, whether or not equivalent to the values set forth in the DTZ Report, will not decline significantly over time due to various factors, including changing macro- and micro-economic conditions in Turkey and other factors set forth under "*Risk Factors*." The appraised value of our Property Portfolio cannot, therefore, be construed as a guarantee of the prices which could be obtained should we seek to sell assets in the open market and is not an indication of any price at which our shares may trade on the ISE. The DTZ Report is as of June 30, 2010. We can give no assurance that a valuation at a more recent date would not produce a lower or higher value.

Since June 30, 2010, the review date of the DTZ Report, there have not been material changes in the composition of our real estate portfolio.

Valuation under CMB Standards

Pursuant to the REIC Communiqué, the CMB requires us to prepare certain quarterly property portfolio information based on valuations conducted in accordance with the valuation standards set forth in Communiqué VIII/45, *International Valuation Standards in the Capital Markets* (the "CMB Standards"). Such valuations must be conducted by valuation companies licensed by the CMB.

As required by the CMB, a valuation of our properties has been conducted under CMB Standards in connection with the domestic offering and the valuation reports of Prime have been provided to the CMB as part of the documentation for the domestic offering.

The RICS Standards and the CMB Standards are distinct valuation standards. There can be no assurance that the values of our properties or the value of our Property Portfolio set forth in the DTZ Report would not be different, potentially materially so, if the CMB Standards rather than the RICS Standards had been applied in conducting such valuations.

Valuation Used in the Preparation of Our Financial Statements

In accordance with established practice among Turkish REICs, the value of our properties as determined in accordance with CMB Standards is used in connection with the preparation of our CMB Financial Statements. In order to ensure consistency between our CMB Financial Statements and our IFRS Financial Statements, we have used the CMB Standards to value our properties in connection with the preparation of our IFRS Financial Statements included in this offering memorandum. The valuations of our investment properties reflected in our IFRS Financial Statements, as well as our CMB Financial Statements, have been based on valuations conducted by Prime and Elit, which are CMB-licensed valuation experts. In particular, the fair values of our investment properties valued pursuant to the CMB Standards are taken into account in the determination of non-current assets and total assets on our consolidated balance sheet and net gains or losses from fair value adjustments on investment property are taken into account in the determination of operating profit on our consolidated statements of comprehensive income.

There can be no assurance that the amounts of our non-current and total assets in our consolidated balance sheets and of our operating profit included in our consolidated statements of comprehensive income in our IFRS Financial Statements would not be materially different if the RICS Standards rather than the CMB Standards had been applied in conducting the valuations underlying such financial statements.

Following the global offering, we plan to prepare our financial statements both in accordance with CMB Principles and in accordance with IFRS, and we will continue to value our properties in accordance with CMB Standards, and not RICS Standards, in connection with the preparation of both sets of financial statements.

The valuation of property is inherently subjective and uncertain due to the individual nature of each property and the need to make estimates and assumptions. As a result, valuations are subject to uncertainty. There can be no assurance that valuations conducted by Prime or Elit in connection with the preparation of our IFRS Financial Statements, the valuations contained in the DTZ Report or future independent expert valuations of our properties reflect or will reflect the actual market values or sales prices of such properties even where any such sales occur shortly after the relevant valuation date. See "*Risk Factors—Risks Related to Our Business and Industry—Property valuation is inherently subjective and uncertain*."

MARKET AND INDUSTRY INFORMATION

This offering memorandum contains historical market data and forecasts which have been obtained from industry publications, market research and other publicly available information. Certain international market data and forecasts have been obtained from the Economist Intelligence Unit ("EIU"), the Republic of Turkey Prime Ministry, Undersecretariat of Treasury ("Turkish Treasury"), the Turkish Statistical Institute ("Turkstat" or "TURKSTAT"), the Real Estate Sector Report of November 2009 from the Association of Real Estate Investment Companies ("GYODER"), the Organization for Economic Cooperation and Development ("OECD"), the Republic of Turkey Prime Ministry, State Planning Organization ("SPO") and HIS Global Insight ("Global Insight"), as well as the sources identified in "*Real Estate Market Overview*." We have not independently verified the information in industry or government publications or market research provided by third parties, although we believe the information contained therein to be reliable. Certain of the information in "*Risk Factors*," "*Exchange Rates*," "*Our Business*," "*Operating and Financial Review*" and "*Turkish Securities Market*" has been extracted from summaries of information and data publicly released by official sources in Turkey. None of Torunlar, the Selling Shareholders or the Managers represent that this information is accurate.

The information provided from the sources referred to in this offering memorandum has been accurately reproduced and, as far as we are aware and have been able to ascertain from information published by such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

In some cases, there is no readily available external information (whether from trade associations, government bodies or other organizations) to validate market-related analyses and estimates, requiring Torunlar to rely on internally developed estimates. Although Torunlar believes its internal estimates to be reasonable, such estimates have not been independently verified by any independent sources and Torunlar cannot assure investors as to its accuracy or that a third party using different methods to assemble, analyze, or compute market data would obtain the same result. Torunlar does not intend, and does not assume any obligations, to update industry or market data set forth in this document. Finally, behavior, preferences and trends in the marketplace tend to change. As a result, prospective investors should be aware that data in this document and estimates based on that data may not be reliable indicators of future results.

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FORWARD-LOOKING STATEMENTS

This offering memorandum includes forward-looking statements that reflect our intentions, beliefs or current expectations and projections about our future results of operations, financial condition, liquidity, capital expenditure requirements, performance, prospects, anticipated growth, strategies, plans, opportunities, project pipeline, targeted GLA, rental revenues, foot traffic levels, project completion dates, costs and the market in which we operate. Forward-looking statements involve all matters that are not historical fact, and include, for example, statements related to our investment plan and statements related to the future composition of our property portfolio. We have tried to identify those forward-looking statements by using the words "may," "will," "would," "should," "expect," "intend," "estimate," "anticipate," "project," "believe," "seek," "plan," "aim," "objective," "goal," "strategy," "target," "budgeted" and similar expressions or their negatives. These forward-looking statements are based on numerous assumptions regarding our present and future business and the environment in which we expect to operate in the future. Forward-looking statements may be found in sections of this offering memorandum entitled "*Risk Factors*," "*Operating and Financial Review*," "*Real Estate Market Overview*," "*Our Business*," "*Related Party Transactions*" and elsewhere.

These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions and other factors that could cause our actual results of operations, financial condition, liquidity, capital expenditure requirements, performance, prospects, anticipated growth, strategies, plans, opportunities, project pipeline, targeted GLA, rental revenues and foot traffic levels, or project completion dates and costs, as well as those of the markets we serve or intend to serve, to differ materially from those expressed in, or suggested by, these forward-looking statements. Important factors that could cause such differences include, but are not limited to:

- developments in the Turkish economy, including economic growth and inflation or deflation;
- political and social developments in Turkey;
- the impact of changes in interest rates;
- the effects of Turkish and international political events;
- changes in rent levels from the retail units in our shopping malls;
- timing of receipt of licenses, permits or other approvals required for our operations, and our ability to extend the terms thereof;
- the adequacy of our funding sources and liquidity;
- changes in project parameters as development plans continue to be refined;
- changes in our ability to implement successfully any of our business or financing strategies;
- expected timing and location for development of shopping malls, residential developments and mixed-use projects;
- changes in laws, regulations and government policies to which our business is subject, including changes to environmental laws and regulation;
- impact of currency exchange rate fluctuations;
- amount and timing of future capital expenditures;
- our ability to identify and manage the risks which may affect the success of our businesses;
- our ability to maintain or improve our market share in the Turkish real estate market;
- our ability to take advantage of market opportunities and to increase our revenues;
- our ability to expand our real estate portfolio;
- changes in the real estate supply and demand balance in the cities and areas of Turkey in which we operate;
- our ability to identify and respond to shifting real estate trends;
- the selection of reputable and reliable contractors and subcontractors;

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- changes in demographic trends in the cities and areas of Turkey in which we operate; and
- changes in tax laws.

In light of these risks, uncertainties and assumptions, the forward-looking events described in this offering memorandum may not occur. Additional risks that we may currently deem immaterial or that are not presently known to us could also cause the forward-looking events discussed in this offering memorandum not to occur. Except as otherwise required by Turkish, US federal and other applicable securities laws and regulations and by any applicable stock exchange regulations, we undertake no obligation to update publicly or revise publicly any forward-looking statements, whether as a result of new information, future events, changed circumstances or any other reason after the date of this offering memorandum.

SUMMARY

Potential investors should read the following summary together with the more detailed information (including the information set forth under "Risk Factors") and the consolidated financial statements (including the notes thereto) included elsewhere in this offering memorandum.

Overview

We are one of the leading shopping mall developers in Turkey. We are primarily focused on the development of and investment in large scale (GLA 40,000 to 79,999 sqm) to very large scale (GLA of 80,000 sqm or greater) tailored retail formats in İstanbul and other major cities and tourist destinations in Turkey. Our Property Portfolio includes a diverse range of shopping mall projects, in terms of geographic location, size, design and mix of retail and non-retail offerings. We believe that the success of shopping mall projects in Turkey will increasingly depend on the ability to develop tailored projects that integrate with evolving neighborhood trends. We anticipate increasing our focus on retail-based mixed-use projects that combine substantial retail space with entertainment, social, residential, hotel or other facilities, tailored to the project location in light of urban development and demographic trends. We have implemented this "life center" concept in our Korupark Shopping Mall and Residences development, in our Torium İstanbul shopping mall (which is scheduled to open in October 2010), as well as in the design of our Mall of İstanbul project, which we anticipate will be one of the largest shopping centers in Europe by GLA upon expected project completion in 2013. We also pursue non-retail projects on a selective basis in established markets, such as large residential housing projects, hotels and office and marina developments which offer attractive returns on investment, income diversification and other benefits.

The Torunlar Group has a long history of active involvement in the Turkish real estate industry, beginning in the construction sector in 1977, expanding into real estate development and investment in 1996 and creating a REIC in 2008. Our extensive experience in the Turkish real estate industry gives us unique insight into urban development and demographic trends, consumer preference patterns in our local target markets and an extensive network of contacts that enables us to source attractive sites. Our established relationships with local municipalities, developers, vendors and other industry participants provide us with access to land sites in both on- and off-market transactions and an array of other development opportunities unavailable to international developers, as well as access to an extensive network of brand name domestic and international retailers for our shopping malls and a broad customer base for our residential developments. In addition, we benefit from the Torunlar Group's established reputation in the Turkish marketplace and believe that our tenants and customers, and other participants in the Turkish real estate market, attribute to us the quality associated with the Torunlar name.

We are involved in all stages of project development and management, including sourcing and land acquisition, project financing, permitting, zoning, design, construction oversight, sales and marketing. We use our extensive local deal sourcing capability and knowledge of the Turkish real estate industry to acquire the most attractive sites and develop our projects using world class architectural and design concepts in accordance with international best practice and safety standards. We actively observe changing global trends in retail formats and aim to tailor evolving international retail formats for the Turkish marketplace. We continue to engage in the overall asset management of our shopping malls following project completion, including managing tenant mix and rents, structuring leases, implementing refurbishments and extensions and other activities designed to maximize foot traffic, occupancy levels and rental income from our shopping malls.

As of the date of this offering memorandum, our Property Portfolio consisted of direct or indirect investments in six completed projects (including Nishİstanbul which completed construction of three of its four blocks in September 2010), one ongoing project (Torium İstanbul, which is scheduled to open in October 2010), six projects in the development pipeline and one Land Bank property. As of June 30, 2010 our Property Portfolio had an appraised GAV of US$1.64 billion based on valuations conducted by DTZ. See "*Risk Factors—Risks Related to Our Business and Industry—Property valuation is inherently subjective and uncertain*" and "*Annex A—DTZ Report.*" As of June 30, 2010, the total GLA of our operational properties (based on our economic ownership) was 122,085.48 sqm (or approximately 28.9% of our total GLA) and the total anticipated GLA of our not yet operational, ongoing and pipeline projects was 300,702.7 sqm (or approximately 71.1% of our total GLA). Upon completion of Nishİstanbul and the opening of Torium İstanbul, approximately 60% of our Property Portfolio, measured by reference to GAV, will consist of operational properties. As of June 30, 2010, our total GSA in inventory was 34,842 sqm (or 13.1% of our total GSA) and the total anticipated GSA of our projects not yet operational (including Nishİstanbul), under construction or in development was 232,068 sqm (or 86.9% of our total GSA).

For the six months ended June 30, 2010 and for the years ended December 31, 2009, 2008 and 2007, our net revenues amounted to TL 49.9 million, TL 120.2 million, TL 134.8 million and TL 43.1 million, respectively, and our EBITDA amounted to TL 28.9 million, TL 71.7 million, TL 62.7 million and TL 8.6 million, respectively. See "*Presentation of Financial and Other Information*" and *"Operating and Financial Review—Key Operating Measures—Non-IFRS Operating Measures*."

We are organized as a real estate investment company, or REIC, under the laws of Turkey. As of June 30, 2010, we had 36 employees. Our corporate headquarters are located in İstanbul.

Our Competitive Strengths

Our key competitive advantages include the following:

- Leading real estate developer and investor in Turkey;
- Established track record of real estate development;
- Proven history of successful asset management;
- Excellent growth potential supported by solid financial structure;
- Professional management team with long-term local experience and deal sourcing capability;
- Sole focus on Turkey, which has attractive long-term economic fundamentals supporting real estate growth.

Our Strategy

We intend to capitalize on our competitive advantages by pursuing the following strategies:

- Continue to focus on shopping malls while increasing retail-based mixed-use projects;
- Active and dynamic asset management of our shopping malls;
- Continue to leverage our strong development platform;
- Pursue selective developments in other high-growth real estate sectors;
- Leverage our track record of joint development arrangements.

The Global Offering

The Company	Torunlar Gayrimenkul Yatırım Ortaklığı A.Ş.
The Selling Shareholders	Aziz Torun, Mehmet Torun and Torun Pazarlama.
Total Number of Class C Shares Offered in the Global Offering	56,352,942 Class C Shares, of which Torunlar is offering 47,900,000 Class C Shares and the Selling Shareholders are offering an aggregate of 8,452,942 Class C Shares.
The International Offering	45,082,352 Class C Shares are being offered in the international offering. The Class C Shares are being offered and sold: (i) outside the United States and Turkey to certain institutional investors in offshore transactions in reliance on Regulation S; and (ii) in the United States only to QIBs in reliance on Rule 144A.
The Domestic Offering	11,270,590 Class C Shares are being offered to retail and institutional investors in Turkey. The domestic offering will be open between October 13, 2010 and October 15, 2010 and will be conducted pursuant to an underwriting and consortium agreement with a syndicate of Turkish financial institutions led by İş Yatırım. The allocation of Class C Shares between the international offering and the domestic offering is subject to change. See "*Plan of Distribution*."
Shares Outstanding Immediately before the Global Offering	Our outstanding share capital is separated into Class A Shares, Class B Shares and Class C Shares, with shares in each class having a nominal value of TL 1.00. As of the date of this offering memorandum, we have an aggregate of 176,100,000 shares outstanding, including 44,905,500 Class A Shares, 44,905,500 Class B Shares and 86,289,000 Class C Shares. In connection with the global offering, on September 20, 2010, our board of directors resolved to increase our share capital to TL 224,000,000. Immediately following the global offering, we will have an aggregate of 224,000,000 shares outstanding, including an aggregate of TL 134,189,000 Class C Shares, representing 59.9% of our outstanding share capital.
Ownership	Prior to the global offering, the Selling Shareholders owned an aggregate of 99.96% of our outstanding share capital, divided as follows: Aziz Torun owned 44,870,280 of our outstanding Class A Shares and 43,109,280 of our outstanding Class C Shares, representing 49.96% of our outstanding share capital; Mehmet Torun owned 44,835,060 of our outstanding Class B Shares and 43,074,060 of our outstanding Class C Shares, representing 49.92% of our share capital; and Torun Pazarlama owned 31,698 of each of our outstanding Class A and Class B Shares and 70,440 of our outstanding Class C Shares, representing 0.08% of our share capital. Following the completion of the global offering (i) if the Additional Shares are not sold, the Selling Shareholders will own an aggregate of 74.81% of our outstanding share capital (Aziz Torun will own 38,918,029 of our outstanding Class C Shares; Mehmet Torun will own 38,882,809 of our outstanding Class C Shares; and Torun Pazarlama will own no Class C Shares); or (ii) if the Additional Shares are sold, the Selling

	Shareholders will own an aggregate of 71.03% of our outstanding share capital (Aziz Torun will own 34,691,558 of our outstanding Class C Shares; Mehmet Torun will own 34,656,338 of our outstanding Class C Shares; and Torun Pazarlama will own no Class C Shares). The global offering will not affect the Selling Shareholders' ownership of Class A and Class B Shares. See "*Our Shareholders*."
Over-allotment and Stabilization	In connection with the global offering, up to 8,452,942 Additional Shares may be sold by Aziz Torun and Mehmet Torun on the Closing Date for the purpose of covering over-allotments. It has been agreed that Aziz Torun and Mehmet Torun will allocate the proceeds from the sale of Additional Shares or, if the Additional Shares are not sold, that the Selling Shareholders will allocate funds (calculated to be an amount equal to 15% of the gross proceeds of the global offering) (in either case, the "Stabilization Funds") to İş Yatırım, as Stabilization Manager, to effect transactions with a view to supporting the market price of the Class C Shares on the ISE, after consultation with J.P. Morgan. See "*Plan of Distribution—Over-allotment and Stabilization*."
Offering Price Range	TL 5.50 to TL 7.50 per Class C Share.
Use of Proceeds	We intend to use the net proceeds we receive from the global offering primarily for the development and construction of our Mall of İstanbul project, the development of other properties in our project pipeline and the acquisition of new land for future developments, as well as for general corporate purposes. See "*Use of Proceeds*."
Lock-up Arrangements	We, our officers and directors and the Selling Shareholders have agreed that, subject to certain exceptions, neither we nor they, nor any affiliates of the Selling Shareholders, nor any person acting on our or their behalf will, during a period from the date of the Underwriting Agreement to and including 360 days from the Closing Date, without the prior written consent of the Global Coordinator, (i) directly or indirectly, issue, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of any Class C Shares (including any Class C Shares acquired in the global offering or after the global offering) or our other shares, or any securities convertible into or exercisable or exchangeable for Class C Shares or our other shares, or file any registration statement under the Securities Act or any similar document with any other securities regulator, stock exchange, or listing authority with respect to any of the foregoing, or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Class C Shares (including any Class C Shares acquired in the global offering or after the global offering) or our other shares, whether any such transaction described in (i) or (ii) is to be settled by delivery of Class C Shares or other securities, in cash or otherwise, or (iii) publicly announce such an intention to effect any such transaction. See "*Plan of Distribution—Lock-up Arrangements*."
Transfer Restrictions	The Class C Shares will be subject to certain restrictions on transfer as described under "*Transfer Restrictions*."

Disclosure of Beneficial Interests in Class C Shares	Persons becoming direct or indirect holders of 5%, 10%, 15%, 20%, 25%, 33⅓%, 50%, 66⅔% or 75% or more of the issued share capital or voting rights of a public company in Turkey are required to notify the ISE of the acquisition and, thereafter, to notify the ISE of their transactions in the shares or voting rights of the public company when the total number of the shares or voting rights traded falls below or exceeds these thresholds. The names and the numbers of shares or voting rights purchased by such persons must be included in a notice sent to the ISE, among other information relating to the transaction requiring disclosure. The ISE publicly discloses the information on the Public Disclosure Platform (*Kamuyu Aydınlatma Platformu*). Although the CMB regulations require that persons who purchase 5% or more of the shares in a public offering, together with (i) persons who have or will have access to inside information which could influence the price of the securities; (ii) shareholders with 5% or more shareholding in the company, directors of the company and persons or entities retained for the purposes the offering must be disclosed by the underwriters of such offering, as a matter of market practice, the Managers will disclose the following information regarding all investors to the CMB and the ISE: • name, • field of activity, • nationality, and • whether the persons have purchased or hold the Class C Shares on behalf of a client or as depositary.
Dividends	Holders of our Class C Shares will be eligible to receive dividends payable, if any, on the Class C Shares in respect of the year ending December 31, 2010 and any dividends payable in subsequent financial years. See "*Dividend Policy*."
Voting Rights	Holders of Class C Shares are entitled to one vote per share on all matters submitted to a vote of our holders of Class C Shares. Votes at shareholders' meetings are taken by a show of hands. However, holders of Class C Shares holding 5% or more of our share capital represented at the shareholders' meeting may demand a secret ballot. See "*Description of Our Share Capital—Voting Rights*."
Taxation	For a discussion of certain tax considerations relevant to an investment in our Class C Shares, see "*Taxation*."
Proposed Listing and Trading	We have applied for listing of the Class C Shares on the ISE under the symbol "TRGYO." Prior to the global offering, there has been no public market for any of our securities. Trading of the Class C Shares on the ISE is expected to commence on or about October 22, 2010.
Subscription and Settlement	A subscription form required by Turkish capital markets regulations must be completed in order to subscribe for Class C Shares. The subscription form provided by the Global Coordinator must be returned in electronic form at the time the order is placed and in no event later than 5:30 p.m. GMT on October 15, 2010. The original executed form also must be returned by post or courier to the Global Coordinator by October 19, 2010.

	Payment for the Class C Shares is expected to be in Turkish Lira in same-day funds. If you do not maintain a custody account in Turkey, you are required to open a custody account with a recognized Turkish depositary, and provide details of such custody accounts to the Global Coordinator, in order to make payments of Turkish Lira and receive Class C Shares. You must provide details of such custody accounts to the Global Coordinator no later than October 19, 2010. The Class C Shares will be delivered to your Turkish custody account on or about the Closing Date by means of book-entry registration, subject to timely and satisfactory provision of account details. See "*Plan of Distribution—Subscription, Settlement and Trading*."
Class C Share Identification Codes . .	ISIN: [•] Common Code: [•] SEDOL: [•]
Risk Factors	You should read "*Risk Factors*" for a discussion of factors that you should consider carefully before deciding to invest in the Class C Shares.

Summary Consolidated Financial Information and Other Data

The summary consolidated financial information presented below has been derived from, and should be read together with, our audited annual financial information as of and for the years ended December 31, 2009, 2008 and 2007 and our audited interim financial statements as of June 30, 2010 and for the six months ended June 30, 2010 and 2009, included elsewhere in this offering memorandum. Our results for the six-month period ended June 30, 2010 are not necessarily indicative of results to be expected for the full year. The financial statements and accounts from which the summary historical consolidated financial data below have been derived were prepared in accordance with IFRS. See "*Presentation of Financial and Other Information*" and the IFRS Financial Statements and notes thereto included elsewhere in this offering memorandum.

	Six Months Ended June 30,		Year Ended December 31,		
	2010	2009	2009	2008	2007
	(TL thousands)				
Consolidated Statements of Comprehensive Income Data:					
Net revenues	49,856	72,223	120,158	134,794	43,109
Residences sold	21,271	43,054	65,380	68,639	—
Rental revenue	24,435	19,819	39,859	41,299	22,949
Other(1)	4,150	9,350	14,919	24,856	20,160
Cost of revenues	(16,061)	(27,923)	(45,183)	(68,218)	(25,041)
Gross Profit	**33,795**	**44,300**	**74,975**	**66,576**	**18,068**
General administrative expenses	(7,491)	(2,161)	(3,577)	(4,360)	(7,741)
Marketing, selling and distribution expenses	(1,687)	(3,278)	(4,437)	(3,306)	(4,756)
Net gain/(loss) from fair value adjustments on investment property	114,740	(4,734)	471,385	126,504	449,514
Other income	184	181	274	525	1,263
Other expenses	(831)	(763)	(266)	(698)	(2,001)
Operating Profit	**138,710**	**33,545**	**538,354**	**185,241**	**454,347**
Share of profit of associates(2)	11,011	2,066	7,240	15,428	62,202
Financial income	30,211	4,746	13,595	17,428	20,670
Financial expenses	(31,560)	(19,912)	(40,322)	(148,596)	(13,934)
Profit before tax from continuing operations	**148,372**	**20,445**	**518,867**	**69,501**	**523,285**
Tax expense from continuing operations	(469)	—	—	—	(143)
Profit for the period from continuing operations	**147,903**	**20,445**	**518,867**	**69,501**	**523,142**
Other comprehensive income	—	—	—	—	—
Total comprehensive income	**147,903**	**20,445**	**518,867**	**69,501**	**523,142**

(1) Other revenues consists of electricity sales income, excavation site rent income, construction site rent income and sales of other services and goods.

(2) Share of profit of associates consists of cash and non-cash elements. Set forth below are the dividends received and the non-cash portion (primarily consisting of gains in fair value of the underlying investment properties) for the periods indicated.

	Six Months Ended June 30,		Year Ended December 31,		
	2010	2009	2009	2008	2007
	(TL thousands)				
Dividends received	4,744	4,536	4,536	3,640	3,356
Non-cash portion of income from associates	6,267	(2,470)	2,704	11,788	58,846
Income from associates	**11,011**	**2,066**	**7,240**	**15,428**	**62,202**

	As of June 30,	As of December 31,		
	2010	2009	2008	2007
		(TL thousands)		
Consolidated Balance Sheet Data:				
Assets:				
Current Assets	**444,960**	**250,631**	**208,846**	**220,490**
Cash and cash equivalents	262,288	72,639	80,168	137,441
Trade receivables	51,398	74,668	51,598	19,150
Inventories	126,454	101,648	72,626	62,315
Other current assets	4,820	1,676	4,454	1,584
Non-current assets	**2,427,599**	**2,259,156**	**1,719,189**	**1,461,352**
Trade receivables	3,613	7,469	1,787	4,791
Investments in associates	121,745	115,478	112,774	100,986
Investment property	2,261,731	2,096,430	1,557,584	1,308,832
Property, plant and equipment	655	407	629	1,831
Inventories	—	—	—	13,090
Goodwill	8,250	8,250	8,250	—
Other non-current assets	31,605	31,122	38,165	31,822
Total assets	**2,872,559**	**2,509,787**	**1,928,035**	**1,681,842**
Liabilities and Equity:				
Current Liabilities	**289,539**	**241,733**	**292,672**	**379,303**
Financial liabilities	130,692	157,676	272,170	315,507
Bank borrowings	130,692	155,694	266,637	240,839
Due to related parties	—	1,982	5,533	74,668
Finance lease liabilities	297	1,639	2,745	1,985
Other financial liabilities	6,151	4,846	—	—
Trade payables	24,565	10,934	15,196	15,435
Deferred tax liabilities	—	—	—	—
Other current liabilities	127,834	66,638	2,561	46,376
Non-current liabilities	**629,949**	**462,886**	**349,062**	**158,975**
Financial liabilities	629,930	462,858	331,566	134,107
Finance lease liabilities	7	23	1,604	3,129
Provision for employment termination benefits	12	5	17	139
Other non-current liabilities	—	—	15,875	21,600
Total equity	**1,953,071**	**1,805,168**	**1,286,301**	**1,143,564**
Share capital	176,100	176,100	176,100	100,000
Legal reserves	7,279	7,279	7,279	5,288
Retained earnings	1,769,692	1,621,789	1,102,922	1,038,276
Total liabilities and equity	**2,872,559**	**2,509,787**	**1,928,035**	**1,681,842**

	As of and for the Six Months Ended June 30,		As of and for the Year Ended December 31,		
	2010	2009	2009	2008	2007
	(unaudited)				
	(TL thousands, except ratios)				
Other Data:					
EBITDA(1)	28,902	42,988	71,700	62,712	8,556
EBIT(2)	28,714	42,815	71,505	62,377	8,189
NAV(3)	1,953,071	n/a	1,805,168	1,286,301	1,143,564
LTV ratio (based on DTZ June 30, 2010 GAV)(4)	19.0%	n/a	n/a	n/a	n/a
LTV ratio(5)	n/a	n/a	23.8%	30.3%	21.4%

(1) EBITDA consists of Earnings before Interest, Tax, Depreciation and Amortization (excluding gain from valuation changes). For a reconciliation of EBITDA to operating profit for the six-month periods ended June 30, 2010 and 2009 and the years ended December 31, 2009, 2008, 2007, see "*Operating and Financial Review—Key Operating Measures—Non-IFRS operating measures*."

(2) EBIT consists of Earnings Before Interest and Tax. For a reconciliation of EBIT to operating profit for each of the six-month periods ended June 30, 2010 and 2009 and the years ended December 31, 2009, 2008, 2007, see "*Operating and Financial Review—Key Operating Measures—Non-IFRS Operating Measures.*"

(3) We define "NAV" as Total Assets minus Current liabilities and Non-current liabilities as reported in our IFRS Financial Statements at the relevant balance sheet date. Our NAV may not be comparable to NAV as disclosed by other companies, as these terms are not uniformly defined. Therefore, investors should not place undue reliance on this measure.

(4) LTV ratio (based on DTZ June 30, 2010 GAV) refers to loan-to-value ratio determined by dividing net debt (equal to the sum of "Current and Non-current Financial liabilities" and " Financial lease liabilities" less "Cash and cash equivalents" as reported in our IFRS Financial Statements as of June 30, 2010) by the gross asset value of our properties as of June 30, 2010 as appraised by DTZ and set forth in the DTZ Report.

(5) LTV ratio refers to loan-to-value ratio determined by dividing net debt (equal to the sum of "Current and Non-current Financial liabilities" and "Financial lease liabilities" less "Cash and cash equivalents" as reported in our IFRS Financial Statements as of the respective balance sheet date) by the sum of our "investment properties," "investments in associates" and "current and non-current inventories," as of the respective balance sheet date as reported in the consolidated balance sheets in our IFRS Financial Statements.

RISK FACTORS

Before making an investment in our Class C Shares, you should carefully consider the risks and uncertainties relating to our business and industry, our Class C Shares and the global offering and the other information set forth in this offering memorandum. The order in which the following risks are presented is not intended to be an indication of their probability of occurrence or the magnitude of their potential effects. The risks and uncertainties set forth in this section are not the only ones we face. Additional risks and uncertainties that are not known to us at this time, or that we currently believe are immaterial, could also have a material adverse effect on our business, financial condition, results of operations and share price. If any of the following risks, or any additional unknown or other risks were to occur, our business, financial condition, results of operations or share price could be materially adversely affected. In that event, the value of our Class C Shares could decline and you might lose part or all of your investment.

Risks Related to Our Business and Industry

Our business involves significant risks associated with the Turkish real estate market.

Our business involves the development of commercial, residential, mixed-used and other real estate projects in Turkey. The Turkish real estate market is generally highly cyclical and is affected by numerous factors, many of which are macroeconomic in nature and beyond our control, including the impact of adverse changes in economic conditions, real estate market conditions generally, consumer buying power and consumer spending levels, the financial condition of retailers and home buyers, changes in interest rates, inflation rates, real estate taxes and other operating expenses, the availability and cost of financing, environmental laws and regulations, zoning, construction and occupancy laws and regulations and other factors. Any of these factors could result in our incurring higher levels of expenses than anticipated or lower revenues than anticipated as a result of our inability to collect anticipated amounts of rental revenues or residential sales proceeds or to complete property sales. These factors could also result in decreases in the values of our properties and lower returns on investment than anticipated. As a result, our business, results of operations, the price of our Class C Shares and our ability to make distributions to our shareholders could be adversely affected.

We may be adversely affected by the illiquidity of real estate.

Real estate investments, particularly investments in commercial real estate such as shopping malls and large-scale mixed-use projects, are relatively illiquid. Such illiquidity could limit our ability to vary the composition of our real estate portfolio, or dispose of, or liquidate, part of our portfolio in response to changes in economic or other conditions. If we were required to liquidate properties on short notice for any reason, including raising funds to support our operations or repaying indebtedness, or exiting an investment as part of our business strategy, we may not be able to sell such properties on favorable terms or at all. In the case of an accelerated sale, there may be a significant shortfall between the fair value of the property and the price at which we could sell the property. Even in planned disposals in the ordinary course of business, an illiquid market may result in a sales price that is lower than anticipated or in a delay of the sale. In addition, we may be subject to restrictions on our ability to sell certain properties pursuant to covenants limiting asset disposals, or where we have only a minority interest in the property. Failure to make such disposals at satisfactory prices could have a material adverse effect on our business, results of operations and financial condition.

We operate in a highly competitive industry, which could result in decreases in our revenue and negatively impact our profitability.

The real estate industry in Turkey is highly competitive and fragmented, and new real estate development companies face few barriers to entry. We face competition from both domestic and international developers of commercial, residential and mixed-use properties as well as property funds, some of which have greater financial resources and more experience than we do. If competition for acquiring properties were to increase, we might have to pay higher prices for acquisitions. Competition for tenants among shopping malls and retail centers, including the introduction of new shopping malls in the catchment areas of our existing properties, may affect our ability to attract or retain tenants. It may also have a negative impact on the terms of our leases with tenants. Competition in the Turkish real estate market may lead to an oversupply of commercial or residential property, a decrease in rental rates, an oversupply of residences or a decline in housing prices, any of which could have a material adverse effect on our business, results of operations and financial condition. See "*Our Business—Competition*."

The Turkish real estate market is characterized by a lack of market data as compared to certain more mature real estate markets.

The Turkish real estate market is characterized by a limited amount of publicly available data and research as compared to certain other more mature real estate markets. In recent years, a small number of private organizations have begun to publish statistical and other research data with respect to the Turkish real estate market, but the scope of such data is significantly less broad and tends to be less consistent than in certain other mature real estate markets, primarily because of the relatively short period of time during which such data has been published, the lack of transparency in the Turkish real estate market, limited access to public and private data and the lack of public records regarding property sales prices in Turkey. The relative lack of statistical and other research data makes it more difficult to assess market values of real estate in Turkey.

Property valuation is inherently subjective and uncertain.

The valuation of property is inherently subjective and uncertain due to the individual nature of each property and the characteristics of the local, regional and national real estate markets, which change over time and may be affected by various factors and the valuation methods used. As a result, valuations are subject to uncertainty.

The DTZ Report contained in this offering memorandum is based on certain material assumptions which have not been confirmed or investigated by DTZ or any other third party. These assumptions are described in the DTZ Report and include, among others, assumptions relating to (i) property size and structure, (ii) construction materials and condition of the properties, (iii) zoning and licensing, (iv) legal matters, (v) the completion of acquisition and construction, including the timing and costs thereof, and future occupancy levels of projects that had not been completed as of June 30, 2010 and (vi) the absence of encumbrances, restrictions or extraordinary expenses. DTZ conducted a property-by-property valuation of the Property Portfolio, and such valuation may exceed the value that could be obtained in connection with a concurrent sale of more than one property or a block sale. The DTZ Report provides a theoretical value of our properties, based on the assumptions made therein, some of which may turn out to be inaccurate. We cannot assure you that any of our properties could have been or could be sold at their respective market values set forth in the DTZ Report, if at all, or that the actual market values of our real estate properties, whether or not equivalent to the values set forth in the DTZ Report, will not decline significantly over time due to various factors, including changing macro- and micro-economic conditions in Turkey. The appraised value of our Property Portfolio cannot, therefore, be construed as a guarantee of the prices which could be obtained should we seek to sell assets in the open market and is not an indication of any price at which our shares may trade on the ISE.

In addition, there can be no assurance that the valuations conducted in accordance with CMB Standards for purposes of our financial reporting and for public disclosure in the future will reflect the actual market values or sales prices for such property. See "*Valuation Standards Applied in Connection with the Valuation of Our Properties.*"

Any change in our REIC status may impact our financial condition and results of operations.

The operations and tax exemptions that we benefit from are affected by legal requirements, including those imposed by the CMB and the CML. In order to maintain our REIC status, we are required to comply with the regulations of the CMB regarding REICs, which impose a number of organizational and operational requirements, including but not limited to limitations on non-real estate investments and financial loans, as well as obligations to file periodic reports with the CMB. See "*Regulatory Framework*." The manner in which the regulations of the CMB and other laws relating to REICs are interpreted and applied continues to evolve. If in the future we were to fail to comply with CMB regulations regarding REICs, and consequently no longer qualified for tax treatment as a REIC, we would be subject to Turkish tax on our taxable income at regular corporate rates, and our income after corporate tax would be subject to withholding tax. Any change in our tax status or in taxation legislation, including rates of taxation, would affect our financial condition and results of operations, the market value of our Class C Shares, as well as our ability to provide returns to shareholders.

There are numerous risks inherent to the development and ownership of shopping malls and other commercial real estate projects.

Our principal activity is the development and ownership of shopping malls in Turkey. The development of commercial real estate entails numerous risks that may impact our financial performance and the value of our properties. Such factors may include:

- changes in national, regional and local economic conditions in Turkey;
- increasing land prices;
- general industry trends, including the cyclical nature of the real estate market;
- local market conditions, a reduction in demand for real estate or lack of acceptance of our project developments;
- constraints on growth in demand for new developments due to governmental policies;
- increases in interest rates and inflation, currency fluctuations, taxes and charges;
- cost overruns;
- project delays resulting in additional financing costs;
- acquisition of related permits and approvals related to our projects;
- lower than expected occupancy levels of operational properties;
- lower than anticipated rental rates;
- unavailability of acceptable financing resources;
- increases in insurance premiums;
- loss of tenants and delays or difficulties in finding replacement tenants;
- decline in overall retail tenant revenues;
- changes in consumer behavior leading to less money spent in, or less visits to, shopping malls;
- bankruptcy or insolvency of multiple significant anchor tenants;
- governmental laws, rules and regulations, including in relation to zoning, financing, insurance and tax; and
- acts of nature, such as earthquakes, that may damage our developments or delay their progress.

We derive our revenue principally from the development and ownership of shopping malls, and any adverse change in one or more of the general factors listed above could have a material adverse effect on our business, results of operations and financial condition.

There are numerous risks inherent to the development of residential real estate.

We are involved in the development and sale of large-scale residential properties in Turkey which entails certain risks, including project costs that may exceed original estimates, project delays that may require us to pay penalties to purchasers of our residences or to incur higher financing costs, and fewer than expected pre-sales and sales of completed residences, which could drive down selling prices below those anticipated. Before one of our developments generates any revenue, material expenditures are required to acquire land, obtain the requisite permits and approvals and construct significant portions of the project infrastructure. In addition, the period of time required to obtain the necessary permits and approvals can vary, resulting in either higher or lower project costs compared to original estimates. We also seek to pre-sell residential units and rely on the funds received from such pre-sale arrangements to finance project construction. To the extent we are unable to pre-sell a sufficient amount of residential units, as a result of prevailing economic conditions or otherwise, we may be unable to complete construction of our residential housing projects, experience delays to completion of construction, or be required to rely on external financing to complete construction which could increase our financial costs. Any of these factors could result in delays or the inability to complete our ongoing or future projects, resulting in loss of revenue, reduced profitability or loss of capital invested, which could have a material adverse effect on our business, results of operations and financial condition.

A significant proportion of our Property Portfolio is still in the development stage.

We classified approximately 53% of our Property Portfolio, measured by reference to GAV, as ongoing or pipeline projects as of June 30, 2010. Upon completion of Nishİstanbul and the opening of Torium İstanbul, approximately 40% of our Property Portfolio, measured by reference to GAV, will be classified as ongoing or pipeline projects or as Land Bank. These projects include developments that are in various stages of construction and development and others that are still in the conceptual phase. Our projects will not generate revenues until they are completed and operational or sold, as the case may be, and it typically takes approximately two years from commencement of construction to project completion. If we decide not to progress any of our ongoing or pipeline projects, or experience material delays due to lack of financing, construction delays or permitting problems, among other things, it could impact the value of our Property Portfolio or result in delays to revenue generation from a project, either of which could have a material adverse effect on our business, results of operations and financial condition.

The viability of our business model is dependent upon identifying suitable development and investment opportunities and on our ability to refurbish or extend existing projects.

Our growth and profitability to date have been attributable, in part, to our ability to identify suitable investment opportunities, including sourcing and acquiring land for our development projects at attractive prices and entering into joint development and co-ownership arrangements on favorable terms and conditions as well as our ability to refurbish or extend existing projects. The continued growth of our property portfolio and success of our business strategy is dependent on our continued ability to do so. There can be no assurance that we will be able to continue to acquire land satisfying our investment criteria in locations or refurbish or extend current properties, at prices or on terms sufficient for us to realize our desired return on investment, particularly in light of heightened competition and significant increases in prices in the Turkish real estate market over the past few years. If we are unable to identify viable investment opportunities for development, extension or refurbishment, it could have a material adverse effect on our business, results of operations and financial condition.

We hold certain properties through joint venture or co-ownership arrangements and may do so in the future.

Certain of our properties, such as NishİIstanbul, Zafer Plaza, Samsun Shopping Mall and Netsel Marina, are held through joint development or co-ownership arrangements with third parties, and our investment in Ankamall is in the form of minority share ownership in Yeni Gimat, which owns Ankamall. As a result, certain decisions relating to the properties may depend upon the consent or approval of the other owners. Our joint development partners or co-owners may have economic or business interests that are inconsistent with our objectives. From time to time we may have disputes with our joint venture partners or co-owners and we may not be able to resolve all the issues that arise with respect to such disputes, or we may have to provide financial or other inducements to our partners in order to obtain a resolution in our favor. Such disputes may lead to delays in the development and completion of the project, or the project being developed in such a way that it will not achieve its highest potential rate of return. In addition, projects may require financing to be provided by joint development partners or co-owners. If one of our joint development partners or co-owners were to fail to provide such financing when required, we may be forced to make up such shortfall out of our own resources to avoid additional cost or delay to the property and this may impact our operating profit for the relevant period. Should any of the aforementioned events occur, they could have a material adverse effect on our results of operations.

Although we have formed such joint ventures in which we have had less than 50% equity ownership, we currently plan to enter into new joint ventures and co-ownership arrangements with other parties only on the condition that we will own at least 50% of the equity in, and will exercise control over the management of, each such venture. However, we cannot assure you that this will not change and, in the future, we may choose, for commercial reasons or otherwise, to enter into business relationships whereby we may not have full control over such projects. In such situations, our partners or co-owners may have economic or business interests that are inconsistent with our objectives, which could materially adversely impact the management over such property and our business and reputation.

Our level of control over Ankamall may change in the future.

Currently we own 14.83% of the shares of Yeni Gimat, which owns 88,199.08 sqm of Ankamall as well as the Crowne Plaza Hotel, which has 16,605 sqm of internal area. Migros owns the remaining 16,578.85 sqm of Ankamall and does not have a share of the Crowne Plaza Hotel. We are the largest shareholder of Yeni Gimat. Yeni Gimat is expected to convert to REIC status in order to gain tax benefits. The REIC Communiqué requires that a REIC must offer at least 25% of its shares to the public in an initial public offering within three months of its conversion to REIC status. Upon any initial public offering of Yeni Gimat, it is likely that our proportional shareholding in Yeni Gimat will be reduced and as a consequence we may no longer be the largest shareholder and/or we may have a lesser degree of control than prior to the initial public offering, in which case we may have less influence over the management of Ankamall and the Crowne Plaza Hotel. Additionally, once Yeni Gimat becomes a publicly listed company, new shareholders may seek to exert a higher degree of influence over the decision making of Yeni Gimat and the management of Ankamall and the Crowne Plaza Hotel than has historically been the case.

The geographic concentration of our Property Portfolio may impact our results of operations.

A substantial portion of our Property Portfolio will be located in İstanbul when our pipeline projects are completed, at which time we will have two operational shopping malls (Torium İstanbul and Mall of İstanbul), two properties with office space (Torun Tower and Nishİstanbul), and Kemankeş Hotel in İstanbul. The geographic concentration of our projects in İstanbul will subject our projects located in İstanbul, as well as our overall financial results, to changes in local political and economic conditions and other developments in İstanbul.

We may fail to gauge consumer interest or market demand for our development projects.

We develop innovative and large-scale commercial, residential and mixed-use projects. At the initial phases of a proposed development project, we conduct research and market analysis to determine whether there is sufficient market demand for a development project of the type and size envisioned. Based on the results of this analysis, we decide whether to proceed with a proposed development project or modify certain aspects of it to maximize consumer demand and profitability. Our success depends, in part, on our ability to accurately identify and anticipate the needs and preferences of the population in the targeted real estate market, as well as react quickly to changing socioeconomic conditions and urban growth trends. If we fail to gauge the needs, preferences and tastes of the targeted populations, or satisfy the expectations of our potential retail tenant base in relation to our shopping mall projects, we may have difficulty leasing units in our commercial developments or selling our residential developments, or be required to reduce lease or sale prices, which could adversely affect our business, financial condition and results of operations.

Our focus on shopping malls increases our dependence on consumer behavior.

Our main emphasis is on shopping malls. A downturn in the demand for shopping malls may have a more pronounced negative effect on our revenues and profitability than if we had increased the diversification of our investments into different types of properties. This strategy makes us vulnerable to the behavior of consumers and their sometimes unpredictable demands. Consumer wishes and needs can vary from region to region, and we must accurately estimate customer demands in the various regions in which we operate in order to ensure an appropriate mix of tenants in our shopping malls. The recent economic crisis lowered consumer confidence. Lower consumer confidence and increased competition from alternative shopping channels such as mail order companies, discount store and internet-based retailers may have an effect on consumer spending levels at shopping malls which could, among other things, result in lower occupancy rates, with a direct negative impact on our rental income and earnings.

Failure to obtain necessary zoning, construction, environmental or other permits or licenses or changes in applicable laws and regulation to which we are subject may adversely affect our ability to complete ongoing projects or develop new projects in the future.

Our real estate development activities are subject to extensive zoning, construction, occupancy and environmental regulations at the municipal level, and in the case of environmental regulation, at the national level. For a more detailed discussion of the regulatory framework to which we are subject, please see "*Regulatory Framework—Regulations Relating to Real Estate*." Before a project generates any revenue, material capital expenditures are required to acquire land, obtain requisite permits and approvals and to construct the project. In addition, the time required to obtain the necessary permits and approvals can vary, which may delay construction and result in higher project costs compared to original estimates. There can be no assurance that all approvals, consents or licenses required from applicable regulatory authorities in connection with our ongoing projects or future development projects will be issued or granted to us within the anticipated time periods or at all. In addition, applicable governmental authorities may vary in the time they take to respond to applications for permits, consents or approvals. These and other factors may increase costs or delay the completion of development projects, resulting in loss of revenue or loss of capital invested, or lower returns on investment than anticipated.

In addition, the applicable regulatory regimes in the cities and municipalities of Turkey in which we operate are subject to changes in law. We currently do not hold valid construction or building operation permits for Deepo Outlet Center. The zoning status of Antalya Deepo is currently being reviewed by the Antalya Metropolitan Municipality. In accordance with the commitments we made to the CMB in connection with our conversion to REIC status that the Deepo Outlet Center would not be included in the REIC investment portfolio if at the time of our IPO it had not obtained all requisite planning permissions, and in anticipation that required planning permissions would not be obtained in time, in March 2010 we transferred the ownership of Deepo Outlet Center to a newly formed subsidiary. See "*Our Business—Our Property Portfolio—Completed Projects—Deepo Outlet Center*."

There is also a risk that we may be required to alter our development plans, including the nature of the projects and the permitted construction areas, as a result of the implementation of new zoning laws after project construction has commenced. Changes in law could cause us to incur additional costs in order to comply. Until a construction license is obtained, the zoning of the lands on which our projects are being developed could be changed and the zoning plans for our projects may thereby be cancelled. If zoning plans are cancelled, we may not be able to implement our projects in the manner we had planned. Under Turkish zoning laws, zoning plans are prepared by the relevant municipalities, approved by the municipal council and then published for a one month period. During the publication period, any interested party may object to the approved plans which will then be reviewed by the municipality. The zoning plans will then be finalized within 15 days of the end of the publication period by the relevant municipal council. In addition, the municipalities are entitled to change the approved and finalized plans when required (such as in areas with a population increase or areas in need of a re-allocation of social and technical infrastructure). In order to change the zoning plans, there must be an actual need for the change and the public interest must be preserved.

Any delay or a failure to obtain required permits, consents or approvals, or the withdrawal of those previously granted, could affect our ability to complete ongoing projects or future development projects within expected time frames or at all, which could have a material adverse effect on our results of operations and financial conditions.

We are subject to risks associated with the construction materials and technical characteristics of our projects.

Our development activities could give rise to legal claims brought against us in respect of the materials used and any design or structural defects in residential units sold or leased commercial space, including possible deficiencies attributable to third parties under agreements entered into with us, such as building contractors, engineers and architects. In addition, despite our endeavors to ensure at all times that the materials used in our developments comply with current regulations, any subsequent change in regulation could lead to the use of these materials being unlawful, giving rise to potential claims. Although we have not been subject to substantial legal claims relating to construction materials used, or design or structural deficiencies in our developments in the past, there can be no assurance that we will not become subject to claims in the future. The cost of defending against claims of liability, as well as liability for any damages, including personal injury, could have a material adverse effect on our reputation as well as on our results of operations and financial condition.

We rely on contractors to provide a wide range of construction services.

We enter into agreements with contractors and subcontractors to provide us with a wide range of construction services and to build our real estate developments. We select reputable, cost-oriented and reliable contractors and subcontractors who have performed their work diligently and on time in the past, and closely supervise their work. We can give no assurance that in the future services provided by contractors hired by us will be satisfactory to us or delivered on time. Additionally, contractors hired by us may experience financial difficulties making them unable to complete projects, resulting in additional costs to us. In addition, we are jointly and severally liable under Turkish labor laws for any failure by these third parties to comply with health and safety laws applicable to their employees or for failure of these third parties to pay the salaries of their employees or applicable social security charges. We are also liable for any defect in construction or design, or the materials used in construction by our contractors. If the contractors we hire to construct our development projects prove to be unreliable it could result in material delays to project completion, which could have a material adverse effect on our financial condition.

Our real estate development activities are subject to numerous environmental regulations.

Both the level of environmental regulation and its enforcement have become more stringent in Turkey. Under current Turkish environmental laws and regulations, regulatory authorities may suspend or terminate non-compliant operations, levy monetary penalties and require non-compliant entities to bear the cost of related remediation programs.

Under applicable environmental laws and regulations, a property owner may be held liable for the cost of removing or remediation of hazardous or toxic substances that are discovered on or underground in a property, the cost of which could be substantial. Such laws often impose liability on the current property owner whether or not the owner knew of, or was responsible for, the presence of such hazardous or toxic substances. Environmental laws may impose restrictions on the manner or use of properties, and these restrictions may require substantial expenditure. Environmental laws provide for sanctions for non-compliance and may be enforced by governmental agencies or, in certain circumstances, by private parties. Third parties also may seek recovery from us for personal injury or property damage associated with exposure to the release of hazardous substances. The cost of defending against claims of liability, complying with environmental regulatory requirements, remediation of contaminated property, or compensating personal injury claims could have a material adverse effect on our results of operations and financial condition. Furthermore, the presence of such substances, or the failure to remediate damage caused by such substances, may also adversely affect our ability to lease or sell our projects.

Any finding of non-compliance with environmental laws, or any change in Turkish environmental laws and regulations that impose more stringent requirements with respect to our activities, could cause us to incur additional expenses, which could have a material adverse effect on our results of operations.

We face risks associated with the use of project and acquisition financing arrangements.

The property development business is capital intensive and we rely on debt financing, primarily in the form of loans from financial institutions, to finance our land acquisitions and our property development activities. See "*Operating and Financial Review—Liquidity and Capital Resources*." As a result, we are subject to risks normally associated with debt financing, including the risk that the cash flow from our operations is insufficient to meet our debt service requirements. Moreover, certain of our loans are secured by real property, suretyships, assignment agreements and account pledges. If we are unable to meet our debt service obligations in respect of any of these properties, any surrender of such property would result in a loss of income and asset value. As of June 30, 2010, our LTV ratio (based on DTZ June 30, 2010 GAV) was 19.0%.

In addition, we cannot ensure that in the future we will be able to secure external financing on terms acceptable to us or at all. Our ability to arrange adequate financing for our operations on terms that will allow us to achieve acceptable returns on investment depends on several factors beyond our control, including general economic and political conditions in Turkey. In addition, some of our existing bank debt bears interest at variable rates and any increase in prevailing interest rates would increase our financing costs and could adversely affect our ability to meet our existing debt service obligations. See "*Operating and Financial Review—Qualitative Disclosure About Market Risk—Interest Rate Risk*." An increase in interest rates in the future or stricter financing terms imposed by lenders would make financing real estate development activities more expensive, thereby negatively affecting our returns on investment on projects. If this were to occur, it could have a material adverse effect on our business, financial condition and results of operations.

We may not accurately forecast development costs, market rents and property values.

Our profitability depends in large part on our ability to forecast market rents, property-related costs and property values. We decide whether to pursue a development project and agree the price of land acquisition based in large part on anticipated returns. We estimate these returns on the basis of assumptions relating to future development costs, future property values and future market rents. Our failure to forecast accurately such costs, values and rent levels could result in lower than expected profits and returns on investment and could have a material adverse effect on our business, results of operations and financial condition.

We are subject to risks associated with our tenants' liquidity and solvency.

Our results of operation and financial condition are dependent on the liquidity and solvency of the tenants of our shopping malls. For the year ended December 31, 2009, TL 39.9 million, or 33%, of our net revenues were generated from our shopping mall tenants and for the six months ended June 30, 2010, TL 24.4 million, or 49.0%, of our net revenues were generated from our shopping mall tenants. Many of our retail tenants have been exposed to declining consumer spending in recent years due to the prevailing economic climate and local economic conditions and other factors, which could continue to negatively impact sales volumes and revenue levels of our tenants in the future. Decreased consumer spending may affect our tenants' ability to make lease payments or may result in tenants seeking to renegotiate the terms of their leases. We have in the past and may continue in the future to apply rent discounts for certain tenants in attempts to retain them and maintain occupancy levels. Rental discounts result in direct reductions to our revenues. In addition, most of our commercial leases include turnover provisions pursuant to which our tenants are required to pay us a portion of their actual sales revenues. Consequently, local economic conditions and other factors resulting in decreased sales volumes for our tenants negatively impact our rental revenues.

The bankruptcy or insolvency of multiple significant anchor tenants, or a substantial number of smaller tenants, would materially decrease our revenues and available cash, and also negatively impact the value of our retail properties. Insolvent tenants may seek protection of applicable insolvency laws which could result in the early termination of their leases, resulting in decreases to our rental revenues. Our retail leases generally do not contain provisions designed to monitor the creditworthiness of our tenants and thus we are exposed to the credit risk of each of our tenants and the creditworthiness of tenants can decline over a short period of time. A number of companies in the retail industry, including some of our tenants, have declared bankruptcy or voluntarily closed certain of their stores in recent years, and other tenants may declare bankruptcy or become insolvent in the future. Rental payment obligations under our leases are typically not secured by collateral (other than small rent deposits in certain cases) and we are not insured against lease defaults.

We are also subject to the risk that, upon the expiration or termination of leases for commercial real estate units, leases may not be renewed by existing tenants, the units may not be leased by new tenants, or the terms of renewal or re-letting (including the cost of the required renovations or concessions to tenants) may be less favorable to us than the pre-existing lease terms. In particular, we seek to anchor our retail developments with well-known tenants who generate shopping foot traffic. The attractiveness of our retail properties to new tenants, and thereby rental income, would be significantly and adversely affected if anchor tenants terminated or declined to renew leases upon expiry, sought lower rents upon review, failed to meet their contractual obligations, sought concessions in order to continue renting our commercial units, or ceased their operations. As of June 30, 2010, the WAULT for all retail units in our shopping malls was 3.8 years and we estimate that leases representing approximately 13% of our rental income for 2010 have or will expire in 2010, leases representing approximately 18% of our rental income for 2010 will expire in 2011 and leases representing approximately 55% of our rental income for 2010 will expire in

2012. If we fail to lease our rental properties to new tenants on terms at least as favorable to us as current lease terms, it could have a material adverse effect on our business, results of operations and financial condition.

These and other factors could result in higher vacancy rates, lower rental income, potential decreases in the fair value of our investment properties, or otherwise have a material adverse effect on our results of operations and financial condition.

Increases in interest rates negatively impact the residential real estate market and may increase our financing costs and decrease our rates of return on investments.

Purchasers of residential real estate property in Turkey typically finance at least a portion of the purchase price with home loans. In the past, increases in interest rates have contributed to decreases in demand for residential real estate properties in Turkey. According to the Central Bank, average housing mortgage interest rates were 18.3% in 2007, 18.7% in 2008, 15.6% in 2009 and 11.8% in the first six months of 2010. Although interest rates have recently decreased, any future increases in interest rates in Turkey would increase purchasers' mortgage loan costs and could therefore make mortgage loans unattractive as a source of financing for the purchase of residential real estate properties. This development could, in turn, reduce demand for our residential real estate properties and could have a material adverse effect on our business, results of operations and financial condition.

Increases in interest rates could also result in increases to our project financing costs, both with respect to existing loans subject to variable interest rates and loans that we obtain in the future. Should the interest expense increase on our existing project finance loans, and the revenues from the development projects funded by those loans not increase, our return on investment from our operational properties will decrease. Similarly, higher financing costs on new loans for new projects would have an impact on future rates of return from those projects. In addition, if the cost of financing a potential project is too high, we may conclude that the rate of return on the project would not justify its construction and may decide to forgo those development opportunities. Although interest rates have recently decreased in Turkey, this trend may not continue. To the extent that Turkey experiences inflation in connection with economic recovery, interest rates may be correspondingly increased, which could have a material adverse impact on our results of operations.

Fluctuations in currency exchange rates may adversely affect our financial condition and results of operations.

Our rental revenues are primarily denominated in, or linked to, either euros or US dollars. We derive a significant proportion of our revenues from rental payments from the tenants of our shopping malls and commercial properties. For the year ended December 31, 2009, TL 39.9 million, or 33%, of our net revenues was generated from tenants of our shopping malls and for the six months ended June 30, 2010, TL 24.4 million, or 49.0%, of our net revenues was generated from tenants of our shopping malls. The economic recession beginning in 2008 in Turkey resulted in reduced consumer spending and consequently reduced sales revenues for many of our tenants. This trend, together with the depreciation of the TL versus the US dollar (30.5%) and euro (25.1%) in 2008 (Central Bank), resulted in liquidity problems for certain of our tenants, who generate sales revenues in TL. As the TL depreciated, our tenants were required to expend an increasing amount of TL in order to cover minimum rent payments. In addition, when the TL experiences fluctuations in value, particularly in a time of falling sales revenues, it can produce uncertainty for tenants as to the amount of future rental payments. In order to help alleviate the liquidity problems experienced by certain retail tenants in certain of our shopping malls, in 2008 we began applying a favorable fixed exchange rate, which resulted in us having greater exposure to exchange rate fluctuations while decreasing our tenants' exposure to the same. Although the TL has stabilized more recently, to the extent exchange rates continue to fluctuate or the value of TL declines again in the future and to the extent we apply similar favorable fixed exchange rates, we will be exposed to exchange rate movements in this way. In addition, our reporting currency is TL, while our major financing arrangements are denominated in euros or US dollars. Consequently, if the TL depreciates against these currencies in the future, not only will it result in increased financing costs but it will result in us having increased liabilities upon the conversion of our balance sheet to TL.

Under Turkish law, a sale or transfer of property can be voided under certain conditions.

Under Turkish law, a sale or transfer of property can be voided under certain conditions, as described below.

The sale of property and promise to sell agreements for property may be voided if the mandatory form requirements required by Turkish law are not complied with or if the underlying transaction is itself unlawful. If the transfer of title of real property is unlawfully registered at the land registry, the aggrieved person who claims that a registration in the land records is unlawful may pursue his claim before the courts. The title deed transfer may be voided if it is proven before the competent court that the transfer was recorded in the absence of legally valid grounds.

A sale or transfer of property can also be voided due to insolvency of the transferor. A transfer made by an insolvent transferor without sufficient consideration can be voided by the creditors of such transferor. In addition, transfers of property made by an insolvent transferor in return for an asset other than cash and transfers of property made by an insolvent transferor acting in bad faith to impair the interests of its creditors can be voided pursuant to Turkish law. Generally, a transferor is considered insolvent if the aggregate value of its liabilities is higher than the aggregate saleable value of its assets.

The CMB is entitled to initiate litigation proceedings in order to seek cancellation of transactions that are not compliant with the CML, the company's articles of association, as well as transactions which result in the reduction or loss of capital. Alternatively, the CMB may demand the concerned parties take necessary precautions and refer the matters to competent authorities. See "*Regulatory Framework—Regulations Relating to Real Estate—Sale and Transfer of Real Estate*."

There can be no assurance that our ownership of the land in our Property Portfolio, any future land acquisitions or any of our promise to sell agreements will not be voided by a Turkish court based on the reasons described above. Any such action could have a material adverse effect on our business, financial condition or results of operations.

According to applicable law, our customers may terminate their sales contract until delivery of their units.

In line with industry practice in the Turkish residential real estate market, we begin pre-selling our projects based on the approved project design prior to completion of construction. Our customers either pay in full for the unit or they agree to a schedule of installment payments at the time of signing the purchase agreement; however, we retain legal ownership of the units until we physically deliver them to the buyers. Pursuant to Turkish consumer protection rules, our customers are entitled to rescind their purchase agreements and obtain reimbursement of amounts paid until the delivery of their units. Although in the past we have not experienced any significant cancellations with respect to any particular project, there is no guarantee that the rate of purchaser cancellations will remain negligible in the future, particularly if there is an adverse development in the Turkish economy or the Turkish real estate market. Any significant increase in the level of cancellations for one or more of our ongoing and future projects may have a material adverse effect on our business, financial condition and results of our operations.

Furthermore, if residential real estate is marketed to consumers via radio, television or press advertisements, the transaction will be classified as a "sales campaign." A company using a sales campaign is under the obligation to deliver the real estate to the relevant customer within 30 months from the date of the execution of the sale agreement with such customer. See "*Regulatory Framework—Regulations Relating to Real Estate—Sale and Transfer of Real Estate*." As a result, any failure by us to deliver residential units sold through a sales campaign on a timely basis may have a material adverse effect on our business, results of operations and financial condition.

We may suffer losses not covered by insurance.

We seek to maintain insurance policies covering our assets and employees with policy specifications and insured limits which we believe are adequate and appropriate under the circumstances. Risks insured against generally include fire, loss of lease due to fire, machinery breakdown, flood, theft, employer's financial liability, certain acts of terrorism and third party liability. There are, however, certain types of risks that are not generally insured against or are only insured in part, such as losses from war or terrorist acts, either because they are uninsurable or not economically insurable. See "*Our Business—Insurance*." Should an uninsured loss or a loss in excess of insured limits occur, we could lose all or a portion of the capital invested in a property, as well as the anticipated future revenue from the property. Any such loss could materially adversely affect our business, results of operations and financial condition.

Many of our management controls and systems and our IFRS financial reporting systems were recently put into place and are not fully developed and may take time to become fully effective.

Our management controls and systems are not as fully developed as those of companies with a longer history of operating as listed companies. Our budgeting system as a standalone company separate from the Torunlar Group was put into place in the first quarter of 2010 and is in the process of being finalized. It may take longer than expected for this and other processes to become efficient and effective.

Additionally, we prepared our financial statements in accordance with IFRS for the first time in 2009. Going forward we intend to continue with IFRS reporting. If we are unable to retain or hire sufficient accounting and financial personnel experienced in IFRS to effectively monitor and report on financial developments, it may result in errors and inconsistencies, problems with timeliness, accuracy, and quality of information, and insufficient documentation, accountability and internal reviews, among other things. We have hired, and plan to continue hiring, qualified personnel with IFRS accounting expertise. However, if we are unable to hire in a timely manner personnel who are knowledgeable in IFRS, we may be unable to ensure that accounting policies are correctly applied in the future or that our financial reporting systems are otherwise effectively implemented.

We rely on certain key personnel.

Our success depends to a significant degree upon the skills and relationships of certain key management personnel, including our Chairman and Chief Executive Officer, Mr. Aziz Torun, our director, Mr. Mehmet Torun, and other members of our senior management team, who collectively possess extensive knowledge of the Turkish real estate market and the internal procedures and functions of local municipalities and various governmental agencies. The departure or loss of the services of key members of our senior management team could materially adversely affect our business, financial condition and results of operations.

Risks Related to our Relationship with the Torun Family and the Torunlar Group

We are controlled by shareholders whose interests may not be aligned with our interests or those of other holders of our Class C Shares.

Immediately prior to the global offering, the Torun family and a company controlled by the Torun family owned substantially all of our outstanding shares. Immediately following completion of the global offering, members of the Torun family, specifically Mr. Aziz Torun, Mr. Mehmet Torun and Mr. Yunus Emre Torun, will continue to own collectively 74.81% of our outstanding shares assuming the Additional Shares are not sold, and 71.03% of our outstanding shares assuming the Additional Shares are sold. See "*Our Shareholders*."

Our board of directors consists of seven members and pursuant to our articles of association both Class A and B Shares are entitled to nominate two members of our board of directors and the remaining three members are elected from among the persons nominated by the general assembly. See "*Management and Board of Directors*." Substantially all of the Class A Shares and Class B Shares are owned by the Torun family and Torun Pazarlama, which is controlled by the Torun family. Accordingly, immediately following the completion of the global offering, members of the Torun family, through their direct and indirect ownership in us, will continue to have the power to nominate our directors. In addition, this concentration of share ownership may allow the Torun family to exercise significant control over our strategic decisions, and block, delay or substantially influence all other matters requiring shareholder approval, including the amendment of our constitutional documents or the approval of significant corporate transactions.

The interests of the Torun family and its affiliates may differ from those of our other shareholders and they may prevent us from making certain decisions or taking certain actions that would benefit us or protect the interests of our other shareholders. Although CMB regulations applicable to REICs are more protective of minority shareholders than is the case for other types of companies, the Torun family's shareholdings may also give it the power to delay, defer or prevent a change in control or distribution of dividends and discourage bids for our Class C Shares and may adversely affect the value of our Class C Shares. Moreover, the rights of minority shareholders and the fiduciary duties of directors and majority shareholders may not be as developed in Turkey as those in other countries.

We are party to a number of related party transactions and agreements which are material to our business.

In the ordinary course of business, we have engaged, and intend to continue to engage in, transactions with companies owned by the Torun family. See "*Related Party Transactions*." We believe that our prior and existing contracts and other transactions with related parties have been negotiated on an arm's length basis and contain market terms. However, we cannot assure you that we would not have obtained better terms from third parties. Under the Corporate Tax Code, if a company engages in a transaction with related parties which is not at arm's length, the profit is characterized as a disguised profit distribution. The amount that is subject to such transfer pricing will be deemed as distributed profit and this amount will be subject to dividend withholding tax along with a pecuniary penalty equivalent to up to three times the relevant tax arising. CMB regulations applicable to REICs also require that if certain related party transactions (described in "*Regulatory Framework—Regulation of REICs—Special Quorum Requirements*") are approved by less than a unanimous vote of the board of directors, such decision must be disclosed to the public and must be included in the agenda for the next shareholders' meeting. There can be no assurance that our board of directors will not approve related party transactions with less than a unanimous vote.

We have entered into transactions regarding, among other things, the management of certain of our shopping malls and construction management with companies controlled by the Torun family. We believe that we benefit from these relationships because of the extensive experience of these companies and of the Torun family in the real estate industry in Turkey. If any of these affiliated companies were to cease providing us with the services they currently provide, or were to increase the cost of these services, we could encounter difficulty locating alternative providers of such services on the same terms, or with the same level of industry experience.

Risks Related to Operating in Turkey

Economic instability in Turkey may have a material adverse effect on our business, prospects, financial condition and results of operations in the future.

All of our properties are located in Turkey and consequently our business and financial condition are significantly impacted by prevailing economic conditions in Turkey. Since the mid-1980s, the Turkish economy has undergone a transformation from a highly protected and regulated system to a free market system. Although the Turkish economy has responded well to this transformation, it has continued to experience severe macroeconomic imbalances, including a significant balance of payment deficits and a considerable level of unemployment. After fifteen years of such increases and adverse shocks, such as the Russian financial crisis of 1998, Turkey entered into a stand-by agreement with the IMF at the end of 1999, to stabilize its financial condition. However, liquidity crises in the banking sector in November 2000 and February 2001 triggered a steep decline in the Turkish capital markets and led to increased interest rates on Government borrowings. These factors contributed to a decline of 5.7% in Turkey's real GDP in 2001 compared to 2000. Following the almost 50% devaluation of the Turkish Lira on average in 2001, average inflation based on the Turkish wholesale price index rose to 61.6%, and year-end inflation was 88.6%. The combination of the significant depreciation of the Turkish Lira, high real interest rates and the high cost of the bank restructurings caused the ratio of net public debt to GDP to increase from 45.8% at the end of 2000 to 70.6% at the end of 2001.

In 2001, Turkey implemented a macroeconomic program, backed by a US$19 billion stand-by agreement with the IMF. The goal of this program was to improve the Turkish economy's resilience and reduce its volatility in the short term, as well as to achieve sustainable growth through fundamental structural reforms in the medium to long term. GDP grew by 5.1% in 2003, 9.4% in 2004, 8.4% in 2005, 6.9% in 2006, 4.7% in 2007, 0.7% in 2008 and declined by 4.7% in 2009 and in the first half of 2010, GDP increased by 10.3% (Turkstat). In spite of the recovery and economic growth since 2001, Turkey has experienced recent economic difficulties and remains vulnerable to both external and internal shocks, including escalating oil prices, terrorist activity, potential domestic political uncertainty and changing investor sentiment. High government debt levels and high historical current account deficits (US$14.0 billion in 2009, US$41.9 billion in 2008 up from US$38.2 billion in 2007 (Turkish Treasury)) may also contribute to economic vulnerability. The Government signed a three-year stand-by agreement with the IMF in 2005 which ended in 2008. The program set macroeconomic targets such as an annual economic growth rate of 5% during the three-year period, decreasing the ratio of net public debt stock to GDP to 28.6% in 2008 and decreasing the CPI to 4% by the end of 2007 and 7.5% by the end of 2008. Although there were continuous negotiations on the conditions of a new stand-by agreement between Turkey and the IMF in 2009, a deadlock was reached and the Government has refrained from signing a new agreement with the IMF citing disagreement over issues such as funding for local government.

Turkey has also been adversely affected by the global economic downturn. This resulted in a negative GDP growth rate of 4.7% in 2009, while the economy is expected to grow by 6.7% in 2010, according to the OECD. It is believed that the restricted ability of Turkish businesses and individuals to access foreign capital financing as well as general reduced availability of bank financing globally has been a major factor in this reduction in growth.

There can be no assurance that Turkey will be able to remain economically stable during global economic downturns. Any downturn in Turkey's economy in the future could have a material adverse effect on our business, prospects, financial condition and results of operations.

The level of inflation in Turkey could have a material adverse effect on our business, results of operations and financial condition.

The Turkish economy has experienced significant inflationary pressures. Over the six-year period ended December 31, 2001, the Turkish economy experienced annual inflation averaging approximately 71.6% per year (Turkish Treasury). In line with the stand-by agreements with the IMF in 2000, 2002 and 2005, the Government implemented certain measures to reduce public sector debt and to control inflation. The inflation rate increased to 9.7% in 2006, then declined to 8.4% in 2007, increased to 10.1% in 2008, decreased to 6.5% in 2009, and was 8.4% for the first half of 2010 (Turkstat, SPO). Although recent Central Bank policies have had some success in reducing inflation, there can be no assurance that they will continue to be successful in the future, especially given global liquidity conditions and the prevailing rigidity in the services sector prices. The high current account deficit, which stood at US$14.0 billion at the end of 2009, is being financed by higher levels of foreign direct investment than have been experienced in the past (Turkish Treasury). Foreign direct investment in Turkey has grown over the past decade, reaching a record level of US$22.0 billion in 2007 before receding to US$18.3 billion in 2008 and then moving to US$7.8 billion in 2009 (Turkish Treasury). Foreign direct investment amounted to US$4.4 billion in the first six months of 2010 (Turkish Treasury). The level of foreign investment in Turkey is strongly linked to Turkey's prospects of entering the European Union and any setback in its EU accession prospects could lead to certain problems typically associated with a high current account deficit. If the level of inflation in Turkey were to fluctuate significantly, it is possible that our business, results of operations and financial condition as well as the market price of the Class C Shares would be adversely affected.

Political developments in Turkey may have a material adverse effect on our business prospects, financial condition and results of operations in the future.

Turkey has been a parliamentary democracy since 1923, although the military has in the past played a significant role in politics and the Government, intervening in the political process through coups in 1960, 1971 and 1980. Most recently, at the end of April 2007, the military threatened to intervene in presidential elections to protect Turkey's secular values. Unstable coalition governments have been common, and in the 87 years since its formation, the Republic of Turkey has had 59 governments with political controversies frequently resulting in early elections. After the November 2002 elections, the Justice and Development Party (*Adalet ve Kalkınma Partisi*) ("AKP"), declared that it would continue to implement the current IMF program and the economic policies introduced by the former government with minor revisions. The most recent national elections held on July 22, 2007, resulted in the victory of AKP, which has been in power since 2002 and is led by Recep Tayyip Erdoğan, received 46.66% of the votes cast in the July 2007 election and formed a single party government in the Grand National Assembly (the "GNA"). The AKP's economic policies complied with the 2005-2008 IMF program and have been successful in bringing relative stability to the Turkish economy, as discussed above. The next general elections are scheduled to be held in summer 2011.

The head of state in Turkey is the President, who is elected by the GNA. On April 25, 2007, Abdullah Gül was nominated as the AKP's presidential candidate. The opposing parties did not participate in the first round presidential vote, and on April 27, 2007, the main opposing party applied to the Constitutional Court of the Republic of Turkey (the "Constitutional Court") for annulment of the first round presidential vote. On May 1, 2007, the Constitutional Court rendered a decision annulling the first round and stating that the meeting quorum for the first round was not met. On May 6, 2007, the GNA attempted to hold the first round of voting again, but the meeting quorum was not met, following which Abdullah Gül withdrew his candidacy. Turkish law provides that when the GNA cannot elect a president, national elections are to be held. Although the next national election was scheduled for November 2007, following the Constitutional Court's annulment of the presidential candidacy vote, the GNA approved new parliamentary elections to be held on July 22, 2007. After the parliamentary elections, Abdullah Gül was again declared to be the candidate of the AKP and he was elected the President on August 8, 2007, and this election has not been challenged.

On December 11, 2009, the Constitutional Court of Turkey voted to dissolve the pro-Kurdish Democratic Society Party ("DTP"), ruling that the party had become the focal point for activities against the indivisible unity of the state, the country and the nation on the basis that the party had a connection to the Kurdistan Workers' Party (the "PKK"). However, to the approval of the European Union, in September 2009 the Government announced an initiative to ease tensions with the Kurdish community by introducing a series of political reforms and through engaging in dialogue (the "Kurdish Initiative"). Although the European Union expressed regret over the DTP's continued refusal to distance itself from the PKK and condemn terrorism, it warned that the Constitutional Court's decision might disenfranchise a significant segment of the Turkish electorate. On December 23, 2009, a number of mayors and former members of the DTP formally joined the Peace and Democracy Party ("PDP") which they had already created prior to dissolution of the DTP.

Turkey has, historically and recently, experienced controversies between the Government and the military. In 2007, the Government commenced an investigation whose scope included military officers, scholars, journalists and others based on allegations that a coup was being planned. Increased tensions between the Government and the judiciary or the military may increase the level of political instability in Turkey. The tension between the AKP and the military and the judiciary may continue, as the AKP proposed constitutional amendments including judiciary reform, which were approved by 57.9% of voters in a public referendum held on September 12, 2010.

Any negative changes in the political environment, including additional conflicts among senior politicians in Turkey, further setbacks in the Kurdish Initiative, the failure of the Government to devise or implement appropriate economic programs, or failure to enter into a new stand-by agreement with the IMF if needed, may individually or in the aggregate adversely affect the Turkish economy and, in turn, our business, financial condition and results of operations.

Terrorism within Turkey or conflicts in Turkey's neighboring countries may have a material adverse effect our business, financial condition and results of operations in the future.

Political uncertainty within Turkey and in certain neighboring countries, such as Iran and Iraq, has historically been one of the potential risks associated with investment in Turkish companies. Political instability in the Middle East and elsewhere remains an area of concern. In the last ten years there have been bombings in several Turkish cities, including in İstanbul in June 2010 and July 2008, in İstanbul and the coastal holiday resorts of Antalya, Marmaris and Mersin in August 2006, in Çeşme and Kuşadası in July 2005 and in İstanbul in 2003.

In addition, there have been several terrorist attacks against the Turkish armed forces in the Southeast of Turkey. Turkey has experienced problems with terrorist and ethnic separatist groups in past years and these problems are continuing. For example, Turkey has been in conflict in the past with PKK. On November 17, 2007, in its eighth session and by decision No: 903, the GNA granted authority to the Government, limited to a period of one year, for the deployment of Turkish troops to conduct cross-border operations and interventions to eliminate terrorist attacks carried out by the PKK from Northern Iraq, pursuant to Article 92 of the Constitution of the Republic of Turkey. On December 16, 2007, the Turkish Air Force launched an aerial assault against PKK settlements in Northern Iraq. It then launched a second aerial attack against PKK settlements in Northern Iraq on December 22, 2007. On February 21, 2008, Turkey launched a new military operation in Northern Iraq and sent approximately 10,000 troops on an eight-day offensive targeting PKK settlements. In connection with the operation, the Turkish Chief of Staff (*Genelkurmay Başkani*) declared that the operations would continue as long as necessary to defend Turkey. In July 2010, the PKK threatened increased violent activity in urban areas, potentially including tourist areas. The issue of civil rights recognition for Kurdish citizens remains a potential source of political instability, which may be exacerbated by continuing instability in Iraq.

The terrorist attacks against the Turkish armed forces in several parts of Turkey continue, including an attack in İstanbul in June 2010 in which four people were killed by an explosive targeting a military bus. Additionally, on September 16, 2010 a landmine exploded in Hakkari province in southeastern Turkey, killing nine people. The PKK has denied responsibility for the attack although it does operate in the area. These bombings and the threat of future terrorism have affected and could continue to adversely affect the Turkish economy. If similar attacks occur in the future, Turkey's capital markets, as well as the levels of tourism and foreign investment in Turkey, may suffer.

Terrorist attacks may negatively affect our operations, financial condition and the value of the Class C Shares. Terrorist attacks may directly impact the value of our properties through damage, destruction, loss or increased security costs, may result in decreased consumer demand which could negatively impact the financial condition of the tenants of our commercial properties and consequently our revenues and financial condition, or may impact the willingness of new purchasers to purchase units in residential projects we develop. The terrorism insurance that we obtain may not be sufficient to cover all loss for damages to our properties as a result of terrorist attacks. In addition, certain losses resulting from these types of events may be uninsurable and others might not be covered by our existing terrorism insurance.

Future earthquakes could damage our facilities and properties and the Turkish economy in general.

All of the assets in our portfolio are located in Turkey. Almost all of Turkey is classified by seismologists as being in a high risk earthquake zone. İstanbul is located in a first degree earthquake risk zone (the zone with the highest level of risk of damage from earthquakes).Turkey has experienced severe earthquakes in the recent past. On August 17, 1999, an earthquake measuring 7.4 on the Richter scale struck the area surrounding İzmit. On November 12, 1999, another earthquake occurred in the city of Düzce, between Ankara and İstanbul, resulting in further financial costs to Turkey. More recently, on March 8, 2010, an earthquake measuring 6.0 on the Richter scale struck the Elazig province in the eastern part of Turkey, causing the destruction of five villages in the area. Our projects currently comply with all technical and earthquake design requirements as prescribed by government regulations. However, the occurrence of a severe earthquake in or around any of the cities in which our properties and development projects are located could adversely affect our properties or development projects or real estate expenditure in Turkey generally, which would adversely affect our results of operations and financial condition.

Uncertainties relating to European Union membership may adversely affect our results of operations.

Turkey has had a long-term relationship with the European Union. In 1963, it signed an association agreement with the European Union, and in 1970 a supplementary agreement was signed providing for a transitional second stage of Turkey's integration into the European Union. The European Union resolved on December 17, 2004 to commence accession negotiations with Turkey and affirmed that Turkey's candidacy would be judged on the same criteria applied to other candidates. These criteria require a range of political, legislative and economic reforms to be implemented, constituting 35 chapters. Negotiations for Turkey's accession to the European Union commenced on October 4, 2005. During 2006, the European Union warned Turkey several times to observe its undertakings under the Additional Protocol relating to the customs union and to recognize the Republic of Cyprus. In December 2006, the Council of the European Union passed a resolution setting forth that no chapter may be closed until the Commission of the European Union verifies that Turkey has fulfilled its commitments related to the Additional Protocol, and that Turkey be closely monitored for a period of three years. These recent developments caused a deceleration in Turkey's membership process. Since that time, one chapter has been provisionally closed, however no others have been closed and 14 are currently frozen, including six frozen by the Republic of

Cyprus in August 2009. The status of the Republic of Cyprus has continued to be an obstacle in negotiations. No assurance can be given that Turkey will be able to meet the criteria applicable to becoming a member state of the European Union, that the negotiations will be successfully closed, or that the European Union will maintain its current approach regarding the candidacy of Turkey. Uncertainties relating to Turkey's admission to the European Union may adversely affect the Turkish economy in general, which, in turn, would have an adverse impact on our business, financial condition and results of operations.

Risks Related to the Class C Shares and the Global Offering

It is likely that we will be treated as a passive foreign investment company for US federal income tax purposes for our 2010 taxable year, and there is a substantial risk that we will be so treated for our subsequent taxable years.

Although it is not entirely certain, based on our current and projected income, assets and activities, it is likely that we will be treated as a "passive foreign investment company" ("PFIC") for US federal income tax purposes for our 2010 taxable year, and there is a substantial risk that we will be so treated for our subsequent taxable years. As a result, a US investor in the Class C Shares may suffer adverse US federal income tax consequences. We currently do not intend to provide US investors with the annual information statement required for a US investor to make a "qualified electing fund" ("QEF") election with respect to us or any of our direct or indirect subsidiaries that are treated as PFICs. Therefore, US investors should assume that a QEF election is not available. The US federal income tax rules applicable to investments in PFICs are very complex, and each prospective US investor should consult its own tax advisor regarding these rules. See "*Taxation—US Federal Income Taxation*."

Our assets could be deemed to be "plan assets" that are subject to the requirements of ERISA or Section 4975 of the United States Internal Revenue Code.

If 25.0% or more of the Class C Shares (calculated in accordance with the United States Employee Retirement Income Security Act of 1974, as amended ("ERISA")) or any other class of equity interest in Torunlar are owned, directly or indirectly, by pension plans or other benefit plan investors (meaning employee benefit plans subject to ERISA's fiduciary rules, plans subject to Section 4975 of the United States Internal Revenue Code (the "Code") and entities whose underlying assets are deemed to include assets of any such plans), our assets could be deemed to be "plan assets" subject to the significant constraints imposed by ERISA or Section 4975 of the Code. Accordingly, we intend to prohibit investment by such benefit plan investors in our Class C Shares. Because it is difficult to monitor the Class C Shares, there can be no assurance the Class C Shares will not be acquired by such benefit plan investors and therefore our assets may be deemed to be "plan assets" that are subject to ERISA or Section 4975 of the Code. See "*Certain ERISA Considerations*" for a more detailed discussion of certain ERISA and related considerations with respect to an investment in the Class C Shares.

There has been no prior public market for our Class C Shares and our Class C Shares may experience price and volume fluctuations.

Prior to the global offering, there has been no public market for any class of our securities. We cannot offer any assurance that a market for the Class C Shares will develop or, if such a market does develop, that it will continue. After the global offering, we expect that 25.16% of our Class C Shares will be held by persons other than the Selling Shareholders, members of the Torun family and members of the board of directors (28.93% if all of the Additional Shares are sold). The limited public market for the Class C Shares may impair the ability of holders to sell them in the amount and at the price and time such holders may wish to do so, and may increase the volatility of the price of the Class C Shares.

The initial offering price of our Class C Shares may not be indicative of the market price for such securities after the listing. The trading price of our Class C Shares could also be subject to significant fluctuations in response to variations in our and our competitors' financial performance, general market conditions and other factors. In addition, international financial markets have from time to time experienced price and volume fluctuations which have been unrelated to the operating performance or prospects of individual companies. Consequently, the trading market for, and the liquidity of, our Class C Shares may be materially adversely affected by general declines in the market or by declines in the market for similar securities. Our operating results or financial performance may fail to meet the expectations of analysts or investors due to the circumstances described in these risk factors or otherwise.

Like the equity securities of many emerging market issuers, the market value of our Class C Shares may be subject to significant fluctuation, which may not necessarily be related to our financial performance.

The İstanbul Stock Exchange is less liquid than major global exchanges and may be more volatile, which may adversely affect your ability to trade Class C Shares purchased in the global offering.

The trading market for our Class C Shares will be the ISE. The ISE is considerably smaller and less liquid than securities markets in the United States and the United Kingdom. As of June 30, 2010, the total market capitalization of all of the companies with equity securities regularly traded on the ISE was approximately TL 388 billion and a disproportionately large percentage of the market capitalization and trading volume of the ISE is represented by a small number of companies. As of June 30, 2010, the shares of 341 companies were regularly traded on the ISE and the combined market capitalization of the 10 companies with the greatest market capitalizations was approximately 49% of the market capitalization of all companies trading on the ISE.

The ISE is also a highly volatile market, which is at least partially attributable to the relatively underdeveloped domestic institutional investor base in Turkey and to the relatively small size of the retail investor base. The average daily trading value of the shares of all companies whose shares were listed on the ISE was TL 1,812.9 million during 2009, TL 1,277.8 million during 2008, and TL 2,389.3 for the six months ended June 30, 2010. See "*The Turkish Securities Market*."

Future sales of substantial amounts of our Class C Shares, or the perception that such sales could occur, could adversely affect the market value of our Class C Shares.

Immediately following the completion of the global offering, there will be 224,000,000 shares in Torunlar issued and outstanding, including 134,189,000 Class C Shares. We, our existing shareholders, certain members of our senior management and directors of the Company have agreed, subject to certain exceptions, not to offer or sell any Class C Shares, substantially similar securities or securities convertible or exchangeable into Class C Shares for a period of 360 days following the date of this offering memorandum in the case of the Selling Shareholders and 360 days following the date of this offering memorandum in the case of the Company and other members of senior management and directors, in each case, without the prior written consent of J.P. Morgan. See "*Plan of Distribution*." Sales of substantial amounts of our Class C Shares or the perception that such sales could occur, could adversely affect the market price of our Class C Shares and our ability to raise capital through future capital increases.

Fluctuations in the value of the Turkish Lira could significantly affect the value of the Class C Shares and any dividends we pay with respect to the Class C Shares.

The quoted price of the Class C Shares will be in Turkish Lira. In addition, dividends, if any, that we pay in respect of our Class C Shares will be paid in Turkish Lira. As a result, fluctuations in the value of the Turkish Lira can be expected to significantly affect the value of the Class C Shares and dividend payments upon conversion into other currencies, including the US dollar. See "*Dividend Policy*."

The pre-emption rights granted to holders of our Class C Shares may be unavailable to United States holders of our Class C Shares.

In the case of an increase in our capital, holders of Class C Shares are entitled to subscribe for new Class C Shares in proportion to their respective holdings even though such pre-emption rights may be restricted by a decision of our shareholders meeting. To the extent that pre-emption rights are granted, United States holders of Class C Shares may not be able to exercise such pre-emption rights unless a registration statement under the Securities Act is effective with respect to such rights or an exemption from the registration requirement thereunder is available. We cannot assure you that any registration statement would be filed in such case. See "*Description of Our Share Capital*."

Turkish regulation of the disclosure obligations and other aspects of public companies is less extensive than in more developed markets.

The financial and other disclosure standards applicable to public companies in Turkey are less extensive than those in the United States, the United Kingdom or other jurisdictions with major capital markets, and the level of publicly available information, responsibilities of board members and rights of securities holders in Turkey may be different in certain material respects from what is customary in jurisdictions with major capital markets. Certain disclosure rules and certain limited corporate governance standards have been adopted recently but their interpretation and application is still evolving. Many aspects of laws and regulations in Turkey relating to public companies and the capital markets have not yet been subject to judicial or regulatory interpretation or review and are therefore still subject to certain uncertainties with respect to their application. See "*Turkish Securities Market*" and "*Description of Our Share Capital*."

USE OF PROCEEDS

We expect that the net proceeds we will receive from the sale of our Class C Shares in the global offering will be approximately TL [●], after deducting commissions and estimated expenses related to the global offering.

We intend to use the net proceeds we receive from the global offering primarily for the development and construction of our Mall of İstanbul project, the development of other properties in our project pipeline and the acquisition of new land for future developments, as well as for general corporate purposes.

We will not receive any proceeds from any sale of the Class C Shares by the Selling Shareholders.

DIVIDEND POLICY

In accordance with Turkish law, the distribution of profits and the payment of any annual dividend in respect of the preceding financial year will be recommended by our board of directors each year for shareholders' approval at the annual shareholders' meeting, which must be held within three months following the end of the preceding financial year. Dividends are payable on a date determined at the annual shareholders' meeting. Listed companies are permitted to distribute their dividends in the form of cash or bonus shares or by distributing a combination of cash and bonus shares. According to the requirements of the CMB, listed companies are obliged to distribute dividends by the end of the fifth month following the end of the preceding financial year if the dividends will be distributed in cash. If the dividends will be distributed as bonus shares, issuance of these new shares and application to the CMB for the registration of these shares shall be completed by the end of the fifth month and the distribution of dividends shall be completed by the end of the sixth month following the end of the preceding financial year. If dividends will be distributed both as cash and as bonus shares, the respective time limits described above must be observed. Each share entitles its holder to the amount of dividend corresponding to its shareholding.

The CMB annually determines the mandatory rate of dividends to be distributed by companies listed on the ISE. This rate is set as a percentage of distributable profit based on each company's financial statements prepared in accordance with applicable CMB regulations. For example, the CMB resolved in its resolution dated February 8, 2008 numbered 4/138 that, as of January 1, 2008, listed companies were required to distribute at least 20% of their net distributable profit as a first dividend calculated based on the framework set forth in the relevant CMB communiqué. However, for dividends pertaining to the financial year 2009, the CMB resolved in its recent resolution dated January 27, 2010 numbered 02/51 that listed companies are not required to distribute their net distributable profit as a first dividend. The CMB may, from time to time, introduce, abrogate or postpone the dividend distribution requirement imposed to public companies.

Net profits are calculated and distributed in accordance with our articles of association (after deducting all expenses, depreciation, taxes, similar payments, statutory reserves and previous year losses, if any, from the revenues determined at the end of the fiscal year as prescribed by the Turkish Commercial Code) in the following required order:

- 5% of the net profit is allocated to a first legal reserve until the first legal reserve reaches 20% of our paid-in share capital;
- a first dividend is paid to shareholders in the amount specified by the CMB;
- the remainder of the net profit is set aside or distributed in full or in part to the shareholders as a second dividend or set aside as extraordinary reserves as determined by a resolution of the shareholders; and
- after deducting an amount equal to 5% of the paid-in share capital from the portion to be distributed to the shareholders as dividends, 10% of the remaining amount is set aside as a second reserve.

Unless the mandatory legal reserves are set aside and the first dividends set forth in the articles of association are distributed, no dividend can be distributed to the members of the board of directors, officers, employees or any charitable foundations, nor can any legal reserve be set aside or profit be transferred to the following year.

Subject to certain criteria, the CML permits public companies to distribute interim dividends, and our articles of association allow us to distribute interim dividend payments to our shareholders. Public companies are able to distribute interim dividends in accordance with the following criteria:

- interim dividends must be based on quarterly reviewed financial statements prepared by independent auditors in accordance with CMB requirements;
- interim dividends cannot exceed 50% of the net profits for the relevant interim period;

- the aggregate amount of interim dividends in any given fiscal year cannot exceed the lesser of (i) 50% of distributable profits for the previous fiscal year and (ii) the extraordinary reserves approved by the shareholders' meeting;
- any interim dividends previously paid must be deducted from the amounts used to calculate any subsequent interim dividend payments within the same fiscal year;
- our articles of association must permit the distribution of interim dividends and the shareholders' meeting must authorize the board of directors to declare such distributions, limited to the relevant year; and
- holders of privileged classes of shares and any non-shareholders entitled to receive dividends are not allowed to receive interim dividends.

Under Turkish law, the statute of limitations in respect of dividend payments is five years following the date of the shareholders' meeting that approved the distribution, after which time uncollected dividends are transferred to the Turkish Treasury.

We have not paid any dividends in the past three financial years. On September 16, 2010, our board of directors resolved to propose to each annual shareholders' meeting that 50% of our distributable profit be distributed as dividends, subject to our long-term investment plans and other funding requirements. Therefore, the timing and amount of any dividend payments will depend on our existing and future financial condition, results of operations, liquidity needs and other matters that we may consider relevant from time to time, including, without limitation, capital expenditures, the market conditions in which we operate and equity market conditions.

To the extent we declare dividends in the future, we will pay those dividends solely in Turkish Lira. Because exchange rates between the Turkish Lira and other currencies fluctuate continuously, a holder of Class C Shares will be exposed to currency fluctuations generally and particularly between the date on which dividends are declared and the date on which dividends are paid. See "*Taxation*."

EXCHANGE RATES

We prepare our financial statements in Turkish Lira. The Turkish Lira is the common legal currency of Turkey.

On October 1, 2010, the official Turkish Lira ask rate for purchases of US dollars announced by the Central Bank was TL 1.4434 = US$1.00. For convenience purposes, certain Turkish Lira denominated financial data of the Company for the year ended December 31, 2009 have been translated into US dollars using an exchange rate of TL 1.5491 = US$1.00 (the average exchange rate during the period according to the Central Bank) and certain Turkish Lira denominated financial data of the Company for the six month period ended June 30, 2009 have been translated into US dollars using an exchange rate of TL 1.5231 = US$1.00 (the average exchange rate during the period according to the Central Bank). We make no representation that the Turkish Lira or the US dollar amounts in this offering memorandum could have been or could be converted into US dollars or Turkish Lira, as the case may be, at any particular rate or at all.

Exchange rates for the Turkish Lira have historically been and continue to be highly volatile. Although until February 2001 it was a stated policy of the Central Bank to devalue the Turkish Lira in line with the domestic inflation rate, the Central Bank has since adopted a floating exchange rate policy resulting in increased volatility in the value of the Turkish Lira. The annual inflation rates in Turkey as measured by the average percentage changes in the Turkish consumer price index in December 2007, 2008 and 2009 were 7.31%, 9.19% and 6.22%, respectively. The value of the Turkish Lira against the US dollar increased by 17.14% in 2007, declined by 30.45% in 2008 and increased by 1.06% in 2009.

The following table sets out the period-end, period-average, high and low exchange rates for US dollars announced by the Central Bank, expressed as the number of Turkish Lira per US dollar.

	Period End	Average(1)	High	Low
Year:				
2005	1.3418	1.3442	1.4000	1.2541
2006	1.4131	1.4345	1.6934	1.2964
2007	1.1647	1.2948	1.4498	1.1626
2008	1.5123	1.2929	1.6956	1.1449
2009	1.5057	1.5491	1.7958	1.4365
Month:				
April 2010	1.4804	1.4879	1.5157	1.4685
May 2010	1.5514	1.5369	1.5871	1.4862
June 2010	1.5747	1.5703	1.5978	1.5438
July 2010	1.5032	1.5363	1.5770	1.5031
August 2010	1.5153	1.5016	1.5253	1.4815
September 2010	1.4512	1.4889	1.5209	1.4512

Source: Central Bank of Turkey.

(1) Calculated using the average of the exchange rates on the last day of each month during the relevant year or each business day during the relevant month.

The following table sets out the period-end, period-average, high and low exchange rates for euros announced by the Central Bank, expressed as the number of Turkish Lira per euro.

	Period End	Average(1)	High	Low
Year:				
2005	1.5904	1.6695	1.8460	1.5804
2006	1.8586	1.8000	2.1246	1.5495
2007	1.7102	1.7782	1.9015	1.6624
2008	2.1408	1.8958	2.2003	1.6928
2009	2.1603	2.1505	2.2999	2.0295
Month:				
April 2010	1.9601	1.9994	2.0475	1.9599
May 2010	1.9216	1.9395	1.9882	1.8939
June 2010	1.9217	1.9181	1.9373	1.9056
July 2010	1.9644	1.9561	1.9857	1.9292
August 2010	1.9268	1.9418	1.9728	1.9166
September 2010	1.9754	1.9438	1.9803	1.9068

Source: Central Bank of Turkey.

(1) Calculated using the average of the exchange rates on the last day of each month during the relevant year or each business day during the relevant month

CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of June 30, 2010 (i) on an actual basis, and (ii) as adjusted to give effect to the receipt of the estimated net proceeds of the global offering after deducting commissions and estimated expenses. The historical financial information as of June 30, 2010 has been derived from our IFRS Financial Statements. This table should be read in conjunction with the "*Operating and Financial Review*" and the IFRS Financial Statements and notes thereto included elsewhere in this offering memorandum.

	As of June 30, 2010	
	Actual	**As Adjusted**
	(TL thousands)	
Cash and cash equivalents	**262,288**	**[●]**
Total current liabilities	289,539	[●]
Total non-current liabilities	629,949	[●]
Share capital	176,100	[●]
Legal reserves	7,279	[●]
Retained earnings	1,769,692	[●]
Total liabilities and equity	**2,872,559**	**[●]**

REAL ESTATE MARKET OVERVIEW

The following market overview has been provided by DTZ at our request and covers general information on the real estate market in Turkey and, in particular, in İstanbul and Bursa. It includes information on the macroeconomic environment and certain of the property market segments in which we operate. Unless otherwise indicated, the information and industry data presented herein is based on the research of DTZ. None of Torunlar, the Selling Shareholders or the Managers have independently verified the information set forth herein. See "Market and Industry Information."

I. TURKEY GENERAL INFORMATION

A. General Overview

Turkey is strategically located over two continents—south eastern Europe and south western Asia—and has direct control of the Turkish Straits that link the Black Sea and Aegean Sea. Turkey is bordered by Greece and Bulgaria to the west, Syria and Iraq to the south, the Black Sea to the north and Iran, and Armenia and Georgia to the east. The total area of the country is 814,578 sqkm. Turkey has 81 provinces.

B. Demography

According to the Address Based Population Registration System ("ADNKS") 2009 Population Census results, the total population of Turkey is approximately 72.6 million. Approximately 75% of the population lives in urban areas. Ankara, the capital city, has a population of 4.65 million and accounts for approximately 6.4% of the total population. İstanbul, the commercial and cultural capital of the country, represents approximately 17.8% of the country's population with a population of 12.9 million.

The annual population growth rate of Turkey in 2009 was 1.45%. The median age of the population in Turkey is 28.8 and approximately 60.9% of the population is younger than 35.

The population density, which is the number of persons per square kilometre, is 94. İstanbul has the highest population density with 2,486 people/sqkm, and is followed by Kocaeli (421 people), İzmir (322 people), Hatay (249 people) and Bursa (245 people), respectively.

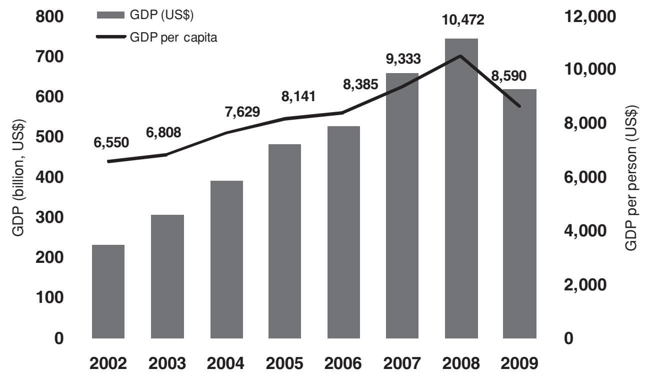
C. Economy

The Turkish economy is the 17th largest economy in the world with 2008 GDP of US$742 billion. The Turkish economy displayed a notable upward trend in GDP growth starting from 2002. Macroeconomic trends improved due to favourable economic and political developments after the 2001 economic crisis. Turkish GDP grew from US$230 billion in 2002 to US$742 billion in 2008. The average annual GDP growth was 5.9% during the period from 2002 to 2008.

After 27 quarters of continuous growth, the Turkish economy entered into a recessionary period with the prevailing effects of the global financial crisis. Starting from the last quarter of 2008, growth rates began to slow down similar to many developing countries. GDP was US$618 billion with 4.7% contraction in 2009.

Recovery started in the second half of 2009 and the Turkish economy showed growth in 2010. GDP growth was 11.7% in the first quarter of 2010, which was the highest growth among European countries. A 10.3% rise in second quarter GDP could lead to 2010 growth of 8% (Oxford Economics).

Turkey: GDP and GDP per capita



Source: TURKSTAT

After a significant decrease in inflation over the last five years, rising energy and commodity prices in the first three quarters of 2008 kept annual inflation at relatively high levels reaching 10.06% as of the end of 2008. On the other hand, significant declines in commodity prices following demand contraction contributed to a downward trend in inflation in 2009. Annual inflation was 6.53% in 2009 and the year-end inflation target for 2010 was revised to 5.3% (State Planning Organization—SPO).

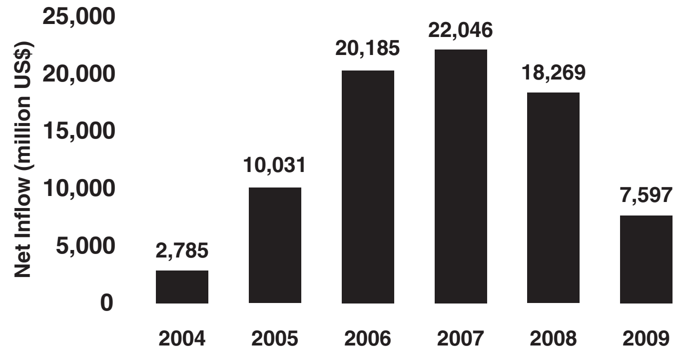
Since 2002, labour market trends remained stable and the unemployment rate fluctuated around 10%. However, it started to increase with the economic slowdown and reached 13.1% as of the end of 2009.

Labour Market Trend	**2005**	**2006**	**2007**	**2008**	**2009**
Labour force ('000)	24,565	23,250	23,114	24,036	25,011
Labour force participation rate	48.3%	48.0%	46.2%	47.0%	48.1%
Employment ('000)	22,046	20,954	20,738	20,999	21,741
Employment rate	10.3%	9.9%	10.3%	12.6%	13.1%

Source: Turkstat.

A significant increase in foreign direct investment ("FDI") inflow occurred between 2002 and 2006. As of the end of 2007, annual FDI inflow exceeded US$22 billion, compared to US$1.1 billion in 2002. Approximately 72% of this inflow was directed toward the service sector, while 28% was directed toward the manufacturing sector in 2007. However, FDI decreased to US$7.6 billion, as of the end of 2009. Approximately 30% of this inflow was directed toward the service sector. Approximately 80% of total FDI inflows originated from EU Member States in 2009.

Turkey : foreign direct investment

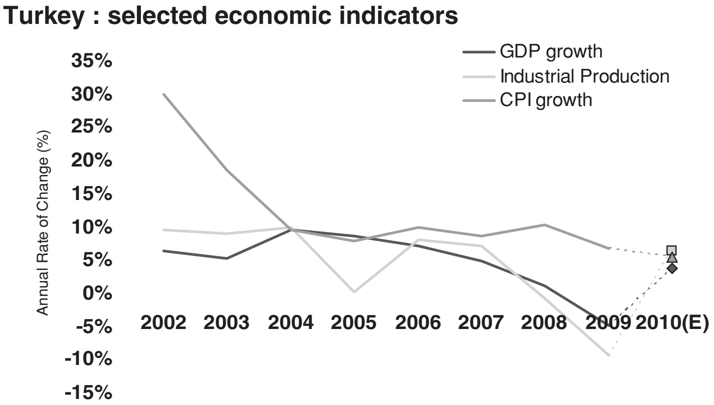


Source: Turkish Treasury

Economic growth in Turkey continued to decelerate due to the slowdown in consumption expenditures and weakness in demand. The impact of the financial market turmoil was reflected in both private consumption and the manufacturing sector during the first half of 2009.

The global crisis increased uncertainty in Turkey as it did through the world during 2009. It caused investment and consumption decisions to be delayed and decreased economic activity significantly. Assuming that the global situation does not worsen any further, it is expected that consumer spending and private investment in Turkey will continue to improve and will hold positive trends in the second half of 2010 (Oxford Economics).

Turkey : selected economic indicators



Source: TURKSTAT

Turkey economic indicators

	2003	2004	2005	2006	2007	2008	2009	2010[H1]
GDP Growth (%)	5.1	9.4	8.4	6.9	4.7	0.7	−4.7	10.3
GDP (US$, billion)	305	390	481	526	658	742	618	335
Inflation (%)	18.4	9.3	7.7	9.7	8.4	10.1	6.5	8.37
Unemployment Rate (%)			10.3	9.9	10.3	12.6	13.1	10.5
Industrial Output (%)	8.7	9.8	0	7.8	5.8	1.1	−9.6	10.7
Export (US$, billion)	47.2	63.2	73.5	85.5	107.3	132.0	102.1	54.8
Import (US$, billion)	69.3	97.5	116.8	139.6	170.1	202.0	140.9	83.3
External Trade Balance/GDP	−7.2	−8.8	−9.0	−10.3	−9.6	−9.5	−6.3	na
Domestic Debt Stock/GDP	42.7	40.2	37.7	33.2	30.3	28.9	34.7	na
Central Government External Debt Stock/GDP	20.8	17.6	13.4	12.6	10.2	9.5	12.0	na
Central Government Total Debt Stock/ GDP	63.5	57.7	51.1	45.8	40.5	38.4	46.7	na
External Debt Stock/GDP	47.3	41.2	35.3	39.4	38.4	37.5	43.6	na
Budget Deficit/GDP	−8.8	−5.4	−1.0	−0.5	−1.6	−1.8	−5.5	na
Primary Surplus/GDP	4.0	4.9	6.0	5.4	4.2	3.5	0.1	na
CBT Policy Rates	26.0	18.0	13.5	17.5	15.8	15.0	6.5	7.0
Exchange rate (*TL/US$*)	1.49	1.42	1.34	1.43	1.30	1.29	1.55	1.54

Source: Central Bank, ISE, SPO, Turkstat, Ak Yatırım.

Medium term programme (2010-2012)

	2009	2010	2011	2012
GDP (US$, billion)	608	641	669	723
GDP Growth (%)	−6.0	3.5	4.0	5.0
GDP per capita (US$)	8,456	8,821	9,096	9,732
Private Consumption Growth (%)	−3.1	2.5	3.4	4.7
Annual CPI (%)	5.9	5.3	4.9	4.8
Employment Rate (%)	14.8	14.6	14.2	13.3

Source : SPO.

II. TURKEY RETAIL MARKET

The Turkish retail market has seen a significant number of large-scale retail centers opened over the past few years. Early growth trends were led by successful department-store anchored town center developments ("TCM") in big cities. Primarily due to the high cost of land in metropolitan areas, this trend was reversed by the growing numbers of district shopping centers ("DSC"), pioneered by hypermarkets and do-it-yourself ("DIY") stores in the mid-1990s.

In the recent past, the new retail development trend shifted to power centers, lifestyle centers, and outlet centers, where retail centers became more diversified, especially in the metropolitan areas. While outlet centers are mostly located at the periphery of the five largest metropolitan areas, the big-box retailers preferred to enter the Turkish retail market through Istanbul.

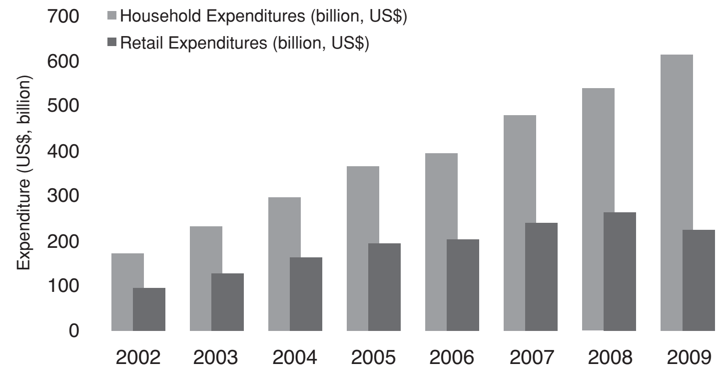
Lifestyle and entertainment centers, which are in the planning stage, have an emphasis on open design and are in particular being developed not only in the largest metropolitan areas of western Turkey, but also in the developing Anatolian cities.

A. Demand

The share of total household consumption expenditure in GDP is around 75%. Retail expenditure constituted 46% of total household consumption expenditures in 2009 (Turkstat). As of the end of 2009, total household expenditure was approximately US$465 billion and total retail expenditures were estimated at US$225 billion.

The average growth in household consumption expenditure was 6.1% between 2002 and 2007. However, a declining trend started in the second half of 2008, due to the economic slowdown. Household consumption expenditure decreased by 2.2% in 2009 and improved with 7.3% growth in the first half of 2010.

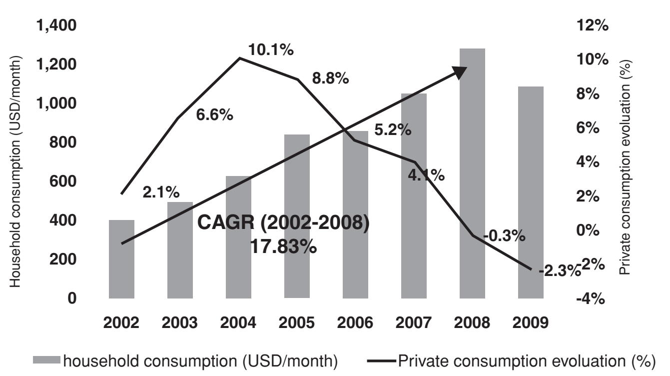
Turkey : retail expenditures in household consumption



Source: TURKSTAT

The average monthly consumption expenditure per household between 2002 and 2008 increased from US$406 to US$1,280, with 17.8% CAGR. However, it decreased from US$1,280 to US$1,090 between 2008 and 2009 (Turkstat).

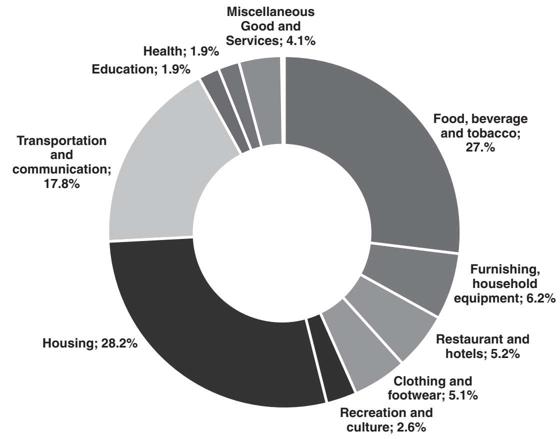
Turkey : private consumption expenditure (2002 – 2009)



Source: TURKSTAT

Retail expenditure constituted 49% of total household consumption expenditures in 2009. Food (26.1%), furnishing, household equipment (6.9%) and clothing and footwear (5.2%) are major consumer items in total consumption expenditures. As of the end of 2009, the household consumption expenditures by types are given below.

Turkey : household consumption expenditure (by types, 2009)

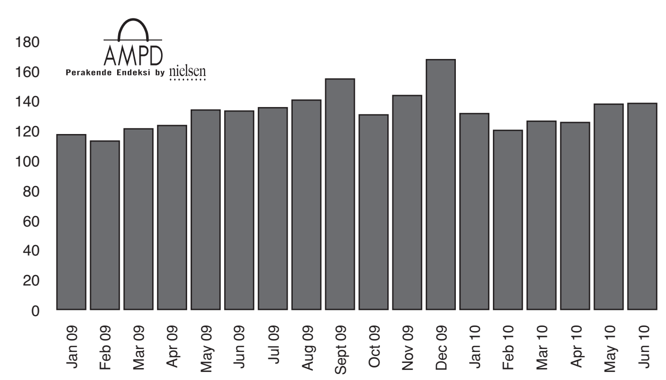


Source: TURKSTAT

Note: All data is based on new GDP series (1998 base-year) and retail expenditures are estimated considering only food, clothing, furniture, entertainment and culture, and restaurant and hotel expenses.

Retail sales held a positive trend in the first half of 2010 and continued to grow annually. According to Trade Council of Shopping Centers and Retailers (TCSCR) data, retail sale revenue increased by 7% in the first half of 2010 compared to the same period of the previous year.

Turkey : monthly retail sale revenue index (Jan 2009 = 100)

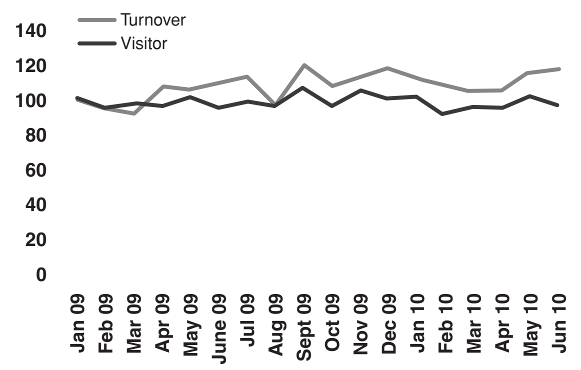


Source: TCSCR

The Council of Shopping Centers (AYD) Turkey estimates that total turnover in shopping centers reached TL21 billion (US$13.6 billion) in 2009. In the first half of 2010, it was TL12.6 billion

(US$8.4 billion) and is expected to exceed TL25 billion (US$16.8 billion) in 2010. Total turnover grew 16% in the first half of 2010 compared to the same period of the previous year.

Turkey : shopping center turnover (Jan 2009=100)



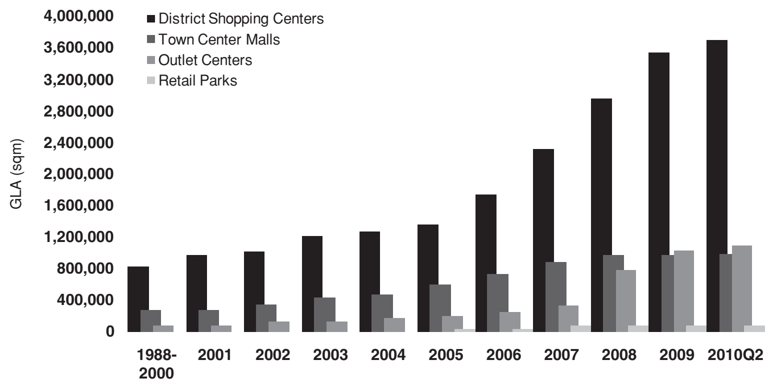
Source: Council of Shopping Centers Turkey (AYD)

It is expected that increasing GDP per capita and disposable income changes in consumption patterns will drive the growth of new retail centers. The youth demographic is especially willing to pay more for entertainment and new fashion items, which will help new retail formats.

B. Supply

The number, and hence the total supply, of retail centers in Turkey has increased significantly. The total retail supply reached 5.8 million sqm in 233 retail centers in the first half of 2010. According to DTZ Pamir & Soyuer data, it is estimated that the retail supply will reach 8 million sqm by 2012.

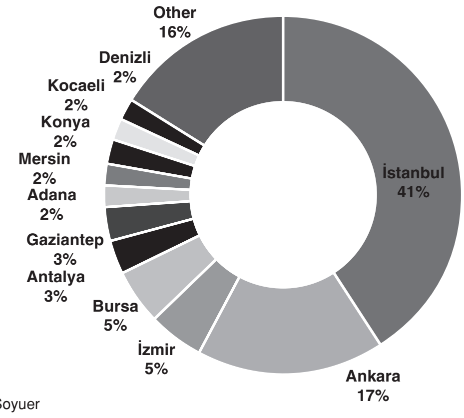
Turkey: retail centers (cumulative GLA by type)



Source: DTZ Pamir & Soyuer

The retail supply in the largest metropolitan cities accounts for approximately two thirds of the total supply in Turkey. Currently, İstanbul, Ankara, and İzmir dominate the retail supply with shares of 41%, 17% and 5%, respectively.

Turkey: retail centers (supply breakdown by city, as of 2010H1)



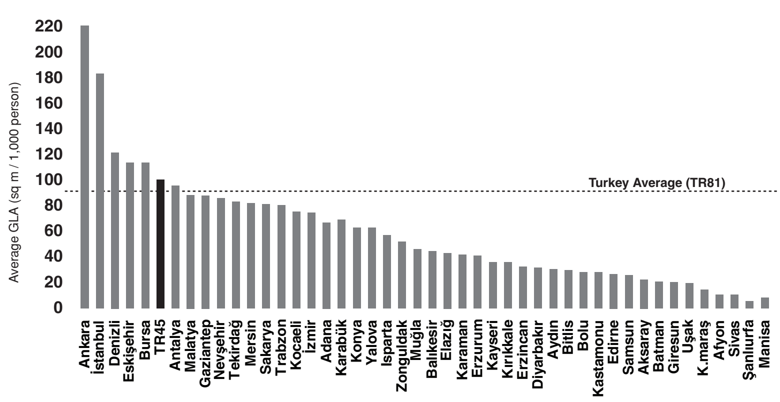
Source: DTZ Pamir & Soyuer

In the first half of 2010, the share of district shopping centers constituted 63% of total supply while town center malls represented 17% of the total supply. The share of outlet centers has increased in particular, with new openings and also concept changes during 2008 and 2009. The share of outlet centers in total supply increased from 9% to 19% from 2007 to 2009.

In the first half of 2010, the average GLA per 1,000 inhabitants was 80 sqm in Turkey, and average GLA was 100 sqm for the 45 provinces having retail centers. These numbers still lag behind European countries where the average was 210 sqm per 1,000 inhabitants in 2008.

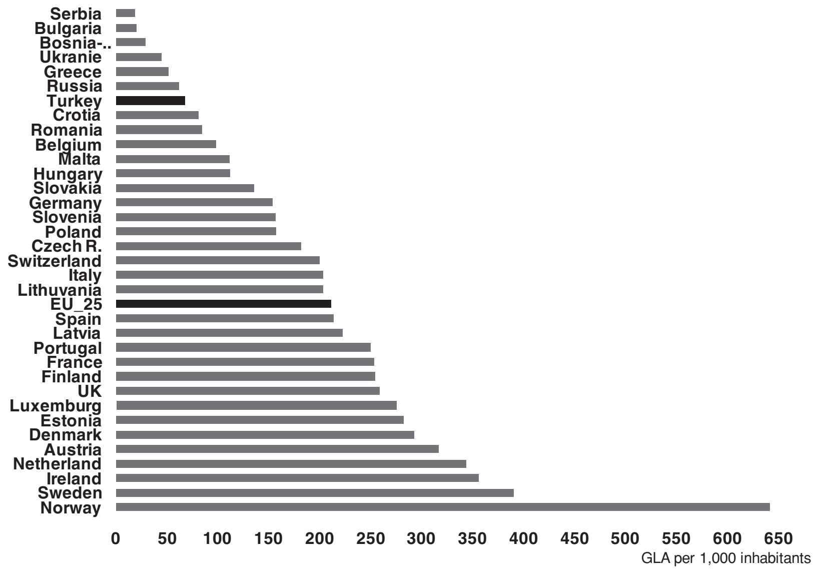
In terms of GLA per 1,000 inhabitants, Ankara ranked first with approximately 214 sqm/1,000 inhabitants, followed by İstanbul with 183 sqm/1,000 inhabitants. Anatolian metropolises such as Denizli, Eskişehir and Bursa also ranked in the upper range of the country average.

Turkey: retail market (breakdown by GLA by 1,000 inhabitants, as of 2010H1)



Source: DTZ Pamir & Soyuer

EU: retail market (breakdown by GLA by 1,000 inhabitants, 2008)



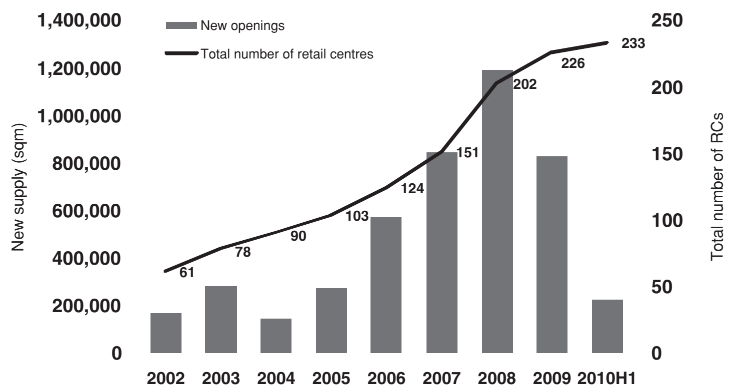
Source: International Council of Shopping Centers (ICSC)

C. Pipeline

The growth of retail center supply in Turkey is expected to continue at a significant pace until 2015, taking into consideration developments in the planning stage and those under construction. Currently, the total retail center supply pipeline is calculated as 2.8 million sqm, while it is estimated that the total retail supply will reach 8 million sqm by the end of 2012.

Over the next three years, approximately 75 new centers are scheduled to open in Turkey. İstanbul has the largest development scheme in the pipeline with around 1 million sqm representing 35% of total supply. Ankara and Antalya follow İstanbul with a share of 11% and 6%, respectively.

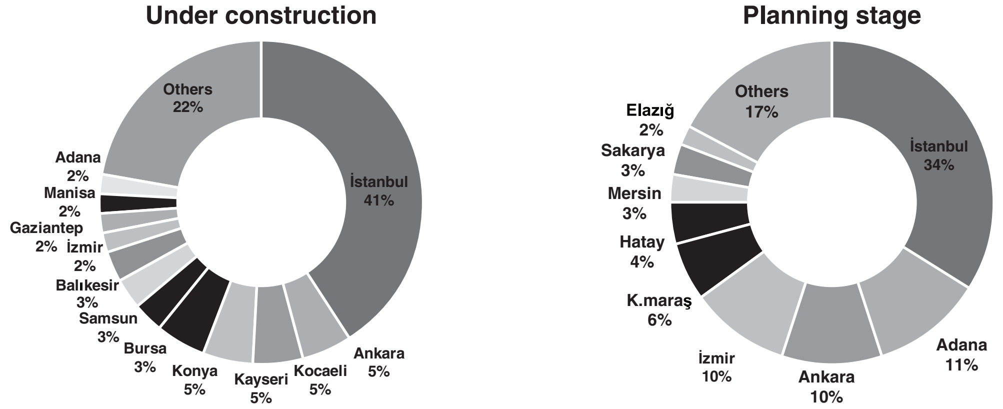
Turkey: estimated supply (2010 – 2015)



Source: DTZ Pamir & Soyuer

Although İstanbul and Ankara still dominate the market, developing metropolitan areas such as Diyarbakır, Kocaeli and Kayseri have become attractive locations for new retail investments. In addition, cities with populations over 300,000 and with no existing retail center, such as Hatay, Kütahya and Sakarya, look promising for potential development opportunities.

Turkey: pipeline developments (by cities, 2010 - 2015)



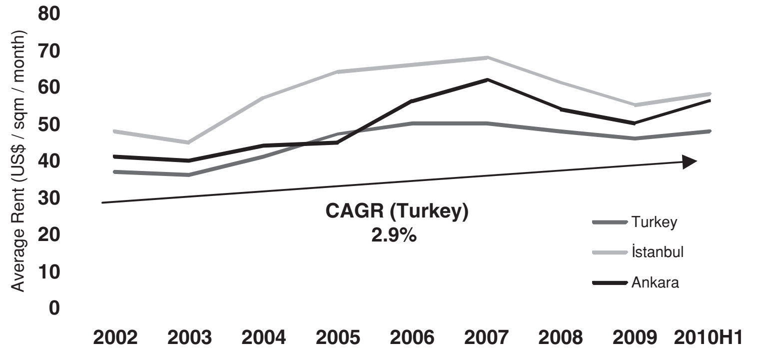
Source: DTZ Pamir & Soyuer

D. Rents

After the introduction of a ban on smoking in closed areas in May 2008, food vendors have encountered a significant decrease in turnover. Due to the economic slowdown retail sales decreased in the last quarter of 2008. An increase in the TL/US dollar and TL/euro exchange rates put additional pressure on retailers regarding rental values. Investors offered some concessions to retailers to overcome these problems. Proposed concessions included reductions in rent, restructuring the lease agreements from fixed to turnover rent or applying fixed exchange rates.

Due to the prevailing effect of the global economic crisis and the delivery of a large amount of new supply, a significant decrease occurred in rental levels in 2008 and 2009. A decrease in rents only in those retail centers which were already leased at higher retail rent than market average may have been expected. However, rental growth is expected to stabilize by the end of 2010. A slight rental increase is expected, although at relatively low rate, in the next two years.

Turkey: average retail centers rent (US$ / sqm / month)



Source: DTZ Pamir & Soyuer

E. Investment

Starting in 2005, international developers and investors discovered the appeal of retail investments in Turkish market. Retail investment activities accelerated from that time.

In 2005, four transactions, the IPO of Akmerkez, the sale of Forum Bornova, the privatization of Ataköy Tourism Center (Galleria Shopping Center) and the sale of Tepe Group properties, realized a total of approximately US$500 million.

The total value of retail center transactions was approximately US$1.2 billion in 2006. Major transactions were the sale of a portfolio of Carrefour and the acquisitions of Forum Mersin and Forum Trabzon projects.

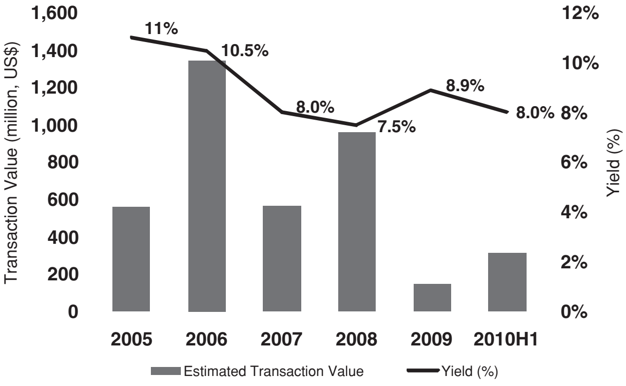
Total annual transaction volume exceeded US$500 million at the end of 2007. Corio was the most active investor with six transactions across Turkey, including Teras Park (Denizli), Ada Center (Sakarya), 365 (Ankara), Anatolium Project (Bursa) Akkoza and Acıbadem projects in İstanbul. However, Akkoza and Acıbadem projects were cancelled in December 2009. Other major transactions in 2007 were Elysium Shops (İstanbul) by Vast Ned, Prestige Mall (İstanbul) by Quinn Group, Neo Shopping Center (Eskişehir) by Bosphorus Real Estate Fund (incorporated by Merrill Lynch GPI and Krea Real Estate) and Forum Kayseri Projects by Union Investment.

It is estimated that total retail transactions were approximately US$1 billion in 2008. In the beginning of 2008, Carrefour Merter Project (Marmara Forum) was sold for euro 268 million to a joint venture between Multi Turkmall and Apollo Real Estate. Other transactions in 2008 were acquisitions of Malatya, İskenderun and Tarsus Projects by Corio. Malatya and Tarsus projects are in the planning stage, waiting for required permissions. However, Corio announced the removal of İskenderun project from its pipeline at the end of 2008, because the contract was no longer attractive in light of market developments in the fourth quarter of 2008.

Corio acquired an additional 11% share of Teras Park in February 2009. In addition, the acquisition of Tekira Shopping Center was completed. Corio signed a forward purchase agreement for the acquisition of Tekira in Tekirdağ in 2008. The shopping center started to operate in November 2008 and the transaction realized in April 2009 at euro 67.6 million with 8.9% initial yield.

In the first quarter of 2010, Union Investment purchased the remaining 35% of the shares of Forum Mersin, owned by Multi Corporation. Union Investment paid EUR 68 million for this acquisition and will be the 100% owner of the Forum Mersin, which began operation in 2007. In July 2010, Corio acquired Bursa Anatolium Shopping Center for EUR 176 million. Anatolium Shopping Center was opened in September 2010.

Turkey: major retail transactions (2005 – 2010)



Source: DTZ Pamir & Soyuer

F. Outlook

Turkey has been the main focus for retail center development and international retailer expansion. The entry of new international retailers continued while department stores, electronics chains and apparel retailers have followed the primary entrants such as supermarkets and DIYs. Not only modern retail centers but also high streets became attractive for investors, followed by the appetite for new international brands.

It is estimated that total supply will reach approximately 8 million sqm by 2012. Although major metropolitan cities such as İstanbul and Ankara will continue to dominate the retail market, developers have started to focus on fast growing provinces whose populations are over 300,000.

The investment volume of Turkish commercial property is still quite low, due to liquidity, transparency and a shortage in available investment grade products. However, the supply of retail centers is expected to grow due to increasing consumer demand, investments by foreign developers and new brands. In addition, global real estate funds are keeping a close watch on the Turkish retail market. We believe that both developers and investors will start to focus more on tenant quality since the majority of rental agreements have started to have overage rents.

The prevailing effects of the global credit crunch continued in Turkey during 2009. In particular, international investors had difficulties in obtaining financing and tightened credit conditions caused problems in new investments or developments. Hence, new retail developments have been postponed or suspended in the short term. Regarding the risk anticipation, a moderate improvement can be expected in the medium term, in line with global markets.

The Turkish retail market looks promising, with increasing levels of consumer spending, increasing credibility and confidence reflecting the country's growing financial stability. Although the Turkish market has seen the opening of a significant amount of large-scale outlets and retail centres over the past years, supply is far below the average GLA per person in Europe. The lack of modern, well-located units is still apparent, representing good opportunities for new developments

III. TURKEY RESIDENTIAL MARKET OVERVIEW

In the past few years the residential market showed a very active trend both on the demand and supply sides. The significant increase in the number of residential developments shows that real estate is still considered an important investment vehicle in Turkey.

Prime drivers of residential demand are population growth and a high proportion of young people. Both population growth and average household size has decreased over the past two decades and it is estimated that this tendency will continue for the next decade.

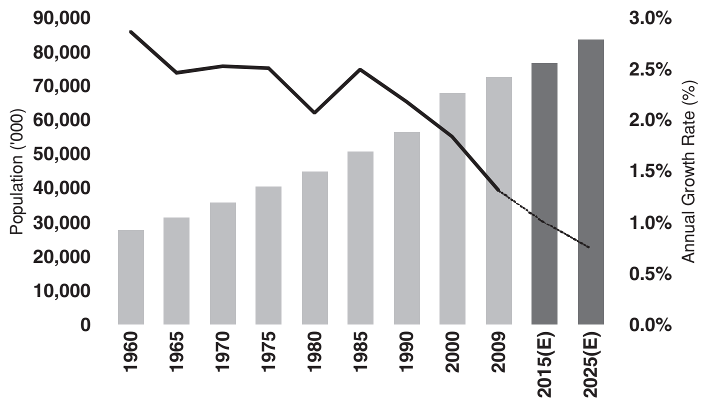
On the supply side, the construction permits data show a significant increase in recent years; hence it is estimated that the amount of new stock entering the market will increase in the next few years.

Another key factor in the residential market is the new mortgage law passed in 2007. Previously, the residential market had been activated mostly by consumer loans with low interest rates provided by all of the major banks. The law is expected to be a positive impact on the residential market, particularly in regulating securitization and the secondary market activities of mortgage loans.

A. Demand

According to the ADNKS 2009 Population Census results, the total population of Turkey is approximately 72.6 million. It is estimated that it will reach approximately 76.6 million by the year 2015. However, the population growth rate has decreased over the past two decades. The annual population growth rate of Turkey in 2009 was 1.45% and is estimated to descend below 1% by the year 2015.

Turkey: population growth (1960 – 2025)

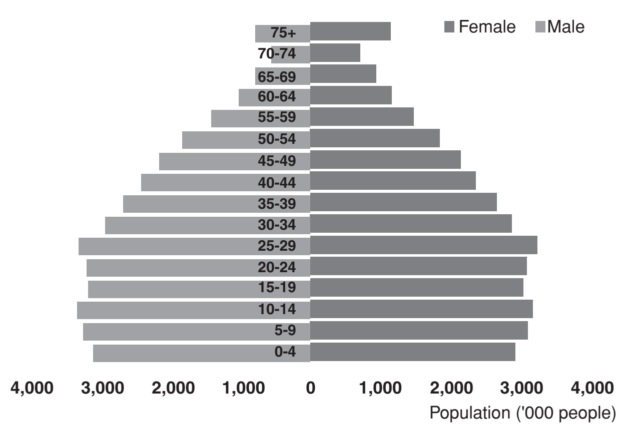


Source: TURKSTAT

75% of the total population live in urban areas in Turkey. This rate is higher in the metropolitan areas, such as İstanbul (99%), Ankara (97%) and İzmir (91%).

The median age of the population in Turkey is 28.8. Approximately 60% of the total population is younger than the age of 35. The higher portion of these age groups is important for new residential investments, as these groups are considered the major potential home buyers in the future years.

Turkey: population (by age groups, 2009)



Source: TURKSTAT

The total number of households was approximately 15 million in 2000 while it is currently estimated at approximately 17 million. Average household size has decreased from 5.3 to 4.5 over the last two decades. Although it is expected that this trend will continue for the next decade, the average household size is still higher than in other European countries.

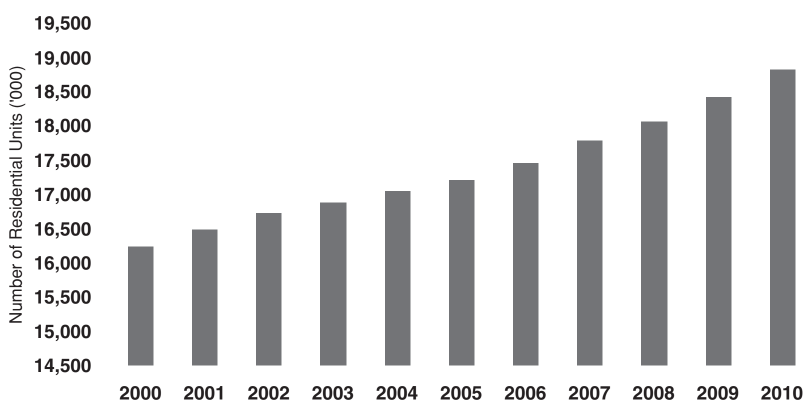
Average population density is 94 people /sqkm in Turkey. This density is higher in the major metropolitan cities. İstanbul has the highest population density with 2,486 people/sqkm, and is followed by Kocaeli (421 people), İzmir (322 people), Hatay (249 people) and Bursa (245 people), respectively.

A prime driver of residential demand is population growth. Another major factor is migration, which has brought housing supply problems such as the unauthorized construction of squatter housing. Declining household size also has implications for new building stock. Different characteristics of households cause variations in residential unit types such as studios or villas.

B. Supply

According to the last Building Census in 2000, total residential supply was approximately 16.2 million dwelling units in Turkey. Total stock increased 128% between 1984 and 2000. This increase reflects underlying migration, suburbanisation and housing demand trends in the country. Based on the construction/occupancy permits, total residential stock is estimated in excess of 18 million by the end of 2010, and residential stock growth is estimated at approximately 15% between 2000 and 2010.

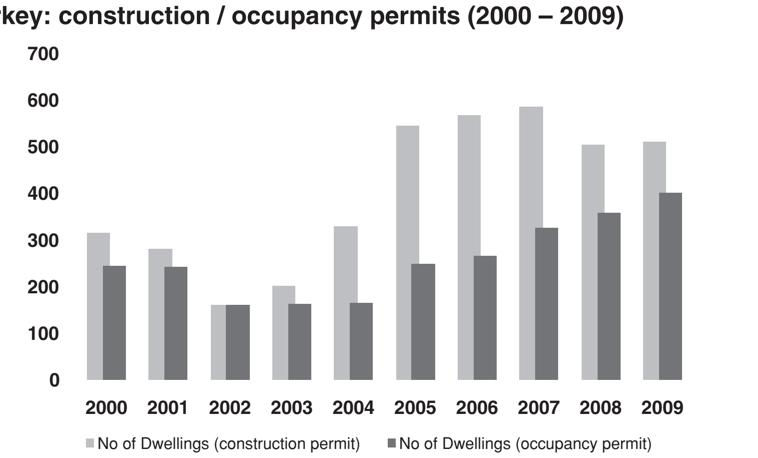
Turkey: residential stock estimation (2000 – 2010)



Source: DTZ Pamir & Soyuer. Data is compiled from TURKSTAT.

Housing production is correlated with macroeconomic conditions. Housing production increased in the mid-1980s and stabilised at around 200,000 dwellings per year, but then decreased after the 2001 economic crisis. In line with economic recovery in 2004 in Turkey, the construction market recovered and housing production took off with an approximately 50% increase in 2005. The construction permits data show a significant increase, especially between 2005 and 2007.

Turkey: construction / occupancy permits (2000 – 2009)



Source: DTZ Pamir & Soyuer. Data is compiled from TURKSTAT.

C. Major Development Areas

Major metropolitan cities such as İstanbul, Ankara and İzmir have a well-developed residential market due to their population size, as well as their socio-economic characteristics. Newly developing cities also have investment potential, especially those with a population over one million. In addition, the existence of developed industrial or commercial structures and/or universities can create residential demand.

Demographic characteristics are major demand drivers of the residential market. Demand for residences increases in line with population, population growth and immigration.

Major cities like Adana, Gaziantep, Kayseri and Trabzon have important roles in the hinterland, owing to their well-developed industrial and commercial structure. Organized Industrial Zones (OIZ) and Free Zones can contribute to the development of new residential markets by creating new housing demand as a consequence of increasing employment. Both public and private developers prefer to enter these markets because of their population and developed industrial structure, as is happening in Bursa and Manisa.

The existence of major universities contributes to the residential market of cities like Eskişehir, Konya and Trabzon by creating housing demand from academics and students. Selçuk University is one of the largest universities of Turkey with more than 50,000 students and is located in Konya. Karadeniz Technical University contributes considerably to the economy of Trabzon with its students and academics reaching more than 45,000. Eskişehir accommodates two of the important universities of Turkey, which are Anadolu University and Osmangazi University, and the more than 25,000 students of these two universities make large contributions to the commercial life in Eskisehir.

After a 1999 earthquake, the housing stock in Kocaeli and Sakarya decreased. The World Bank and The Ministry of Public Works and Settlement of Turkey (*Bayındırlık ve İskan Bakanlığı*) have developed new residential projects aiming to recover the urban infrastructure. Some private developers are also developing new projects in collaboration with TOKİ and the municipality. Currently, private developers are also very active in these cities.

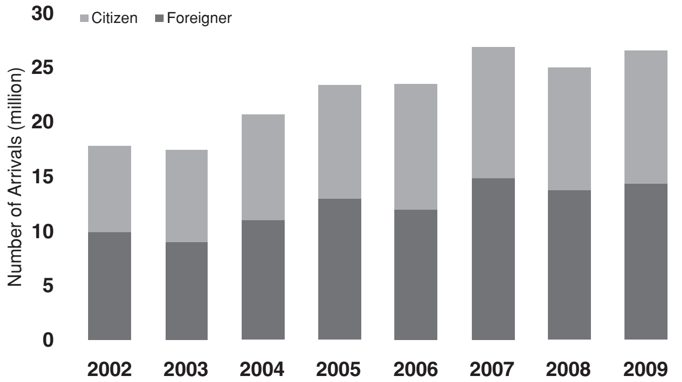
IV. TURKEY HOTEL MARKET OVERVIEW

The tourism sector has been the major driving force of the Turkish hotel market since the 1980s. Hotel investments were boosted by the sea-sun-sand concept, especially in the coastal areas. Urban hotel investments became attractive with increasing business trips and MICE (meetings, incentives, conferences and exhibitions) activities. The presence of international hotel chains has accelerated urban hotel growth, not only in large metropolitan cities, but also in secondary Anatolian cities.

A. Hotel Demand

According to Ministry of Culture and Tourism data, the total number of people accommodated in facilities with operation licenses was 26.5 million in 2009. Foreign visitors constitute 55% of total arrivals. The average length of stay is 4.2 nights for foreigners and 1.9 nights for Turkish citizens.

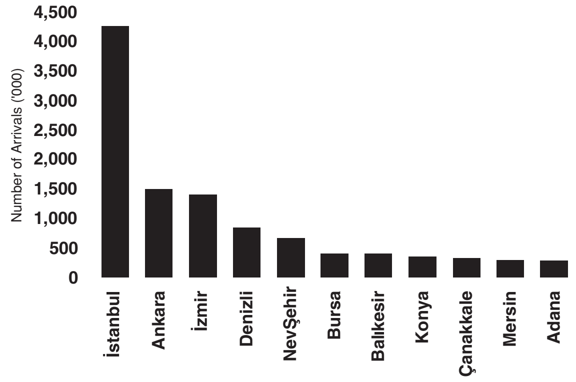
Turkey hotel market: number of arrivals (2002 - 2009)



Source: Ministry Culture and Tourism. Latest update on 31/12/2009.

Excluding resort areas, approximately half of arrivals stay in city hotels. The major metropolitan cities, İstanbul, Ankara and Izmir, represented an aggregate of 27% of total arrivals in Turkey in 2009.

Turkey hotel market: number of arrivals (by cities, 2009)

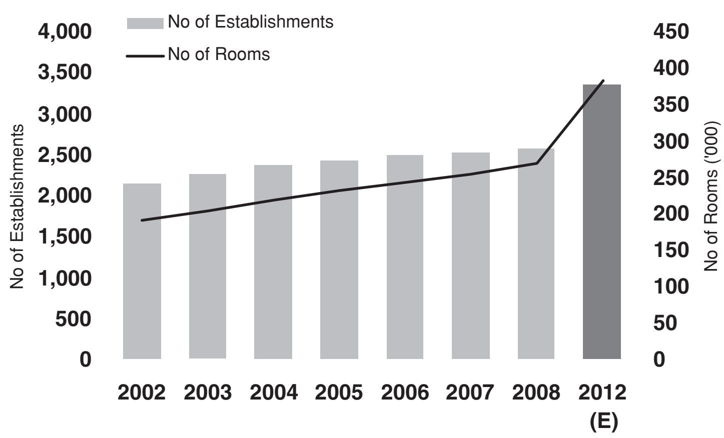


Source: Ministry Culture and Tourism. Latest update on 31/12/2009.

B. Hotel Supply

Turkey had 2,566 establishments with 268,633 rooms (tourism operation licensed), while there were 772 establishments with 113,487 rooms in the planning stage (tourism investment licensed), as of December 2008. It is expected that the total number of establishments will reach approximately 3,340 with 380,000 rooms by the end of 2013, considering new investments in the planning stage.

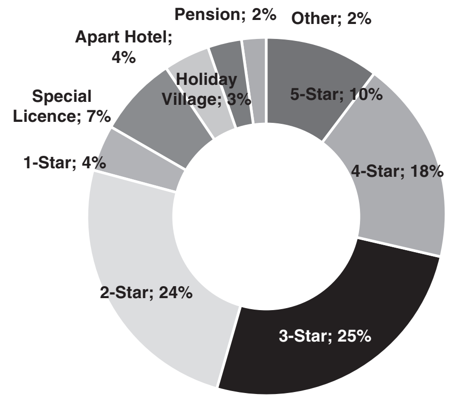
Turkey hotel market : number of establishments (2002 – 2008)



Source: Ministry Culture and Tourism. Latest update on 31/12/2008.
Note: Estimation is based on the investments in the planning stage.

According to class of establishments, five, four and three-star hotels have a share of 8%, 17% and 24% of total accommodation establishments in Turkey, as of December 2008. In addition, five, and four-star hotels have higher room and bed capacities.

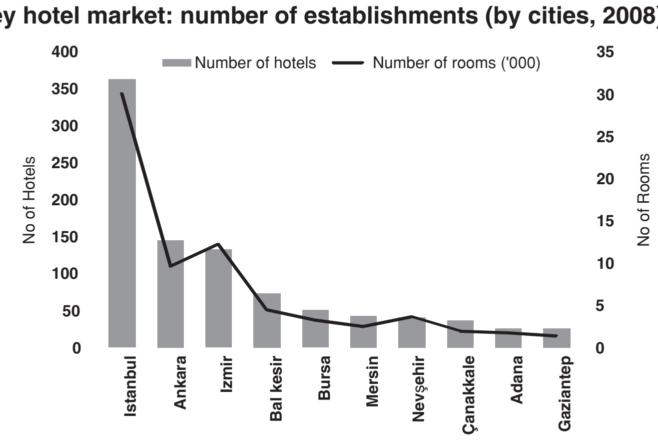
Turkey hotel market : distribution of accommodation categories (2008)



Source: Ministry Culture and Tourism. Latest update on 31/12/2008.

In terms of the number of establishments with a tourism operation licence, the largest hotel markets are Antalya (25%), Muğla (17%), İstanbul (13%), Izmir (6%) and Ankara (5%) in Turkey. Excluding resort areas, the largest markets regarding number of hotels and for each city are set out below.

Turkey hotel market: number of establishments (by cities, 2008)



Source: Ministry Culture and Tourism. Latest update on 31/12/2008.

C. Pipeline

The Turkish hotel market offers great potential for new investments and developments. Investor appetite accelerated in line with the improvement in economic conditions between 2006 and 2008. In particular, the mid-tier hotel market has attracted developers, due to a lack in the three- and four-star urban hotel segments. Currently, such developments are focused largely on major metropolitan cities, but other Anatolian cities look promising for new developments.

Major international hotel chains have introduced their brands to the market with local partners either by management contracts or franchise agreements. Moreover, local groups have announced their intentions to expand their presence. Major hotel developments are set out as below.

Brand	Group	Location	Opening	No of Rooms
Hilton Garden Inn	Kosifler	Şanlıurfa	2011	165
		Konya	2011	228
		Mardin	2011	164
		Istanbul	2011	155
Hilton Garden Inn	Amplio	Diyarbakır	2011	154
		Bursa	2011	176
		Manisa	2011	154
		Çorlu	2011	160
		Çorum	2011	160
		Istanbul	2010	220
Accor	Akfen	Bursa	2011	200
		Istanbul	2011	161
Mövenpick	Mövenpick	Ankara	2011	160
Dedeman	Dedeman	Zonguldak	2010	200
		Istanbul	2011	272
		Yozgat	2011	206
Divan	Divan	Çorlu	2010	120
		Ankara	2010	—
		Istanbul	2011	228

D. Outlook

The Turkish hotel market was impacted by the prevailing effects of the financial turbulence during 2009. The global economic crisis and tightened credit markets may limit new supply in the next few years. However, based on the positive economic scenario, the hotel market is expected to recover by the end of 2010. Indeed, the latest international arrivals figures demonstrate the relatively better results for Turkey, compared to other European countries. United Nations World Tourism Organization (UNWTO) forecasts a growth in international tourist arrivals in Europe of between 1% and 3% in 2010.

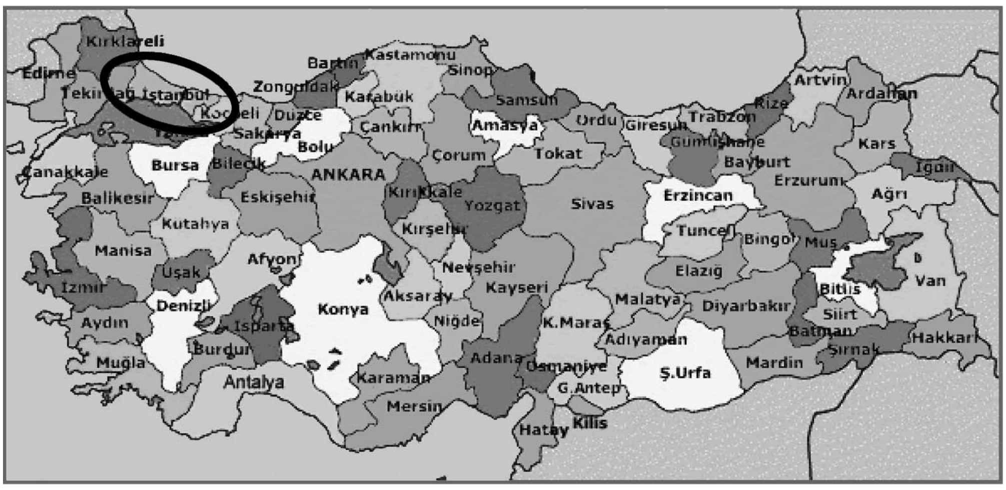
The number of arrivals is expected to increase in the future due to the country's accession into the EU, attention to international-level sports activities taking place in Turkey and potential MICE activities both international and domestic, particularly in major metropolitan cities.

İstanbul is one of the most demanded destinations for international MICE activities emanating from Europe and the Middle East (such as World Water Forum and IMF Summit 2009). Being European Capital of Culture in 2010 is an important opportunity for Turkey's promotion. These international organizations are expected to help the growth of the Turkish hotel market.

V. İSTANBUL GENERAL INFORMATION

İstanbul, the commercial and cultural capital of Turkey, is one of the most crowded metropolitan areas of the world with a total population of over 12.9 million.

Because of the geographically strategic location, İstanbul has direct control of the Turkish Straits that link the Black Sea and Aegean Sea. The city serves as a junction between the land and sea trade routes.



The city is located on two continents separated by the Bosphorus, one of the busiest straits of the world. The Bosphorus Bridge and Fatih Sultan Mehmet Bridge connect the Asian and European Sides. The European Side has mainly a commercial and residential character while the Asian Side is primarily residential. Two-thirds of the population resides in the European Side which also contains the central business districts of İstanbul, including the Maslak, Levent, and Zincirlikuyu areas.

A. Population

There are 39 districts in İstanbul. According to the ADNKS census in 2009, the population of İstanbul is 12,915,158, and the average population density is 2,486/sqkm in the province. 99% of the population lives in the urban areas.

The most crowded district is Bağcılar with a population of 724,268 (5.7% of total) and the least populated district is Adalar with a population of 14,341.

The population increase between 2008 and 2009 was 1.7% in İstanbul province. Male and female populations are approximately the same (98.8/100). People aged less than 35 years comprise 60% of the total population.

According to the 2009 Census, the populations of the districts are as set out below.

District	Population	District	Population
Adalar	14,341	Maltepe	427,041
Avcılar	348,635	Tuzla	181,658
Bağcılar	724,268	Ümraniye	573,265
Bahçelievler	576,799	Pendik	562,122
Bakırköy	218,352	Sarıyer	278,527
Bayrampaşa	269,425	Silivri	134,660
Beşiktaş	185,054	Sultanbeyli	286,622
Beykoz	244,137	Şile	28,325
Beyoğlu	244,516	Şişli	316,058
Büyükçekmece	171,222	Üsküdar	524,379
Çatalca	63,277	Zeytinburnu	290,147
Esenler	459,980	Arnavutköy*	175,871
Eyüp	331,548	Ataşehir*	361,615
Fatih	443,796	Başakşehir*	226,387
Gaziosmanpaşa	461,230	Beylikdüzü*	193,972
Güngören	311,672	Çekmeköy*	154,103
Kadıköy	529,191	Esenyurt*	403,895
Kağıthane	413,797	Sancaktepe*	241,233
Kartal	426,680	Sultangazi*	452,563
Küçükçekmece	674,795		
		Total	**12,915,158**

Source: Turkstat
Note: (*) New districts—April 2008.

B. Transportation

Transportation to İstanbul is provided by airways, railways, highways and seaways. TEM (Trans European Motorway) and D-100 (E-5) highways connect Asia and Europe via bridges over the Bosphorus and provide access to Ankara and other European cities.

There are two airports in İstanbul. Atatürk International Airport is located in Yeşilköy on the European side of the city approximately 25 kilometers from the city center (Taksim). Sabiha Gökçen International Airport is located in Kurtköy on the Asian Side of İstanbul 50 km away from city center.

İstanbul has three ports, namely İstanbul Port (Karaköy), Haydarpaşa Port and Ambarlı Port. Haydarpaşa and Ambarlı are freight, container and Ro-Ro ports, while İstanbul Port is a cruise port. Relocation of İstanbul Port is being considered and new port developments are planned in Bakırköy and Zeytinburnu.

The public transportation system within the city limits of İstanbul is comprised of various railway systems, funicular, bus network and maritime services.

The İstanbul maritime system operates on the shores of the Bosphorus and Marmara Sea. Ferryboats, car ferries and catamarans operate between 70 terminals.

The newly introduced Metrobus BRT (Bus Rapid Transit) system between Söğütlüçeşme on the Asian Side and Avcılar on the European Side provides transportation following the E-5 hHighway via Bosphorus Bridge. The metrobus line currently is 41 km and has 32 stations.

The railway transportation system of İstanbul is comprised of various suburban networks, light railway systems, metro and funicular systems. Railway transportation in İstanbul can be summarized as set out below.

Railway System	Type	Length (km)	Passenger Capacity
Şişhane—Atatürk Oto Sanayi	Metro	14.5	195,000 person / day
Aksaray—Atatürk Airport	Light Railway	19.6	240,000 person / day
Kabataş—Zeytinburnu	Tramway	13.2	245,000 person / day
Zeytinburnu—Güngören—Bağcılar	Tramway	5.2	40,000 person / day
Topkapı—Habibler	Tramway	15.3	150,000 person / day
Tünel—Karaköy	Funicular	0.5	13,000 person / day
Taksim—Kabataş	Funicular	0.64	30,000 person / day
Taksim—Tünel	Nostalgic Tramway	1.6	5,000 person / day
Kadıköy—Moda	Nostalgic Tramway	2.6	2,500 person / day
Maçka—Taşkışla	Cable Car	0.347	1,000 person / day
Eyüp—Piyer Loti	Cable Car	0.384	2,160 person / day
Sirkeci—Halkalı	Subway Train	30	13,000 person / hour
Haydarpaşa—Gebze	Subway Train	42	13,000 person / hour

In May 2004, construction of a long planned underwater Bosphorus rail crossing, referred to as “Marmaray” began. The project includes a 1.4 km İstanbul Strait crossing by tunnel between Yenikapı on the European side and Söğütlüçeşme on the Asian side. 41 stations and the upgrade of 63 km of suburban lines will create a 76.3 km high capacity line between Gebze and Halkalı. Intermediate stations will be built at Sirkeci and Üsküdar. An interchange station with İstanbul metro and light rail will be built at Yenikapı. Marmaray is expected to be completed in 2011 and to begin operating in 2012.

One of the major projects, under construction, Taksim-Yenikapı Metro line, will have a 5.2 km length, will cross the Golden Horn on a bridge and will proceed underground through the old city. Another, transportation project, Kadıköy-Kartal Light Railway Transportation system, will have a length of 22 km on the Asian side of İstanbul and is expected to be completed by the end of 2010.

C. Economy

Throughout history, İstanbul has been a strategic intersection between Europe, Asia and the Middle East, allowing trade to flourish. İstanbul boasts a young population, a dynamic private sector, regional connections and a developing infrastructure. It has been one of the major seaports of Turkey for imports and exports of traditional commodities such as textiles, tobacco, glass and leather.

The city is the dominant force in the Turkish economy providing 27.5% of gross value added (GVA) activities in 2006. İstanbul generated US$129 billion of GVA in 2006. Based on the current data, the share of İstanbul increased from 21% to 27.5% of Turkey’s GVA activity, between 2001 and 2006. Its share of industrial sector was 28.4% of the total Turkish industrial sector, while its share of the services sector wass 31.1% of the total Turkish services sector in 2006. The contribution of services, industrial and agricultural sectors to İstanbul’s total GVA was 70.6%, 29.1% and 0.3% in 2006, respectively.

İstanbul has the highest share in foreign trade with 54% and 56% of exports and imports of goods and services in Turkey, respectively. As of the end of 2009, the volume of exports had reached US$56 billion while the volume of imports amounted to US$79 billion.

Many of Turkey’s manufacturing industries and commercial sectors are concentrated around İstanbul, with large developments at the borders of the city, within İzmit and Gebze Organized Industrial Zones. The original industrial zones of İstanbul were concentrated within the city. Currently, large scale manufacturing plants are located on the TEM Highway and toward the outskirts of the city.

The city never played a dominant role in agricultural activities, but it is the largest consumer of agricultural goods in the country.

İstanbul is the financial capital of the country with 35% of bank deposits collected and 33% of credits used in the city. The headquarters of major local banks and insurance companies are located in İstanbul.

Along with the industry, insurance and banking companies, major corporations and multinational firms in the city drive the nation's economic life.

As of the end of September 2008, İstanbul accommodated 53% of all FDI firms in terms of number of firms. Furthermore, İstanbul has 94% of FDI in terms of the amount of equity capital in 2006 (US$16.7 billion) (Turkish Treasury).

İstanbul plays an important role in the tourism sector with meeting, conventions, exhibitions and congresses in the last a couple of years. İstanbul accommodates approximately 5 million foreign visitors per year.

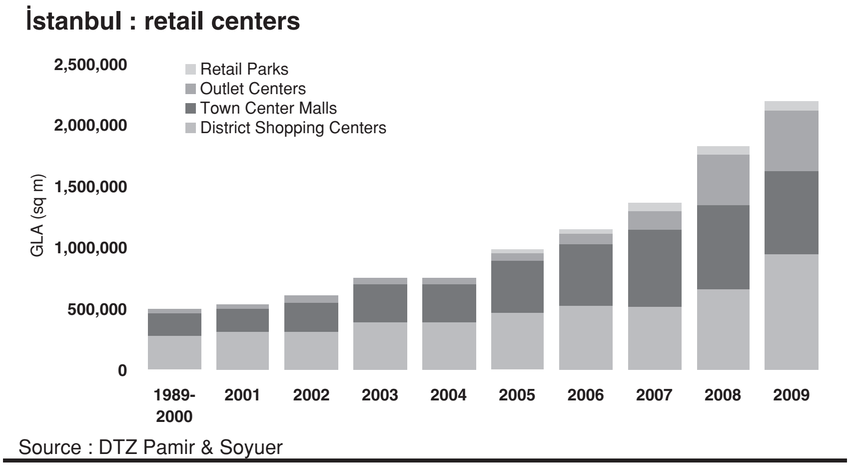
Economic Indicators	İstanbul	Turkey
GDP per capita (US$, 2006)	10,352	8,385
GDP per capita PPP (US$, 2001)	8,752	8,616
Unemployment rate (%, 2008)	11.2	11.0
Total export volume (billion US$, 2007)	59	107
Total import volume (billion US$, 2007)	97	170
Export volume per person (US$, 2007)	7,837	2,409
Import volume per person (US$, 2007)	4,714	1,520
Total bank deposit (billion US$, 2008)	148	348
Total banking loan (billion US$, 2008)	88	280
Number of cars per 1,000 person (2008)	139	95

Source: Turkstat.

VI. İSTANBUL RETAIL MARKET

A. Supply

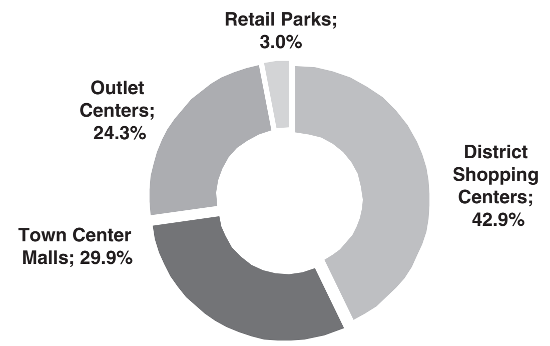
Total retail supply in İstanbul reached 2.2 million sqm in 79 centers by the end of 2009. The İstanbul retail market accounts for 41% of total retail supply in Turkey. The figure below shows the cumulative gross leasable areas of retail supply in İstanbul by types for the years indicated.



In the first half of 2010, town center malls continue to dominate retail supply with a share of 44%. District shopping centers constitute 31% of total supply. However, the share of outlet centers increased from 10% to 22% since the end of 2008, due to new openings and the conversion of district shopping centers to outlet centers.

Shopping Center	GLA (sqm)
District Shopping Center	1,008,261
Town Center Malls	682,783
Outlet Centers	495,800
Retail Parks	70,000
Total Supply	**2,256,844**

İstanbul : retail centers (total supply by type, as of 2010 H1)

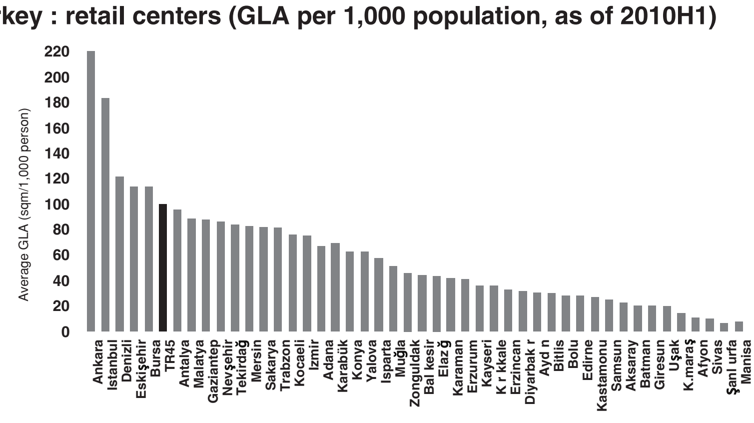


Source : DTZ Pamir & Soyuer

As of year-end 2009, approximately 366,000 sqm of additional supply was delivered to the İstanbul retail market, representing an increase of approximately 20% in 2009. Merter Meydan, 212 Power Outlet, Forum İstanbul, NeoMarin and Pendorya commenced operating in 2009.

As of June 2010, the average GLA per 1,000 inhabitants is 172 sqm in İstanbul, which is quite above the country average (75 sqm/1,000 inhabitants).

Turkey : retail centers (GLA per 1,000 population, as of 2010H1)



Source : DTZ Pamir & Soyuer
Note :TR45 represents the 45 provinces in Turkey (out of a total of 81) having retail centers.

B. Rents

In the first half of 2010, retail rent values in İstanbul range between US$60–100/sqm/month in town center malls, between US$30–60/sqm/month in district shopping centers and between US$15–30/sqm/month in outlet centers.

C. Pipeline

As of June 2010, 1.2 million sqm new retail schemes are under construction in İstanbul, representing 40% of the total supply in Turkey. In addition, approximately one million sqm of additional supply is in the planning stage. By the year 2012, total supply is expected to reach 3.3 million sqm with under construction developments. It is expected to reach 4 million in the next five years, considering planning developments.

Major projects that are under construction or in the planning stage are set out below.

Major Retail Centers in Pipeline (under construction, over 50,000 GLA)

Retail Center	Location	Opening	GLA (sqm)
Marmara Forum (Carrefour Merter)	İstanbul	2011	156,000
Torium	İstanbul	2010	97,607
Ispartakule Shopping Center	İstanbul	2010	85,000
Zorlu Center	İstanbul	2012	75,000
Akkoza	İstanbul	2011	65,600
Ora	İstanbul	2010	65,176
Beylikdüzü Shopping Center	İstanbul	2011	60,000
Total (İstanbul)			**1,172,322**

Major Retail Centers in the Planning Stage (planning, over 50,000 GLA)

Retail Center	Location	Opening	GLA (sqm)
Mall of İstanbul	İstanbul	na	139,500
Ancora Istanbul	İstanbul	na	115,520
Marmara Park	İstanbul	2012	100,000
Emaar Libadiye	İstanbul	2013	95,000
Akasya	İstanbul	2012	78,000
Forum TEM	İstanbul	na	71,000
Neocity Bahçeşehir	İstanbul	2011	65,000
Total (İstanbul)			**1,061,668**

Note: "na" indicates that the expected date of opening is not available from the developer.

VII. İSTANBUL OFFICE MARKET OVERVIEW

Throughout history, İstanbul has been a strategic intersection between Europe, Asia and the Middle East, allowing trade to flourish. The city is the dominant force in the Turkish economy providing 27.5% of GVA activities. İstanbul was the most dominant city in Turkey, contributing US$129 billion GVA in 2006 (Turkstat).

According to the employment structure by sectors, services have the largest share in İstanbul by 60%, considerably higher than the national average. Most of the branches of major multinational and domestic service companies especially banks, insurance and other financial companies, are located in İstanbul. By the end of 2006, İstanbul accommodated 29.7% of the banks and 26.7% of the insurance companies in Turkey.

İstanbul accommodates approximately 55% of all FDI firms in terms of number of firms. Furthermore, İstanbul has 94% of FDI in terms of the amount of equity capital in 2006. İstanbul ranked first among Turkish cities, with US$16.7 billion of FDI (Turkish Treasury).

Major commercial areas of İstanbul have always been located on the European side. Starting from the second half of the 1980s, the Beşiktaş—Zincirlikuyu—Levent—Maslak axis, located further north along Büyükdere Caddesi, became the center of new office developments. Alternatively, new office locations recently developed on the Asian side are the Altunizade, Kozyatağı and Ümraniye areas.

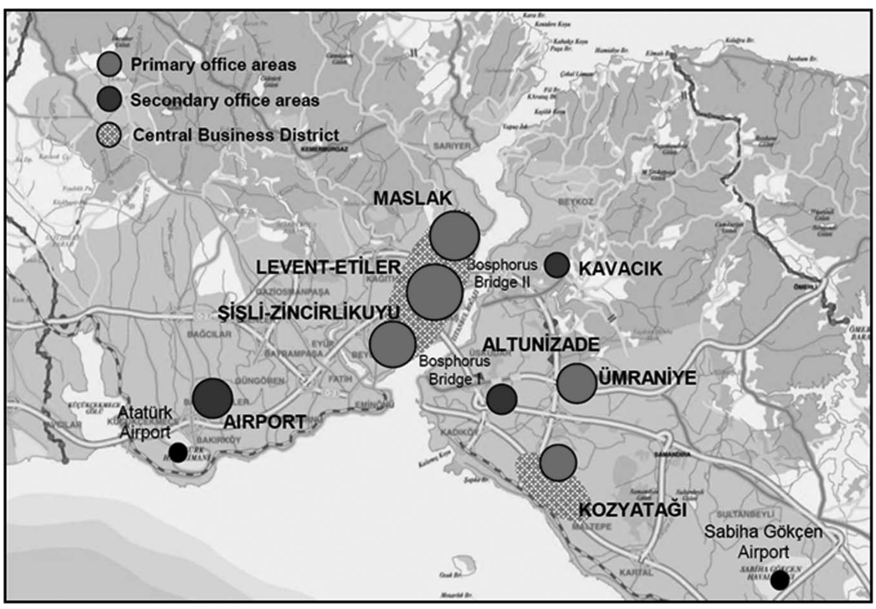
A. Main Locations

Primary office locations are located in the Maslak, Levent-Etiler and Şişli-Zincirlikuyu regions along the Büyükdere axis of the CBD on the European side. The Airport Region is another office location, as a secondary area, in the European side.

Kozyatağı and Ümraniye are primary office locations while Altunizade and Kavacık are secondary office areas on the Asian side. Ümraniye has become an especially attractive region for built-to-suit developments by multinational tenants requiring long lease terms.

Major advantages of relocating to the Asian side are proximity to residential areas which are predominantly located on the Asian side of İstanbul, avoiding the rush hour traffic in crossing the Bosphorus, lower sale and rent values, increased opportunities to locate single-user buildings due to the zoning provided in these areas and ease of access to production facilities for companies operating in the industrial and production sector.

Primary and Secondary Office Areas in İstanbul

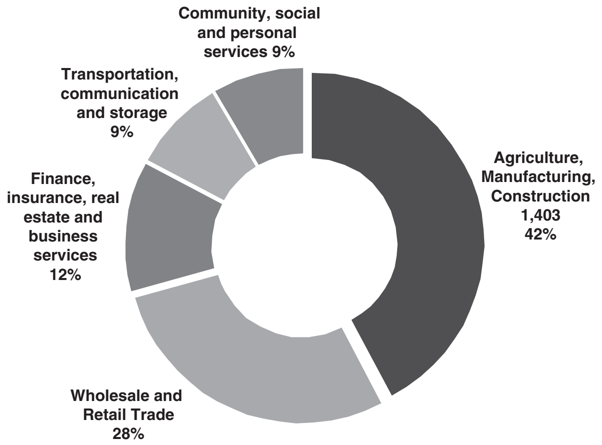


B. Demand

While the finance sector is concentrated on the European side, manufacturing, medical or consumer products, and transportation companies prefer to be located on the Asian side. However, large corporate clients and multinationals still prefer main CBD locations, especially on Büyükdere Street from Mecidiyeköy to Maslak.

The main office occupiers mostly emanate from the business services sectors, including financial, banking, information technology, professional and legal services. These sectors have a share of approximately 12% of total employment in İstanbul.

İstanbul : Employment Structure by Sectors (2006)



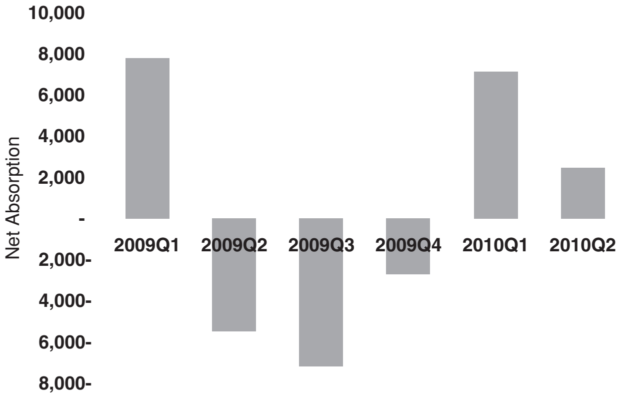
Source: TURKSTAT

The credit crisis had a negative impact on the rental growth of the office market. The İstanbul office market witnessed a slowdown in occupier activities starting in the final quarter of 2008. Global uncertainty caused a slowdown in demand from the business services sector, particularly the finance, insurance and banking sectors.

The adverse impact on demand continued during 2009. In response to deteriorating financial conditions, international companies started to reduce their space requirements to minimize costs and downsize their business activities.

Since 2005, a trend of decreasing office space absorption has been observed. This relatively low absorption level arises mainly from a deficit of quality space. The average office space absorption in the main office areas ranged between 60,000–100,000 sqm between 2004 and 2008. A slight improvement started to be observed in the first half of 2010. This trend is expected to continue with delivery of new supply by the end of the year.

İstanbul CBD : Grade A Office Space Net Absorption



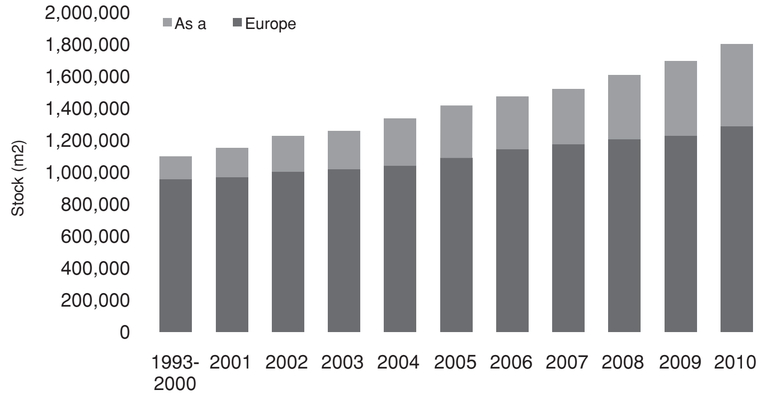
Source: DTZ Pamir & Soyuer

C. Supply

Total Grade A office supply reached approximately 1.8 million sqm in the primary office regions in the first half of the 2010. Total office supply on the European and Asian sides is 1,297,000 sqm and 475,000 sqm, respectively. Total Grade A office supply is estimated to be 2.3 million sqm, including secondary office areas.

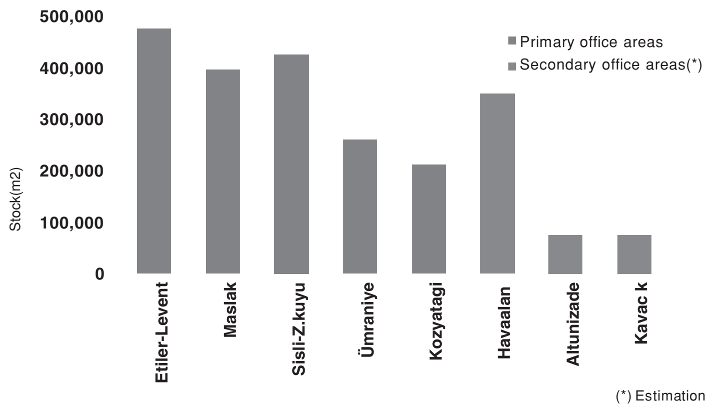
For secondary office areas, it is estimated that the Airport region has approximately 350,000 sqm of office supply while Altunizade and Kavacık have approximately 75,000 sqm of office supply on the Asian side, respectively.

İstanbul : Grade A Office Supply Growth



Source: DTZ Pamir & Soyuer

İstanbul CBD A Grade Office Supply (by regions)



Source: DTZ Pamir & Soyuer

D. New Supply and Pipeline

A limited amount of new supply was delivered to the market in 2009. Some pipeline and planning schemes were postponed due to a lack of financing, related to the global financial crisis. Approximately 170,000 sqm of new supply is expected to be added to existing inventory in the next five years.

Secondary office areas are maintaining their attractiveness for new office developments due to land availability and relatively lower land prices. Ümraniye has already developed as a new office sub-center with relatively well-developed infrastructure, especially for built-to-suit developments. Approximately 190,000 sqm of new supply will be added to existing stock in Ümraniye. Kartal on the Asian side and Kağıthane on the European side are becoming alternative sub-centers with urban regeneration projects.

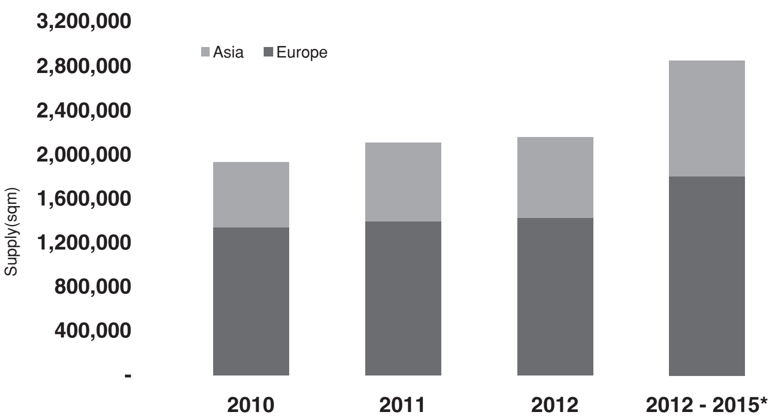
Some major pipeline developments which are expected to be completed in near term are set out below. However, the exact amount of development will depend on economic conditions and business confidence.

Building	Rentable Office Area	Location	Year
European Side			
Tekfen—OZ Building	7,500	Levent	2010
Eczacıbaşı Building	9,500	Levent	2010
Opel Gerçek	14,000	Levent	2011
Trump Towers	35,000	Şişli	2011
Kapital Building	10,000	Maslak	2010
Zone Tower	11,795	Maslak	2010
Diamond of İstanbul	16,000	Maslak	na
Atomim Plaza	10,435	Maslak	na
Total (Europe)	**114,230**		
Asian Side			
Üçem Plaza	25,000	Kozyatağı	na
Büyükhanlı Building	16,978	Kozyatağı	na
Akkom	89,700	Ümraniye	2010
Doruk	32,300	Ümraniye	2010
Buyaka	69,369	Ümraniye	na
Total (Asia)	**233,347**		

Note: "na" indicates that the expected year of completion is not available from the developer.

Approximately 350,000 sqm of new developments are already in the planning stage. Total Grade A office supply is estimated to exceed 2.8 million sqm in the primary areas in the next five years, considering planning schemes.

İstanbul : Future Office Market Supply



Source: DTZ Pamir & Soyuer

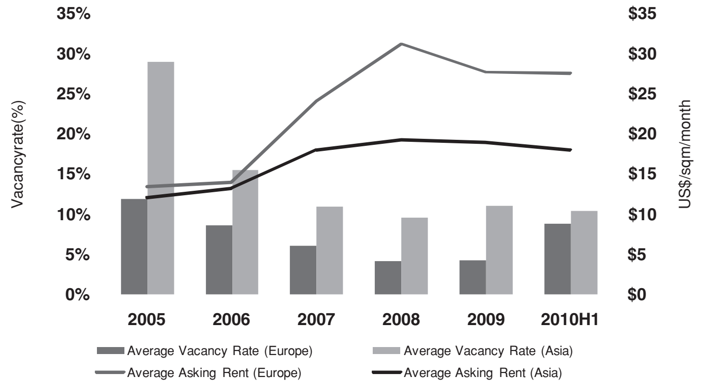
Note: (*) Estimation based on planning stage developments.

E. Rental Level and Vacancy Rates

The İstanbul office market witnessed a slowdown in rentals from the last quarter of 2008, in line with the negative impact of the global financial crisis. Tenants with higher rental rates compared to the current market rent required re-negotiation or they preferred to relocate to areas with relatively lower rental rates. This trend caused a decrease in rents not only in the CBD, but also in secondary office areas.

Prime rents decreased to US$32/sqm/month on the European side and US$19/sqm/month on the Asian side in the first quarter of 2010 and no change was observed in the second quarter.

İstanbul CBD Grade A Office Trends



Source: DTZ Pamir & Soyuer

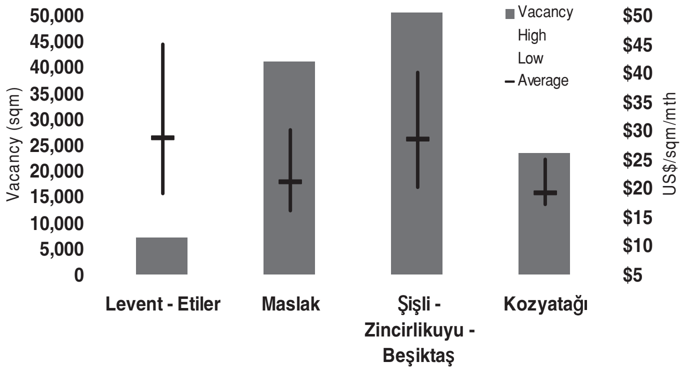
The Levent—Etiler region still has the highest average asking rent. The average asking rents decreased from US$32.9/sqm/month at year-end 2009, to US$28.5/sqm/month in the first quarter of 2010. Lack of available office space still continues and the vacancy rate stands at 1.5%.

In the Maslak region, average asking rents decreased from US$21/sqm/month to US$17.7/sqm/month. The vacancy rate increased from 8.4% to 10.4%.

In the Şişli—Zincirlikuyu—Beşiktaş region, average asking rents decreased to US$26.6/sqm/month from US$28/sqm/month while the vacancy rate increased to 15%.

No significant change was observed in Kozyatağı. The average asking rent is US$18/sqm/month and the vacancy rate is 9.5%.

İstanbul CBD Grade A Office Market Vacancy & Rents (2010Q1)



Source: DTZ Pamir & Soyuer

F. Outlook

In response to deteriorating financial conditions in 2009, international companies started to reduce their space requirements in order to minimise costs. In addition, tenants continue to seek for new opportunities to benefit from the lower rental levels. This trend is expected to continue until the end of 2010.

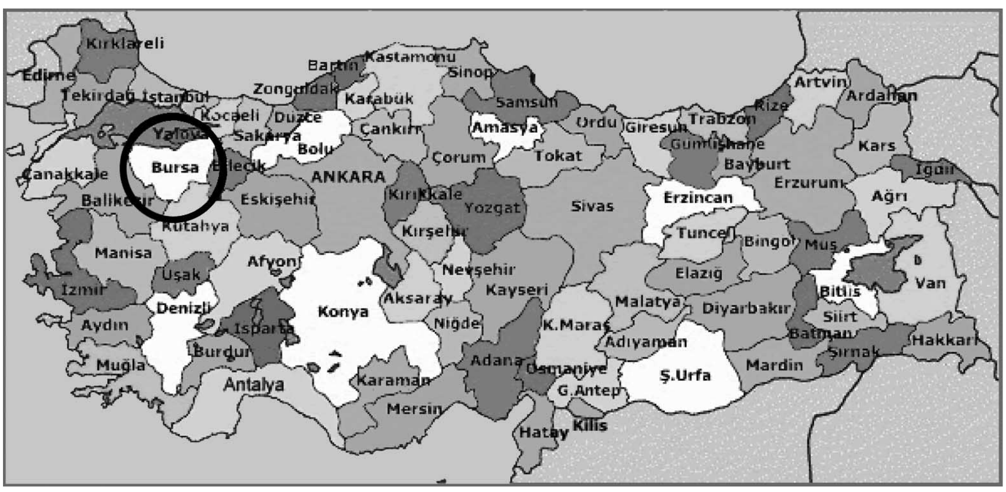
Secondary areas maintain their attractiveness to the occupier market. Banks in particular tend to relocate their back office facilities to secondary office areas which offer lower rents and larger office space.

On the development market, converted spaces (B or C Grade office spaces from residential apartments) will limit the growth of new modern office space. However, peripheral areas will gain more importance as new office sub-centers. The suburbanization of Grade A office areas will continue in the next few years.

VIII. BURSA GENERAL INFORMATION

Located in the Marmara Region, Bursa is the fourth largest province of Turkey. With a history dating back to 2500 BC, Bursa has been under the rule of many civilizations until it became the first capital of the Ottomans in 1335. Today, Bursa is one of the industrial and commercial centers of Turkey.

Bursa Province is located in the Marmara Region, along Marmara Sea. Neighbouring provinces are Balıkesir to the west, Kütahya to the south, Bilecik and Sakarya to the east, Kocaeli to the northeast and Yalova to the north.



The total land area of Bursa province is 10,422 sqkm, which represents 1.4% of Turkey. Fertile plains, which cover 17% of the total area, are in the north and Uludağ Mountain, with a height of 2,543m, is located in the south of metropolitan Bursa.

A. Population

The province of Bursa is comprised of 17 districts. The central districts of Nilüfer, Osmangazi, Yıldırım, Mudanya, Gemlik, Gürsu and Kestel comprise the main municipal area of Bursa.

According to the 2009 Census, Bursa province has a total population of 2.55 million and is the fourth largest city of Turkey in terms of population, with a share of 3.5% of Turkey's population. Approximately 2.25 million people, or 88% of the population, live in the urban areas.

According to the 2009 Census, the annual population growth rate of Bursa was recorded as 2.55% and 1.69% for 2008 and 2009, respectively. The number of people per square kilometre (population density) was 245/sqkm in 2009 while compared to 204/sqkm in 2000.

According to the 2009 Census, the populations of the districts are as set out below.

Districts	Total	Urban	Rural
Osmangazi	765,728	752,155	13,573
Yıldırım	603,100	602,505	595
Nilüfer	282,991	269,371	13,620
İnegöl	215,375	161,541	53,834
Gemlik	99,234	90,834	8,400
Mustafakemalpaşa	101,800	57,097	44,703
Orhangazi	75,127	54,319	20,808
Gürsu	55,155	52,333	2,822
Karacabey	78,824	51,907	26,917
Mudanya	68,954	49,805	19,149
Kestel	47,709	37,282	10,427
Yenişehir	51,420	29,275	22,145
İznik	44,756	22,574	22,182
Orhaneli	23,992	7,934	16,058
Harmancık	7,994	4,076	3,918
Keles	15,242	3,681	11,561
Büyükorhan	13,244	3,285	9,959
Total	**2,550,645**	**2,249,974**	**300,671**

Source: Turkstat.

Bursa has a young population. According to the 2009 Census, 57% of the total population of Bursa was under 35 years old.

According to the 2000 Census, the average size of households in Bursa was 3.9. This number is lower than Turkey's average, which is 4.3. In terms of the number of households, approximately half of the total households were comprised of three or four people while households with one or two people had a share of 20% of total households.

It is assumed that average household size decreased to 3.6 between 2000 and 2009. Accordingly, the total number of households is estimated to reach approximately 710,000 in 2010.

B. Transportation

Bursa is located at the junction of main roads providing access from İstanbul to other Anatolian cities. Main roads connecting major cities, such as İstanbul—Balıkesir—İzmir, Eskişehir—Balıkesir, Balıkesir—Kocaeli, pass through Bursa. Bursa has a 65 km highway connection (*Bursa Highway—O33*) between Mudanya and İnegöl.

Access to Bursa is provided by intercity roads. The Ankara—İzmir Road passes through the west-east axis and İstanbul Road expands towards north. The Ankara—İzmir Road provides both intercity and inner city. Since completion of Bursa Highway in 2006, The Ankara—İzmir Road currently serves mainly inner city traffic.

Seaway transportation is provided by fast ferries between Bursa (Güzelyalı) and İstanbul (Yenikapı). Another seaway line is between Bursa (Armutlu) and İstanbul (Yenikapı-Bostancı).

Bursa Yenişehir Airport was opened in 2000. It is 56 km away from the city center and it has a 1,500,000 passenger/year capacity. Currently, the number of flights and destinations are limited.

Bursa Yenişehir Airport Passenger Traffic

Year	Domestic	International	Total
2007	39,702	12,022	51,724
2008	64,902	10,560	75,462
2009	60,234	13,880	74,114

Source: General Directorate of State Airports Authority.

In terms of public transport, municipality and privately owned buses and minibuses connect all settlements to the city center.

Bursa has a light rail system called Bursaray which consists of 2 lines (Line 1-Mudanya and Line 2-İzmir) with a total length of 22 km and 23 stations, five of which are underground. The first phase started to operate in 2002 and the second phase was opened in 2008. Currently, daily passenger capacity is 267,000.

C. Economy

In terms of GDP, Bursa ranked fifth after İstanbul, Ankara, İzmir and Kocaeli, with a share of 3.65% of the total GDP in 2001. Bursa's share of Turkey's GDP fluctuated between 3.5% and 4.3% between 1990 and 2001.

GDP figures by provinces have not been available since 2001. The latest GDP figures have been published by region for 2004 - 2006. Based on the current data, the share of Bursa region (together with Eskişehir and Bilecik) increased from 6.3% to 6.6% in Turkey's GVA activities, between 2004 and 2006. Total GVA of the region reached US$44.4 billion in 2006.

In terms of total GVA, Bursa region ranked third in 2006, after İstanbul and Ankara. Its share of the industrial sector was 10.1% of the total Turkish industrial sector, while its share of the services sector was 5.4% in total Turkish services sector in 2006.

The contribution of services, industrial and agricultural sectors to total GVA of Bursa region was 50.7%, 42.8% and 6.4% in 2006, respectively.

According to the latest regional data, per capita GVA in Bursa region reached US$9,777 in 2006 and the region ranked third in Turkey.

Bursa's economy is based on automotive and textile sectors. Bursa houses three automotive plants, which are Oyak-Renault, Tofaş-Fiat and Karsan-Peugeot plants. Also various automobile parts and accessories are manufactured in Bursa. According to 2009 figures, Bursa produced 73% of passenger cars and 76% of various size trucks in Turkey. Bursa constituted 62% of total vehicle production in Turkey. The export value of the Turkish automotive sector in 2009 was approximately US$6.3 billion of which approximately 70% was from Bursa.

The traditional textile sector is another driver of the Bursa economy. Today, the textile sector has a wide range of productions, from synthetic fiber to ready-to-wear clothes. Currently around 8,000 plants of various sizes operate and provide work for approximately 60,000 people in Bursa. The total export value of the textile and fiber sectors in 2009 was approximately US$1.35 billion in Bursa.

Agriculture is another major line of work in Bursa. The total cultivated area of the province is 430,975 hectares. Olives, grapes, vegetables, potatoes, fruits and various grains are the major agricultural products. Of Bursa's agricultural revenue, 25.6% is from fruit products, 25.5% is from animal products and 22% is from vegetable products.

The results of the 2003 General Census of Industry and Business Establishments show that with 78,278 establishments, Bursa has 4% of the total establishments in Turkey. According to Bursa

Chamber of Commerce and Industry records, Bursa accommodates approximately 30,000 industrial establishments and 48,000 commercial establishments.

Bursa has 13 organized industrial zones of which two are being developed. The total size of the 13 OIZs is 3,156 hectares, accommodating 1,421 industrial facilities and employing 102,500 people.

In terms of employment, the share of people employed in the industrial sector is 46% while the share employed in the services sector is 45% in Bursa. However, the share of the agriculture sector and the construction sector was 5% and 4%, respectively. The unemployment rate was 10.3% in 2009.

In terms of FDI, Bursa ranked sixth with 494 FDI companies, as of the end of June 2010.

Bursa also is a major tourist destination in Turkey, famous for its historical buildings dating back to the Ottoman Empire as well as the well-known ski resort of Uludağ.

Economic Indicators	Bursa	Turkey
GDP per capita (US$, 2006)	9,377	8,385
GDP per capita PPP (US$, 2001)	na	8,616
Unemployment rate (%, 2008)	10.8	11.0
Total export volume (billion US$, 2007)	9.1	107
Total import volume (billion US$, 2007)	7.6	170
Export volume per person (US$, 2007)	3,709	2,409
Import volume per person (US$, 2007)	3,127	1,520
Total bank deposit (billion US$, 2008)	148	348
Total banking loan (billion US$, 2008)	88	280
Number of cars per 1,000 person (2008)	98	95

Source: Turkstat.

IX. BURSA RETAIL MARKET

A. Supply

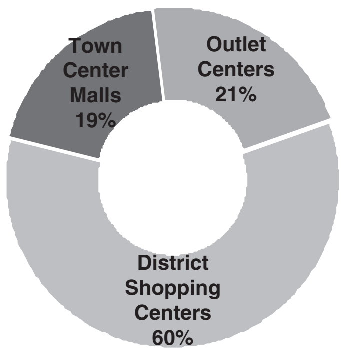
The modern shopping center concept was introduced in Bursa with the opening of Zafer Plaza in 1999. Today there are nine shopping centers, including İkea (a part of Anatolium Shopping Center), in Bursa with a total gross leasable retail area of 290,227 sqm. Bursa has 5% of the total stock in Turkey.

Shopping Center	Opening	Location	GLA (sqm)
Zafer Plaza	1999(1)	City Center	23,482
As Merkez	2000(2)	Yalova Road	44,500
Real Bursa	2000	Yalova Road	20,200
Carrefour Bursa	2001	İzmir Road	38,758
Magazine Outlet	2006	Nilüfer	14,444
Korupark	2007	Mudanya Road	71,267
Kent Meydanı	2008	City Center	26,076
İkea (Anatolium)	2008(3)	Yalova Road	24,000
Nilpark	2009	İzmir Road	12,000
Total			**290,277**

Notes:
(1) Zafer Plaza was renewed and expanded in 2008
(2) As Merkez was converted to outlet center in 2009
(3) İkea is an anchor stores of Anatolium which opened in September 2010.

District shopping centers dominate the market representing 59% of total supply, followed by town center malls with a share of 19%. Outlet centers recorded a significant increase with the conversion of Asmerkez to an outlet centers. It has contributed to outlet center supply increasing to 21% from 6%.

Bursa shopping centers (by categories, as of June 2010)



Source : DTZ Pamir & Soyuer

As of the end of 2009, the average GLA per 1,000 inhabitants was 107 sqm in Bursa. Bursa ranks fifth, in the upper range of the country average (74 sqm/1,000 inhabitants).

B. Rents

Retail rent values in Bursa range between US$30–70/sqm/month in district shopping centers and between US$15–25/sqm/month in outlet centers.

C. Pipeline

Total shopping center supply in Bursa is estimated to reach approximately 410,000 sqm by 2012. Information on pipeline developments is set out below.

Bursa Shopping Centers

Shopping Center	Opening	Location	GLA (sqm)
Anatolium*	2010	Yalova Road	83,840
Blue Lotus	2011	Nilüfer	23,000
Carrefour Bursa Extention	na	İzmir Road	12,169
Total			**119,009**

Note : As an anchor store, Ikea having 24,500 sqm GLA was opened in 2008. Anatolium Shopping Center was opened in September 2010.

OUR BUSINESS

Overview

We are one of the leading shopping mall developers in Turkey. We are primarily focused on the development of and investment in large scale (GLA 40,000 to 79,999 sqm) to very large scale (GLA of 80,000 sqm or greater) tailored retail formats in İstanbul and other major cities and tourist destinations in Turkey. Our Property Portfolio includes a diverse range of shopping mall projects, in terms of geographic location, size, design and mix of retail and non-retail offerings. We believe that the success of shopping mall projects in Turkey will increasingly depend on the ability to develop tailored projects that integrate with evolving neighborhood trends. We anticipate increasing our focus on retail-based mixed-use projects that combine substantial retail space with entertainment, social, residential, hotel or other facilities, tailored to the project location in light of urban development and demographic trends. We have implemented this "life center" concept in our Korupark Shopping Mall and Residences development, in our Torium İstanbul shopping mall (which is scheduled to open in October 2010), as well as in the design of our Mall of İstanbul project, which we anticipate will be one of the largest shopping centers in Europe by GLA upon expected project completion in 2013. We also pursue non-retail projects on a selective basis in established markets, such as large residential housing projects, hotels and office and marina developments which offer attractive returns on investment, income diversification and other benefits.

The Torunlar Group has a long history of active involvement in the Turkish real estate industry, beginning in the construction sector in 1977, expanding into real estate development and investment in 1996 and creating a REIC in 2008. Our extensive experience in the Turkish real estate industry gives us unique insight into urban development and demographic trends, consumer preference patterns in our local target markets and an extensive network of contacts that enables us to source attractive sites. Our established relationships with local municipalities, developers, vendors and other industry participants provide us with access to land sites in both on- and off-market transactions and an array of other development opportunities unavailable to international developers, as well as access to an extensive network of brand name domestic and international retailers for our shopping malls and a broad customer base for our residential developments. In addition, we benefit from the Torunlar Group's established reputation in the Turkish marketplace and believe that our tenants and customers, and other participants in the Turkish real estate market, attribute to us the quality associated with the Torunlar name.

We are involved in all stages of project development and management, including sourcing and land acquisition, project financing, permitting, zoning, design, construction oversight, sales and marketing. We use our extensive local deal sourcing capability and knowledge of the Turkish real estate industry to acquire the most attractive sites and develop our projects using world class architectural and design concepts in accordance with international best practice and safety standards. We actively observe changing global trends in retail formats and aim to tailor evolving international retail formats for the Turkish marketplace. We continue to engage in the overall asset management of our shopping malls following project completion, including managing tenant mix and rents, structuring leases, implementing refurbishments and extensions and other activities designed to maximize foot traffic, occupancy levels and rental income from our shopping malls.

As of the date of this offering memorandum, our Property Portfolio consisted of direct or indirect investments in six completed projects (including Nishİstanbul which completed construction of three of its four blocks in September 2010), one ongoing project (Torium İstanbul, which is scheduled to open in October 2010), six projects in the development pipeline and one Land Bank property. As of June 30, 2010 our Property Portfolio had an appraised GAV of US$1.64 billion based on valuations conducted by DTZ. See "*Risk Factors—Risks Related to Our Business and Industry—Property valuation is inherently subjective and uncertain*" and "*Annex A—DTZ Report.*" As of June 30, 2010, the total GLA of our operational properties (based on our economic ownership) was 122,085.48 sqm (or approximately 28.9% of our total GLA) and the total anticipated GLA of our not yet operational, ongoing and pipeline projects was 300,702.7 sqm (or approximately 71.1% of our total GLA). Upon completion of NishİIstanbul and the opening of Torium İstanbul, approximately 60% of our Property Portfolio, measured by reference to GAV, will consist of operational properties. As of June 30, 2010, our total GSA in inventory was 34,842 sqm (or 13.1% of our total GSA) and the total anticipated GSA of our projects not yet operational (including NishİIstanbul), under construction or in development was 232,068 sqm (or 86.9% of our total GSA).

For the six months ended June 30, 2010 and for the years ended December 31, 2009, 2008 and 2007 our net revenues amounted to TL 49.9 million, TL 120.2 million, TL 134.8 million and TL 43.1 million, respectively, and our EBITDA amounted to TL 28.9 million, TL 71.7 million, TL 62.7 million and TL 8.6 million, respectively. See "*Presentation of Financial and Other Information*" and "*Operating and Financial Review—Key Operating Measures—Non-IFRS Operating Measures*."

We are organized as a real estate investment company, or REIC, under the laws of Turkey. As of June 30, 2010, we had 36 employees. Our corporate headquarters are located in İstanbul.

Competitive Strengths

Leading real estate developer and investor in Turkey

We are one of the leading retail-focused real estate developers and investors in Turkey and expect to be one of the largest listed retail-focused REICs in Turkey following the global offering. This position gives us numerous strategic advantages in all aspects of the real estate development and investment process, including in connection with bidding for land in public tenders run by local municipalities, in which a developer's track record in Turkey can be a key factor in being awarded the tender (e.g., the Samsun Shopping Mall). Our primary focus is on the development and asset management of large to very-large scale, best-in-class, shopping centers in prime urban locations. As of the date of this offering memorandum, our Property Portfolio comprised 14 properties with a total GAV as of June 30, 2010 of approximately US$1.64 billion, including four operating shopping malls and one shopping mall, Torium İstanbul, scheduled to open in October 2010, and comprised operational and planned retail total GLA (based on our economic ownership) as of June 30, 2010 of 396,463.22 sqm. Our project pipeline includes three shopping mall projects in prime locations, including our Mall of İstanbul project which we anticipate will have total GLA of approximately 139,500 sqm upon completion, as well as mid-scale investments in under-penetrated locations. In addition to shopping malls, which as of June 30, 2010 comprised approximately 73% of our Property Portfolio by GAV, our portfolio includes mixed-use developments in high-growth residential, office, hotel, marina and other sectors, as well as undeveloped land available for future developments.

Established track record of real estate development

We have a long history of active involvement in the Turkish real estate industry, first in the construction sector beginning in 1977 and later expanding into real estate development and investment in 1996. Over our history, we have consistently demonstrated our strategic and execution capabilities and have an established reputation as one of the leaders in designing and developing shopping malls in Turkey. Our know how provides us with numerous strategic advantages which turn on the unique combination of our deep local knowledge of the Turkish real estate market and our broad exposure to advanced international standards of project design and construction. Our experience affords us invaluable knowledge about all stages of the development cycle, including land sourcing, financing and cost structure, permitting, design, construction and marketing. We have the reputation and contacts to obtain access to attractive local sites combined with the commitment to apply a high level of international architectural, design and safety standards in our projects. We aim to tailor evolving international retailing concepts in light of our knowledge of urbanization trends and preferences in our target Turkish markets. We benefit from a high quality international and local tenant base in our shopping malls.

Proven history of successful asset management

We are directly and actively involved in the asset management of our shopping centers after they become operational, including through managing tenant mix, occupancy, structuring leases, implementing rent discounts where necessary and through other means designed to maximize foot traffic and occupancy levels of our shopping malls. We refurbish or extend the shopping malls in our portfolio to accommodate increased demand or changing tenant or customer design preferences. For example, in 2006 we extended Ankamall from 53,473.90 sqm of GLA to 104,777.93 sqm of GLA and developed a new hotel next to the mall, and in 2009 increased the GLA of Zafer Plaza from 20,700 sqm to 23,482 sqm. We are also planning to extend Deepo Outlet Center by 26,651 sqm of GLA in 2012. Our dynamic approach to asset management is also exemplified by the strategies we adopted across all segments of our business which helped us successfully navigate through the global economic recession. Our overall strategy was to maximize rental income while maintaining the long-term position of our shopping malls by keeping occupancy rates high. These strategies included providing fixed exchange rates to replace indexed exchange rates on a temporary basis to shopping mall tenants, providing base rent discounts to existing tenants in exchange for increasing the proportion of rental payments dependent on their sales turnover, increased monitoring of tenants, improving cooperation with our primary commercial lending banks in order to initiate housing loans for potential residential buyers, providing company financing to eligible purchasers of our residential units, focusing on the less capital intensive stages of project development (such as obtaining zoning and construction permits) and exploiting our solid financial position to continue to develop projects, including Nishİstanbul and Torium İstanbul, throughout the crisis while many other developers in Turkey postponed similar projects.

Excellent growth potential supported by solid financial structure

Our project pipeline and solid financial structure position us well for future growth. As of June 30, 2010, our project pipeline and land available for future development projects collectively accounted for approximately 53% of our Property Portfolio by GAV. As of the date hereof, our projects under construction or in development include two large to very large scale mixed-use shopping mall projects (including Torium İstanbul, which is scheduled to open in October 2010) with anticipated total GLA of 234,800 sqm and GSA of 116,318 sqm, one shopping mall project in Samsun with an expected GLA of 5,977.2 sqm, the expansion of the Deepo Outlet Center to include additional GLA of 26,651 sqm, one large residential housing project and one large mixed-use residential and office project with anticipated GSA of 103,236 sqm and GLA of 22,321.5, and one hotel, and our Land Bank consists of 60,833 sqm of land (all figures based on our economic ownership). We intend to continue to replenish our project pipeline with new and attractive development opportunities and to pursue rental growth by increasing rental rates upon lease expiry and through other asset management initiatives, such as refurbishments and extensions of our shopping malls.

Our solid financial position should continue to help us to maximize our growth potential. As of June 30, 2010, our LTV ratio (based on DTZ June 30, 2010 GAV) was 19.0%, we had outstanding indebtedness of TL 761 million and cash and cash equivalents of TL 262 million. Our funding policy is to limit our maximum loan-to-value ratio to 40% and the covenants to which we are subject in our primary lending arrangements are relatively unrestrictive. Our solid financial position allowed us to continue development activities during the recent financial crisis, such as proceeding with construction of Nishİstanbul. It also provides us with sufficient flexibility to fund our anticipated growth plans, including expanding our total retail GLA to 500,000 sqm in the medium term and building approximately 185,000 sqm of residential GSA by the end of 2013, which call for anticipated total capital expenditures of approximately US$545 million between the second half of 2010 and the end of 2014. Going forward we intend to continue to carefully manage our cost of debt and remain primarily financed by equity in order maximize our financing and operational flexibility.

Professional management team with long-term local experience and deal sourcing capability

Our company is led by Aziz Torun (our Chairman and CEO and one of our founders), who has more than 30 years of experience in the Turkish real estate industry. Our senior managers have combined experience of approximately 90 years in the Turkish real estate market and are highly skilled in all stages of development and asset management. Our deep knowledge of the Turkish real estate industry, as well the Torun family's established reputation in Turkish commerce generally, benefit us in numerous ways, including providing us with an extensive network of contacts, past history with many vendors and agents, access to a large number of potential land sites in both on- and off-market transactions and access to a broad customer base for our residential properties. In addition, we benefit from the Torunlar Group's strong reputation in the Turkish marketplace and believe that our tenants and customers, and other participants in the Turkish real estate market, attribute to us the quality associated with the Torunlar name.

Sole focus on Turkey, which has attractive long-term economic fundamentals supporting real estate growth

We believe that Turkey is one of the most attractive regions in the world for real estate investment and combines favorable demographic and economic growth profiles. Our project pipeline is comprised of projects that we believe are poised to benefit from growth in the Turkish real estate market generally, as well as advantageous urban development trends in the specific locations in which they are situated. Turkey is projected to experience real GDP growth of 4.4% (CAGR) between 2010 and 2012, the highest of any CEE country, and is projected to experience population growth of 1.1% (CAGR) between 2010 and 2012 (EIU, Global Insight). Turkey also has a relatively young population, with a higher percentage of the population below 50 years of age than the United States, the United Kingdom and the Eurozone (EIU). Moreover, the percentage of Turkish households with annual income greater than US$50,000 was 4.7% in 2008 and decreased to 3.3% in 2009 due to economic recession, but is expected to grow to 6.9% by 2014 (EIU). We believe that a young population, rising middle class and growing consumer spending will result in increased demand for lifestyle, mixed-use and destination shopping malls, as well as demand for quality residential housing.

In addition, projected increased consumer purchasing power combined with increased foreign direct investment and tourism levels are expected to further boost the Turkish real estate sector. The Turkish debt to GDP level (45.4% in 2009, according to the Turkish Treasury) is among the lowest in Europe and private sector credit remains low (the ratio of private credit to GDP is projected to be 36% in 2010), while food prices in Turkey have experienced significant decreases in 2010 and inflationary pressures have weakened (EIU, Central Bank). Other factors also forecast economic growth in Turkey, and growth in the real estate market in particular, including foreign direct investment levels (annual foreign direct investments into Turkey averaged US$17.7 billion between 2006 and 2008, according to Turkstat), indications by the Turkish government that it will continue to provide incentives to the real estate sector which have been in place for the last several decades, including a beneficial mortgage system, and projected continued population growth and urbanization trends.

Strategy

We intend to capitalize on our competitive advantages by pursuing the following strategies:

Continue to focus on shopping malls while increasing retail-based mixed-use projects

We will continue to focus our efforts on the development of shopping malls and will increasingly expand our portfolio to include large to very-large scale retail-based mixed-use projects. We believe that commercial developments that offer substantial retail space enriched with a combination of non-retail offerings tailored to local demographics will be the most effective means of tapping into consumer demand in light of prevailing urban and demographic trends in Turkey in the future. Our strategy is to determine the size and design of our projects and the mix of retail, residential, office, entertainment, hotel, social and other facilities based on urban and social trends and demographics and expected retail demand in order to ideally suit the local consumer environment and maximize retail foot traffic. We will also selectively develop our projects in urban centers in Turkey which are undersupplied, have low retail density and attractive demographics and benefit from close proximity to transportation links.

Active and dynamic asset management of our shopping malls

We will continue to actively manage our Property Portfolio and future properties to maximize revenues and solidify our reputation and relationships with quality tenants and other participants in the Turkish real estate market. Maintaining high tenant occupancy levels at our properties will continue to be a priority. In addition, we intend to continue to work toward rent optimization in our portfolio and to actively refurbish and extend our shopping malls in light of evolving consumer and market trends in order to increase rents, satisfy tenant demand, maximize retail GLA and benefit from higher yields generally achieved from extensions. We will also actively manage the tenant mix in our shopping malls and rationalize where necessary to ensure that our tenants are of a high quality and to achieve an optimal composition of retail offerings.

Continue to leverage our strong development platform

We will continue to leverage our strong development platform to exploit advantages in various stages of the project development cycle. We will continue to leverage our track record, reputation, know how and experience in the local real estate markets to minimize development costs and cash outflow by sourcing attractive and undervalued sites at advantageous prices. We will also continue to apply our knowledge of the financing requirements and costs associated with large-scale development projects to obtain financing and deploy capital in an efficient manner and will seek to continue to obtain competitively priced financing. We will explore the full range of land sourcing and development opportunities presented through our existing contacts in the Turkish real estate market and relationships with local municipalities and will continue to actively explore and identify new growth areas for future developments.

Pursue selective developments in other high-growth real estate sectors

From time to time we will also pursue selective development and investment opportunities in non-retail focused projects, including residential housing projects, hotels, offices, marina and other sectors, as well as urban transportation projects. We will pursue such opportunities in sectors where we have deep local market knowledge and can leverage our existing experience and relationships. We will consider opportunities that are in unique or advantageously situated locations with good connectivity to transportation where we anticipate there will be high growth and will otherwise offer attractive returns on investment.

Leverage our track record of joint development arrangements

In addition to developing our real estate projects independently, we are not averse to entering into joint development or ownership arrangements where doing so gives us access to otherwise unobtainable land sites or development opportunities or allows us to creatively source land or expand or establish our presence in existing or new markets. We have in the past and expect to continue to enter into joint ventures, co-ownership and asset or revenue sharing arrangements with other professional developers, local municipalities and others, where we believe it will serve our portfolio and development objectives. Our joint development and ownership arrangements allow us to share the risks associated with large-scale development with our partners and help us to diversify and balance our Property Portfolio. Our track record of entering into joint development arrangements provides us a strategic advantage over competing international real estate developers. We intend to continue to partner only with high quality and reputable industry participants and will seek to have a high degree of control over joint projects.

Our History

The Torunlar Group has been active in the construction sector of the Turkish real estate market since 1977 and founded our predecessor company, Toray Construction, in 1996 in order to expand its real estate business into retail, residential, office and hotel development. Toray Construction converted into a REIC and was renamed Torunlar REIC in January 2008. Our purpose as a REIC is to invest in retail, residential, leisure and office property developments.

We commenced development of our first shopping mall, Zafer Plaza in Bursa, in 1996 and opened it in 1999. Since that time, we have developed and invested in several other commercial and residential projects in various parts of Turkey. In 1997, the Torun family acquired an interest in Yeni Gimat, which owns Ankamall and the Crowne Plaza hotel in Ankara. Our shareholding in Yeni Gimat amounts to 14.83% as of the date hereof. Ankamall opened as the largest mall in Turkey in 1999, by GLA. In 2004 we developed and opened Deepo Outlet Center in Antalya and in 2005 we acquired a 44.6% shareholding in the Netsel Marina in Marmaris. We expanded our Property Portfolio to include residential complexes with the development of Korupark in Bursa, which currently consists of Korupark Shopping Mall, which opened in 2007, and two adjacent residential complexes which were completed in 2008.

We have increasingly focused on our projects in İstanbul. In the first quarter of 2008, we began pre-sales of residential units in Nishİstanbul, a mixed-use development that includes residential, retail and office space with total GSA of 70,129 sqm and GLA of 10,953 sqm. We completed construction of three out of the four blocks in September 2010 and the fourth block is expected to be completed by the end of October 2010. In October 2010, we anticipate opening Torium İstanbul, a mixed-use project with 95,300 sqm of GLA and 5,318 sqm of GSA (based on our economic ownership) in the Esenyurt district of İstanbul.

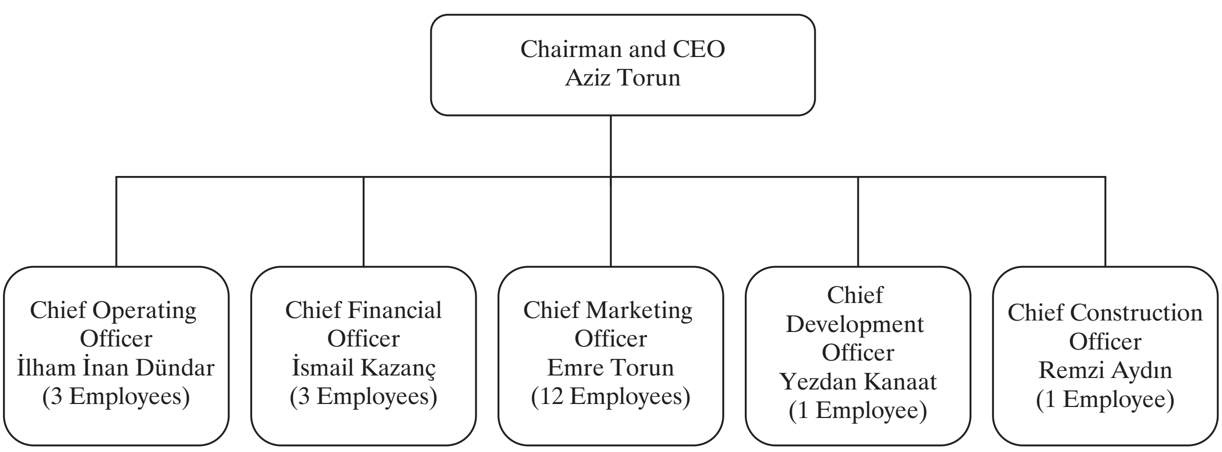
In 2007, we also began developing the Mall of İstanbul, which, upon anticipated completion in the second half of 2013, is expected to have GSA of 111,000 sqm and GLA of 139,500 sqm, which will make it one of the largest malls in Turkey by GLA. The Mall of İstanbul is in the schematic design phase and construction is anticipated to commence in the fourth quarter of 2010. We have several other ongoing projects in progress in various stages of development. For further information see "*—Our Property Portfolio*" below.

In connection with our conversion to REIC status, we agreed with the CMB that the Deepo Outlet Center would not be included in the investment portfolio of the REIC entity if we had not obtained all requisite zoning and related permits for it by the time of our initial public offering. In March 2010, we transferred the ownership of Deepo Outlet Center to a newly formed subsidiary, TRN. See *"—Our Property Portfolio—Completed Projects—Deepo Outlet Center"* below.

Operations

Our primary focus is on the development and ownership of lifestyle, mixed-use and destination shopping malls and other tailored retail formats, though a significant proportion of our Property Portfolio is and will continue to be comprised of residential and other projects, including hotels, marinas and office space. We are directly involved in or oversee all stages of development of our projects, from the land sourcing stage through to marketing and sales, and continue to be actively involved in the asset management of our shopping malls after project completion. We develop real estate projects independently and also together with strategic partners, co-owners and pursuant to other arrangements. The nature and degree of our involvement in different aspects of the development or investment cycle will depend on the project type and, in the case of joint ventures, co-ownership or revenue sharing arrangements, our agreements with our partners, co-developers and co-owners, though we always attempt to have a high degree of control over our projects. Our operations can be divided into three primary areas of concentration: project development; construction project management; and portfolio management. We discuss these areas of concentration below.

The chart below shows the organizational structure of our operations.



Project Development

Project development involves the sourcing of land or investment opportunity, land acquisition and investment, financing and project design.

Sourcing

We regularly perform in-depth research on local Turkish real estate markets. We identify land for development and other investment opportunities based on numerous investment criteria. We assess the conformity of the opportunity to our basic investment criteria, including location, land area, proposed project size and type, anticipated population growth in the surrounding area, development timeline, portfolio mix and performance objectives, including projected amount and timeline of potential returns on investment in light of anticipated financing costs. If the results conform to our investment criteria, we conduct extensive due diligence and perform a feasibility analysis based on the estimated costs of land, construction, zoning potential and requirements and financing. For our shopping mall projects, we are primarily focused on the development of and investment in large scale (GLA 40,000 to 79,999 sqm) to very large scale (GLA of 80,000 sqm or greater) lifestyle, mixed-use and destination shopping malls in İstanbul and other major Turkish cities with populations greater than 1.5 million, and the development of and investment in medium sized shopping malls (GLA 20,000 to 40,000) in smaller Turkish cities. Site location is a critical criterion. The properties must be near transportation hubs, including metro or road access. Our shopping mall projects are long-term investments, but for potential build-to-sell residential or office projects, we consider the potential return on investment in light of market factors and trends over a shorter time horizon, as they are short-term investments. Our board of directors meets regularly to assess investment opportunities and must approve any new investments.

We believe that the experience we have gained from our history in the local real estate markets in Turkey and our extensive local network of contacts gives us an advantage in sourcing attractive sites. In addition, we are frequently approached by land owners with offers to sell land plots or other developers with proposals to invest in or enter into partnerships to develop land.

Acquisition

We generally seek to own the land on which we develop our projects. We acquire land in both private transactions and public tenders. We conduct the investment, assessment, negotiation and purchasing processes in-house. Our in-house lawyer works with a number of specialist law firms to agree and formalize the legal terms of land purchases. Acquiring attractive land at economically sensible prices is central to our acquisition strategy and we believe our experience in the local real estate markets gives us a strategic advantage in identifying attractive and under-valued property.

We also consider opportunities to invest in land or projects together with strategic partners, co-developers or co-owners where we believe partnering arrangements present potential for attractive returns on investment or other advantages, such as access to land sites. Depending on the project, we may enter into asset sharing agreements in connection with our residential projects pursuant to which responsibility for different aspects of the project may be allocated between us and a strategic partner. For example, we may enter into such agreements where our partner owns the land and where we are to provide the financing for project development. In certain cases, we may acquire title to the land in exchange for a revenue sharing scheme or a percentage of the total development. For example, we developed and financed Nishİstanbul on land originally purchased by Özyazıcı pursuant to a joint venture arrangement which falls away upon completion of all commitments provided in the agreement and results in a revenue sharing arrangement between us, Özyazıcı and the previous land owner under which we are entitled to 41.4% of gross sales proceeds from the project.

In relation to the co-ownership and revenue or asset sharing arrangements we enter into, our ownership stake and the terms of investment vary considerably depending on the project, though we generally always have a high degree of control over our projects. Other partnership, co-ownership and revenue sharing arrangements we have entered into are described below in "—*Our Property Portfolio.*"

Financing

We have historically financed our projects through a combination of retained earnings, short and long-term bank loans and project financing, and in the case of residential developments, from the proceeds of pre-sales and sales of residential units. The amount and type of bank financing we use varies by project depending on the availability and relative costs of bank financing, the type and scale of the project, the anticipated construction period and the estimated cost of development. We believe that our affiliation with the Torunlar Group, in addition to our reputation in the market, has allowed us to obtain favorable terms on our financing arrangements. Historically, for our major loans we have been able to obtain attractive fixed interest rates or have been able to fix our financing costs at attractive levels though the use of interest rate swap arrangements. We generally try to fix our financing costs at approximately 6.5% per annum and enter into fixed or variable interest rate borrowing arrangements depending on the terms available in the market and from our primary lending banks, including generally extending loans to us on a non-recourse basis and giving favorable rates on the residential financing loans we facilitate for purchases of our residential units. Although historically we have provided shareholder guarantees for our bank loans, we anticipate that our primary lending banks will not require that our future borrowings will be guaranteed by our principal shareholders or entities controlled by them. In the future, we may consider increasing the amount of our variable interest rate debt. We generally obtain long-term financing and project financing in euros or US dollars to match the denomination of the rental income from shopping mall tenants, which affords us a degree of protection against exchange rate fluctuations. We generally try to diversify our borrowings across our three primary lending banks, with no more than 50% of our funding coming from a single bank.

Shopping Malls

We finance our shopping mall developments from bank borrowings or out of existing cash resources. For certain projects, we obtain short-term loans (with one- to two-year terms) to fund land acquisitions, which we repay with income from other developments in our portfolio, and longer-term project financing to fund construction. For other projects, we use project financing to fund both land acquisition and project development and construction. We determine the amount of project financing we require based on expected future revenue streams from the completed project with the objective of ensuring that such revenues will be sufficient to cover our financing costs. The project financing arrangements we enter into typically afford us grace periods of one or two years before initial loan repayments are due, which allows us adequate time to complete and open the project. Our project loans typically are for terms of between five and ten years. For additional information regarding our existing financing arrangements see "*Operating and Financial Review—Liquidity and Capital Resources—Financing Agreements*."

Residential

For our residential developments, we typically fund the initial purchase of land and the initial stages of development out of secured bank borrowings or existing cash resources. However, as is customary among property developers in Turkey, we typically seek to pre-sell residential units and rely on the funds received from such pre-sale arrangements to finance project construction. We facilitate such pre-sales by guaranteeing the obligations of purchasers towards banks for obtaining home loans until the pre-sold property becomes eligible for registration of a mortgage (following establishment of condominium status). For further information see "*—Portfolio Management—Leasing and Sales—Residential*" below.

Other Project Types

For other project types, the means of financing development is determined on a case-by-case basis. Factors taken into consideration include our ownership interest in the project, the terms of our agreements with partners, co-developers or co-owners, availability and cost of financing and project type.

Design

We design our developments using modern architectural and design concepts and in accordance with international best practice and safety standards. We manage and oversee the design process for our developments internally.

Our three design personnel become involved upon the execution of a contract for the acquisition of land. We determine a preliminary development concept, taking into account local demographics and urban development trends, zoning rights, physical parameters, future expectations for the market and location, customer preferences and competing projects, and together with the relevant design, architectural and construction firms identify the principal attributes of the development. We also typically run market surveys and retain professional consultants to assess the market potential and target customer base for a proposed project. We generally mandate leading international design and architecture firms to prepare the design documentation, including schematic and development designs. For example, we worked with the Arquitectonica Design Company to develop the plans for Torun Tower, the Development Design Group, Inc. to develop the plans for the Mall of İstanbul and Chapman Taylor España S.L. and DOME Architects to develop the plans for Torium İstanbul. Detailed blueprints are finalized by local architecture firms knowledgeable about the building codes in effect in the applicable municipality and location. We take into consideration the advice of engineers as to technical measures with regard to earthquake preparedness and we retain an engineering company to carry out a site survey for an independent assessment of the site's subsoil and seismic conditions. In order to deliver architectural and engineering systems and scenarios with an optimized benefit-to-cost ratio, we also employ consultants who are experts in their fields on a long-term basis as necessary.

We actively observe changing global trends in retail formats and aim to tailor modern shopping mall designs for the Turkish marketplace. Our shopping malls have been recognized for their best in class design concepts. In 2000, the Turkish Association of Shopping Centers and Retailers recognized Zafer Plaza as "The Best Shopping Center." The Korupark Shopping Mall was a finalist for the 2010 International Council of Shopping Centers European Shopping Center Awards in the "New Developments: Large" category. It was the only Turkish shopping mall finalist in that category.

We believe that consumers are increasingly attracted to retail-based mixed-use projects that provide retail and residential facilities, entertainment, social activities and other amenities, all in one location. We refer to this as the "life center" concept. We believe that real estate developers' ability to develop shopping malls that are "life centers" will increasingly be a differentiating factor in the success of shopping mall developments in Turkey. We have progressively increased the inclusion of mixed-use developments in our shopping malls over our history. The design of our Korupark Shopping Mall and Korupark Residences and the designs of our newest shopping mall due to open in October 2010, Torium İstanbul, as well as our Mall of İstanbul project, reflect our belief that "life centers" will appeal to consumer preferences in Turkey.

Construction Project Management

Construction project management entails the construction and permitting of our developments.

Construction

As a REIC, we are not permitted to engage in construction activities. In accordance with applicable regulation, when we converted into a REIC, we entered into a framework agreement with Torun Yapı, an affiliated company wholly owned by the Torun family, in which we agreed to transfer all our construction contracting activities and responsibilities to it regarding Korupark Residences Phase 2. However, since Torun Yapı completed the construction of the Korupark Residences in 2009, it has provided project management services, including coordinating and supervising our sub-contractors and performing small construction and maintenance work, and has not acted as a general contractor. We generally perform the role of general contractor for our projects and tender for and subcontract out specific construction responsibilities, such as excavation, rough construction, elevator installation, electrical system installation and plumbing installation. Our prior experience as a construction company aids us in our role as general contractor. In the future, we may decide to hire Torun Yapı or third-party companies to act as a general contractor on a turnkey basis.

As a general matter, we seek to develop and invest in projects with estimated construction periods of approximately two years. For projects requiring a particularly high level of investment or for which the construction period is expected to exceed two years, we typically plan for construction to be divided into phases in order to reduce our risk.

Permitting and Licensing

We generally undertake the permitting and licensing application and approval process in-house. Our predecessor company was primarily engaged in project construction and from this experience we have extensive knowledge of applicable permitting and licensing regulations and the application and approval process, as well as established relationships with certain local municipal authorities. For information regarding the regulations applicable to the development of real estate in Turkey, see "*Regulatory Framework—Regulations Relating to Real Estate*."

Portfolio Management

Portfolio management entails the marketing and sale of our developments and the ongoing management of our shopping malls and Property Portfolio generally.

Marketing

We generally begin marketing our commercial real estate developments approximately six months prior to project completion. We generally begin marketing and pre-sales of our residential projects following regulatory approval of the project and receipt of the construction license. However, due to the economic recession, recently we have not begun pre-sales of residential projects until after construction has begun. The recent economic crisis has made it increasingly difficult for development companies to complete developments, and therefore potential purchasers of residential units have not been willing to buy based solely on viewing model residences, but rather have expected to see construction in progress before pre-purchasing.

We determine our marketing strategy on a project-by-project basis depending on the location, project type and design concept, target customer base and anticipated market conditions at the time of project launch. We employ a wide variety of marketing channels to advertise our projects, including printed advertisements, leaflets, newspapers and magazines, billboards along highways or in airports and radio and television advertisements. For our shopping mall developments, we generally organize and host "kick-off" events to promote the project to potential tenants.

We have historically used third party contractors for marketing. However, we recently hired a team of 12 experienced professionals and now conduct most of our marketing activities in-house.

Leasing and Sales

Shopping Malls

Our leasing strategy is to prioritize identifying and securing "anchor" tenants, including large international supermarkets, do-it-yourself and electronics store chains. We have found that securing "anchor" tenants facilitates securing tenants for smaller retail units and food court units, because well-known anchor tenants attract a significant level of consumer foot traffic. Our marketing department contacts potential "anchor" tenants prior to the opening of a shopping mall to assess demand and survey space, architectural design, décor and other requirements. We typically hold meetings for potential tenants at the site, where they can review the floor plan and blueprints, identify potential preferred unit spaces and discuss preliminary leasing terms. We may modify certain elements of our floor plan and architectural design based on feedback from likely anchor tenants. We generally seek to obtain commitments from tenants approximately six months prior to the anticipated opening date for a shopping mall. Due to recent economic conditions, we began this process for Torium İstanbul three months prior to the anticipated opening date, in order to allow for further recovery.

The units in our operational shopping malls are leased to an extensive selection of domestic and international retailers and food providers. As of June 30, 2010, our largest tenants were fashion stores and department and variety stores, both by GLA (31.0% and 35.9%, respectively) and by rent (44.7% and 15.5%, respectively). Through our experience with these tenants, we have insight as to which tenants are likely to succeed in our future developments, allowing us to optimize our tenant mix. Additionally, we believe our reputation and active asset management aids us in attracting tenants, as they know we are accessible and available to address their concerns, unlike many international developers. See "*Regulatory Framework—Regulations Relating to Real Estate—Lease Agreements.*"

Rent levels are generally determined by reference to prevailing market rates. Consideration is also given to the particulars of the rental space, which may increase its attractiveness to retailers and justify higher rental rates. Rents are denominated in either US dollars or euro. Depending on the shopping mall, we generally have between 8 and 10 tiers of rental rates, depending on the status of the tenant and type of unit. Anchor tenants generally pay the lowest rental rates and food court tenants generally pay the highest rental rates. Our lease agreements contain standardized lease terms, although we have agreed unique lease terms with certain of our tenants. Most of our leases require that the tenant pay us the higher of a fixed monthly rental amount or a percentage of the tenant's actual monthly turnover. All newly signed leases include a minimum rent plus turnover provisions. We are generally more willing to offer a lower minimum rent with a higher turnover percentage to tenants with which we are familiar. As of June 30, 2010, the WAULT of our shopping mall units was 3.8 years according to our data.

Set forth below is certain information regarding our top twenty tenants, by leased GLA, as of June 30, 2010 (excluding Ankamall).

Tenant Type	GLA	Rental Income	Rental Income	Proportion of Total GLA	Proportion of Total Rental Income
	(sqm)	(€ per sqm per month)	(TL per sqm per month)	(%)	(%)
Supermarket	11,633	9.31	17.98	11	5
DIY	5,127	12.52	24.18	5	3
Fashion retailer	4,134	18.73	36.16	4	3
Technology retailer	3,637	12.33	23.82	3	2
Department store	3,584	12.92	24.95	3	2
Cinema	3,421	13.65	26.37	3	2
Department store	3,225	12.08	23.33	3	2
Fashion retailer	2,945	13.9	26.85	3	2
Hotel	2,449	4.59	8.886	2	0
Fashion retailer	2,442	24.93	48.14	2	3
Technology retailer	2,060	17.28	33.36	2	2
Supermarket	1,994	6.32	12.19	2	1
Department store	1,979	14.6	28.2	2	1
Fashion retailer	1,627	20.06	38.73	2	1
Fashion and food retailer	1,563	16.47	31.81	1	1
Fashion retailer	1,561	24.2	46.73	1	2
Shoe retailer	1,514	14.94	28.85	1	1
Fashion retailer	1,501	11.74	22.67	1	1
Fashion retailer	1,397	26.38	50.93	1	2
Fashion retailer	1,287	26.91	51.96	1	2
Total	**60,103**	**16.36**	**31.60**	**56**	**36**

Residential

In line with industry practice in Turkey, we have historically sought to pre-sell a substantial portion of our residential developments based on the approved project design prior to the completion of construction. We use standard form sales contracts for our pre-sales which are generally denominated in Turkish Lira.

For Korupark Residences and Nishİstanbul, we have offered three primary payment plans to purchasers. The purchaser can purchase the residential unit in one lump-sum cash payment, generally made well in advance of completion of the unit. Alternatively, the purchaser can purchase the residential unit in one payment, funded in part by bank financing facilitated by us, generally made well in advance of completion of the units. We have established arrangements with several banks, including Akbank, Garanti Bank, Türkiye Finans Katılım and Vakıflar Bank, which enable us to facilitate the ability of the buyers of our residential units to obtain home loans. Pursuant to these arrangements, we guarantee the home loans made by the bank to the buyer to purchase the residential unit through to the time that we deliver the residential unit to the buyer upon completion of construction of the property and finalization of the mortgage. After the unit is constructed and delivered and the property's condominium status is established, the bank establishes a mortgage over the residential unit and releases our guarantee. These arrangements have helped us to sell our residential units in the tight mortgage market that resulted from economic recession. Through our reputation and relationship with these banks, we are generally able to obtain lower mortgage rates for our customers. In addition, qualifying purchasers may opt for the Company to finance the purchase and the purchaser pays a certain percentage of the sales price to the Company as a down payment and the balance is paid to the Company in installments over a pre-agreed period of time.

Where we receive a lump-sum cash payment from customers, we retain legal title to the property until after completion and the establishment of condominium status. Pursuant to the Turkish consumer protection laws, when residential unit sales are made through sales campaigns we are obliged to deliver each unit to the relevant customer within 30 months from the date of the execution of the relevant sales contract. Furthermore, the customer is entitled to terminate the sale contract at any time until the delivery of the unit. In such a case, we are required by law to reimburse the customer for all payments made by them no later than the scheduled delivery date of the unit. To date, we have not experienced any significant levels of contract terminations by customers with respect to any particular project. See "*Regulatory Framework—Regulations Relating to Real Estate—Sale and Transfer of Real Estate*" and "*Risk Factors—According to applicable law, our customers of pre-sold units may terminate their sales contract until delivery of their units*" for further information.

We determine targeted sales prices for our residential projects based on several criteria, including: sales prices and payment plans of comparable projects in comparable locations; project location and size; type and size of unit; advantages of architectural design; proximity of transportation, social and recreational facilities; market conditions; and availability of home financing for the targeted customer base. We employ a sales team for the Korupark Residences. The Nishİstanbul project partnership employs a sales team for the Nishİstanbul residences.

Other

The leasing or sales method we use for other types of projects depends on the project type. For example, we have historically pre-sold office space. However, in the future, depending on the project, we may also lease office space and/or employ property management companies to oversee the letting or sales of office space. We plan to pre-sell the office space that will be constructed as part of the Mall of İstanbul, while we expect to lease the office space that will be constructed as part of Torun Tower. We also currently plan to lease the two floors of office space we own in Nishİstanbul. We generally lease slips and retail space at our marina, and likely would do the same with any future marina projects we may invest in.

Management Services

We do not provide day-to-day management services for our shopping malls or residential or other developments. We hire affiliated or third-party companies which perform the day-to-day management services for our properties. We have contracted with Torun AVM, a company controlled by the Torun family, to manage the Deepo Outlet Center, Korupark Shopping Mall and Torium İstanbul. For properties in which we have partial ownership, we generally agree with the other owner, or owners, on the management company to be contracted to provide management services. Zafer Plaza is managed by Zafer Plaza İşletmecilik, a company controlled by the Torun family. Ankamall is managed by ECE Turkey Project Management Company. The responsibilities of a management services company generally include the cleaning, maintenance, security and landscaping of the common areas of a shopping mall or complex, collection of garbage, collection of monthly fees from tenants, historically also collecting rents from tenants in certain cases, and executing any other instructions given by the development's management committee. However, we act as the overall asset manager by entering into leases, invoicing and collecting rents, monitoring tenants' books and managing the tenant mix at each shopping mall.

Portfolio Management

We continue to actively manage our shopping malls following project completion through provision of business plans, asset performance reviews, site visits and strategic decision making. We seek to continuously strengthen the market position of our shopping malls by ensuring a high quality tenant base and maintaining high occupancy rates and foot traffic to maximize shopping turnover and our rental income.

We have sought to refurbish or extend certain of our shopping malls to maximize occupancy rates, foot traffic and rental revenue. In addition, we employed a variety of methods of managing occupancy of our shopping malls during the recent economic recession through tenant support programs, such as providing favorable exchange rates to replace indexed exchange rates on a temporary basis to tenants in regions where economic recession deeply affected the economy, base rate discounts to existing tenants in exchange for increasing the contribution level of tenants' retail sales turnover ratios, increasing the frequency of periodic meetings with tenants to assess the evolution of economic conditions and effects on tenants' businesses and organizing frequent visits to tenants and site managers in order to receive direct feedback on newly implemented policies. We have also implemented several measures aimed to support our residential housing projects, including arranging Company financing of residential purchases for periods of up to 24 months to eligible clients where housing loans were frozen by banks and improving cooperation with commercial banks in order to initiate housing loans for potential residential buyers.

We also actively manage the overall composition and mix of our Property Portfolio. In the future, in addition to lifestyle, mixed-use and destination shopping malls and large residential complexes, we plan to develop hotels, residential villas, office space and potentially other types of projects in sectors that allow us to leverage off of our existing experience and relationships.

Our Property Portfolio

Our Property Portfolio consists of projects in three different phases of development (completed projects, ongoing projects and our project pipeline) as well as our Land Bank. Set out below is a summary of our projects, categorized by development phase and ordered by GAV.

Completed Projects

Discussed below are our completed projects. The following table sets forth certain information regarding our completed projects as of June 30, 2010.

Project	Location	Direct or Indirect Ownership Interest	Number of Units	Total Land Area (sqm)	Construction Area (sqm)	GLA/GSA (sqm)(1)	Status	GAV(2)
Korupark	Bursa		—			—	—	—
Shopping Mall	—	100%	182 retail units	53,185.61	165,286	71,191 GLA	Opened in 2007	US$323.0 million
Residences (Phases 1 & 2)	—	100%	185 residential units in inventory(3)	47,434	221,979	34,842 sqm GSA in inventory	Completed in 2008	US$44.6 million(4)
Deepo Outlet Center(5)	Antalya	99.99%(6)	66 retail units	57,254	38,745	18,069 GLA	Opened in October 2004	US$170.9 million(7)
Zafer Plaza(8)	Bursa	72.26%	130 retail units	6,953	41,276	16,968 GLA	Opened in 1999	US$89.8 million
Nishİstanbul(9)	İstanbul	41.4%(10)	—	32,890	135,218	—	Construction of 3 blocks completed in September 2010; completion of fourth block expected in October 2010	US$22.4 million
Residential	—	—	585 residential units (117 units in inventory)	—	—	53,204 GSA (9,564 GSA in inventory)	—	—
Office	—	—	63 office units (11 units in inventory)(11)	—	—	16,925 GSA (2,950 GSA in inventory)	—	—
Retail	—	—	52 retail units	—	—	10,953 GLA	—	—
Ankamall(12)	Ankara	12.6%	—	100,725	299,813	—	—	US$95.4 million
Shopping mall	—	—	318 retail units	—	—	13,202 GLA	Opened in 1999	—
Crowne Plaza Hotel	—	—	263 rooms	—	—	3,483 internal construction area	Opened in 2008	—
Netsel Marina(13)	Marmaris	44.6%	830 slips and 75 retail/other leasable units	37,478	7,064	2,655.48 GLA	Opened in 1989	US$27.0 million

(1) GLA is the gross leasable area of retail units. GSA is the gross saleable area of residential or office units. See "*Certain Definitions*" and "*Presentation of Financial and Other Information—Statistical Data*."
(2) GAV is as of June 30, 2010 and is based on the DTZ Report. For further information on the valuations of the properties, see "*Annex A—DTZ Report*."
(3) Korupark Residences (Phases 1 and 2) comprise 748 residential units in total.
(4) This GAV includes the Korupark Residences Phases 1 & 2, the former dolphin pool area (closed), storage areas, social facilities, the sales office and a flat leased for a language school.
(5) Deepo Outlet Center is included in our Property Portfolio but for purposes of Turkish REIC regulations is considered not as real estate but rather as an equity participation (through our shareholding in TRN) within our portfolio. See "*—Our Portfolio—Deepo Outlet Center—History and ownership structure*"for additional information.
(6) The remaining 0.01% is held by members of the Torun family.
(7) GAV reflects the value of Deepo Outlet Center, including the value of the planned expansion of Deepo Outlet Center, which is anticipated to increase GLA to 44,720 sqm in total. See "*—Our Portfolio—Deepo Outlet Center*" and "*Our Portfolio—Project Pipeline—Deepo Outlet Center Expansion*" for more information regarding the planned extension.
(8) Information relating to the total land area, construction area, GLA and GAV of Zafer Plaza presented reflects our 72.26% ownership interest in Zafer Plaza.
(9) Information relating to number of units, total land area, total construction area, GLA and GSA reflect the Nishİstanbul project in its entirety. Information relating to GAV reflects the value attributable to our 41.4% ownership interest in Nishİstanbul.
(10) Represents the percentage of gross sales proceeds to which we are entitled pursuant to our joint venture agreement with Özyazıcı.
(11) We own eight of the office units which have been sold, comprising total GSA of 2,160 sqm.
(12) We own 14.83% of the share capital of Yeni Gimat, which in turn owns 36,895.05 sqm out of 53,473.9 sqm of the GLA of Ankamall as originally constructed and 100% of the Ankamall extension (comprising 51,304.03 sqm of GLA) and the Crowne Plaza Hotel. Our indirect ownership interest in the leasable area of Ankamall and the Crowne Plaza Hotel therefore is approximately 12.6%. Information relating to the GAV of Ankamall and the Crowne Plaza Hotel and the GLA of Ankamall reflects the value attributable to our indirect 12.6% ownership interest therein. Information relating to the number of retail units in Ankamall, number of hotel rooms in the Crowne Plaza Hotel, total land area and total construction area reflect Ankamall in its entirety, including retail units and land area not owned by Yeni Gimat. Our ownership of 14.83% of the shares of Yeni Gimat is considered as an equity participation for the purposes of Turkish REIC regulations.
(13) Netsel Marina is owned by Netsel Turizm, of which we own 44.6% of the share capital. Information relating to the number of slips and retail units, total land area, and construction area presented reflects Netsel Marina in its entirety. Information relating to GLA and GAV reflects the value attributable to our 44.6% ownership interest in Netsel Marina. Netsel Marina is included in our Property Portfolio but for purposes of Turkish REIC regulations is considered not as real estate but rather as an equity participation (through our shareholding in Netsel Turizm) within our portfolio . See "*—Our Property Portfolio—Completed Projects—Netsel Marina—History and ownership structure*" for additional information.

Korupark

Overview. Korupark consists of Korupark Shopping Mall and two completed residential complexes comprising the Korupark Residences, located in the northwest part of the city of Bursa. We are in the planning stages of development for a third residential complex, which will include office space, and is scheduled to commence construction in the first quarter of 2011, with pre-sales scheduled to begin in the fourth quarter of 2010.

Location. Bursa is located in the southern part of the Marmara region and is Turkey's fourth largest city by population. See "*Real Estate Market Overview*" for further information.

Korupark Shopping Mall

Overview. Korupark Shopping Mall opened in the second half of 2007 and is the largest operating shopping mall in Bursa by GLA. Korupark Shopping Mall consists of three floors of retail stores and 2 car park levels located on total construction area of 165,286 sqm and total land area of 53,185.61 sqm. The retail floors comprise GLA of 71,191 sqm consisting of 182 stores, including two big box units—an 11,633 sqm supermarket and a 5,127 sqm do-it-yourself store—and a 9 screen cinema complex and an area dedicated to other entertainment facilities, including a children's play area, which together total 5,317 sqm of GLA, as well as a dining floor/food court. The car park floors have total parking capacity for a total of 2,500 vehicles.

The shopping mall offers a wide range of retail and entertainment options for all ages and for many types of shopping needs, including a wide range of fashion and sporting goods stores. Korupark was the first shopping mall in Turkey to have both a Boyner store and a Beymen store, as well as the first ElectroWorld store.

Location. The shopping mall is located on the Mudanya highway in the Nilüfer neighborhood of the Osmangazi district of Bursa, which is within one kilometer of a metro station, and is also accessible by public buses and shuttles. A new metro station, which is located directly in front of the shopping mall, is currently under construction and is anticipated to open in the second quarter of 2011. We have agreed with the municipal government to contribute TL 4.0 million toward such construction in exchange for the naming rights to the station, which will be named "Korupark" station. The area around Korupark is a developing part of Bursa, and it is surrounded by many residential developments.

Tenants and visitors. The largest tenants at Korupark Shopping Mall are fashion stores and department and anchor stores, which as of June 30, 2010 comprised 26% and 44% of GLA, respectively. The shopping mall's current anchor tenants are TESCO Kipa, Koçtaş, C&A, ElectroWorld, Boyner and Beymen. TESCO Kipa has a 15-year lease with a non-compete clause that prohibits competing grocery stores from leasing space in the shopping mall. The mall includes 28 restaurants such as Iskender as well as fast food and cafes, which occupy 5% of the mall by GLA. The nine screen cinema is located on the third floor of the shopping mall and is the largest cinema, by number of seats, in Turkey. The occupancy rate for Korupark Shopping Mall as of June 30, 2010 was 98%.

In 2009, average rents paid by tenants of Korupark Shopping Mall were between US$65 and US$70 per sqm per month for retail space and US$70 to US$85 per sqm per month for food court units. The overall average retail rent was US$19.9 per sqm. The majority of rents are denominated in euro. The average lease term is five years. As of June 30, 2010, the average unexpired lease term was 4.6 years. During the recent economic crisis, we provided discounts to certain tenants, including fixed exchange rates and rental discounts, in return for which the tenants agreed to increase the contribution level of their turnover ratio. According to our own data, the average number of visitors to the Korupark Shopping Mall is approximately 800,000 people per month and 43,000 people per day on weekends. We expect an increase in foot traffic after the Korupark metro station opens.

History and ownership structure. We acquired the land for Korupark Shopping Mall from Botaş A.Ş. in July 2005 for TL 17.6 million (US$11.0 million). During the urban transformation project, the land was rezoned and divided into three parcels, of which 53,185.61 sqm were allocated to the shopping mall. The shopping mall was designed by Tago Architects and we were the general contractor, as Toray Construction. Construction began in May 2006 and was completed in 2007. We continue to own 100% of Korupark Shopping Mall.

The Korupark Shopping Mall was a finalist for the 2010 International Council of Shopping malls European Shopping Center Awards in the "New Developments: Large" category. It was the only Turkish shopping mall finalist in that category.

Management. Korupark Shopping Mall, including the cinema, is managed on a day-to-day basis by Torun AVM, which is wholly owned by the Torun family. Torun AVM receives a management fee of a certain percentage of net operating profit for providing security, cleaning and technical services. The management agreement is valid until May 31, 2015 and will be automatically renewed each year unless terminated by either party with three months' notice from expiry. For 2010, the management fee is 2% of the mall's net operating profit. We oversee the mix of tenants, signing of leases and collection of rent.

Profitability. Gross rental revenues amounted to TL 18.0 million, TL 28.7 million, TL 31.4 million and TL 9.1 million in the first six months of 2010 and in 2009, 2008 and 2007, respectively. Gross profit generated from Korupark Shopping Mall amounted to TL 15.1 million, TL 23.5 million, TL 26.3 million and TL 8.1 million in the first six months of 2010 and in 2009, 2008 and 2007, respectively. As of June 30, 2010, the LTM net rental yield on cost was 36.1%.

Korupark Residences

Overview. The Korupark Residences consist of two completed residential complexes and a third parcel of land that we plan to develop into another residential complex.

Korupark Residences—Phase 1 and 2. The completed complexes in Phase 1 and 2 of the Korupark Residences have a total land area of 47,434 sqm and a total construction area of 221,979 sqm and consist of 13 blocks, 9 Sedir blocks and 4 Çınar blocks. Phase 1 comprises six blocks that contain 345 units and Phase 2 comprises seven blocks that contain 403 units. The Korupark Residences are located adjacent to the Korupark Shopping Mall. The Korupark Residences consist of luxury residential units and include sports and recreation facilities such as a spa, gym, indoor and outdoor pool and tennis courts. They also include underground car parking. The Korupark Residences were based on a modern design with one, two, three, four and five bedroom apartments.

History and ownership structure. The land was acquired in June 2005 for TL 5.7 million (US$4.3 million) from Botaş A.Ş. in a tender organized by the Turkish Privatization Administration. We have a 100% freehold ownership interest in the unsold units in Phase 1 and 2. The Korupark Residences were designed by Tago Architects and we were the general contractor, as Toray Construction, until our conversion to REIC status, at which time Torun Yapı finalized the project. Construction began in May 2006 and was completed in January 2008 for Phase 1 and December 2008 for Phase 2. Pre-sales of the residential units began in April 2006. Our estimated total investment for the Korupark Residences (Phases 1 and 2) is TL 115.8 million (US$74 million).

Sales. As of June 30, 2010, 75% of the total units in Phase 1 and 2 of the Korupark Residences had been sold, including 74 one bedroom, 74 two bedroom, 134 three bedroom, 264 four bedroom and 15 five bedroom flats. The remaining residential units consist of seven one bedroom, 12 two bedroom, 36 three bedroom, 101 four bedroom and 29 five bedroom flats. Sales prices are denominated in Turkish Lira. We have a team of 11 employees that conduct sales and marketing activities and oversee public relations and advertising to promote sales.

Purchasers may pay for units in one of three ways. They can pay the purchase price in one downpayment with 100% equity, pay the purchase price in one downpayment with a combination of equity and bank financing, or the purchaser may obtain financing from us, whereby the purchaser pays a certain percent of the total sales price as a downpayment and the outstanding amount is repaid to us in installments over a pre-agreed period of time. See "*—Operations—Portfolio Management—Leasing and Sales—Residential*" for more details.

Approvals. We did not obtain the necessary environmental impact assessment ("EIA") report ("EIA Report") or an EIA no action opinion at the time of construction of the Korupark Residences Phases 1 and 2. Lack of an EIA Report or an EIA no action opinion at the time of construction may lead to monetary fines. We are currently in the process of applying for an EIA opinion in order to remedy this by obtaining the required EIA Report or EIA no action opinion.

Other. The recreation and sports facilities on the premises are leased to and operated by the sports management company Spor Sağlık as the Score Fitness & Spa Club at a current rental price of €6,000 per month. The lease is valid until March 31, 2015.

Korupark Residences—Phase 3

We are in the planning stages of developing Phase 3 of the Korupark Residences which we intend to be a mixed-use development with luxury residential units and office space. Phase 3 of the Korupark Residences is adjacent to Phase 1 and 2 and has a total land area of 35,773 sqm, on which we anticipate will be built 64,311 sqm of residential GSA (representing 87% of the project) and 9,659 sqm of office GSA (representing 13% of the project). Phase 3 is being designed by Tago Architects and we will act as the general contractor. We expect construction to commence in the first half of 2011 and to be completed in approximately two years. The land was acquired for TL 3.1 million (US$2.3 million) in June 2005, as part of the land purchases related to the Korupark Shopping Mall and Korupark Residences Phases 1 and 2. We expect that our capital expenditure for this project will be approximately US$54.5 million between 2011 and 2012.

We expect Phase 3 to be a continuation and an improvement upon Phases 1 and 2, and anticipate adding more social and sports facilities. We intend to increase the number of one and two bedroom units compared to Phase 1 and 2 as units of that size experienced higher demand in Phases 1 and 2. We plan to market primarily to couples and young professionals. Urban development has continued in the area around Korupark, which has spurred continued demand for housing and we expect that the area will become more valuable with the opening of the new metro station.

We also intend to take advantage of the commercial zoning to build small office units on the ground and lower ground floors of the residential buildings. Residential units on these levels would be less attractive, and therefore we have decided to build office units instead.

Deepo Outlet Center

Overview. Deepo Outlet Center is an outlet shopping mall located in the Kepez district of Antalya which opened in October 2004. Deepo Outlet Center consists of one basement parking floor a ground floor with retail shops and a mezzanine floor, with total construction area of 38,745 sqm on total land area of 57,254 sqm. The retail floor comprises 66 stores and the basement car park has parking capacity for a total of 500 vehicles, with additional open air parking for 1,000 vehicles. In addition to retail shops, Deepo Outlet Center has 14 food court units, a cinema with five screens and a kindergarten, which are located on a mezzanine floor. The GLA of Deepo Outlet Center is 18,069 sqm.

Location. Deepo Outlet Center is located in the city of Antalya in southwest Turkey. Antalya is a tourist destination in Turkey and attracts a large number of both domestic and international tourists due to the large number of seaside resorts in close proximity. Tourism and agriculture are the largest contributors to the economy in Antalya. Much of the coast is lined with resort-style hotels that attract warm weather tourists. There is also significant business conference and golf tourism in the region. Since the tourism boom began in the 1980's, Antalya has been one of the fastest growing provinces in Turkey due to its strong economy from agriculture, geographic location near the sea, easy transport links and good climate. According to the 2008 census, Antalya had a population of 1.9 million people. Deepo Outlet Center is located within 1 km of Antalya airport. It is on the route to tourist sites, such as Alanya, Manavgat and Side, and is at the juncture of Konya and Isparta roads. It is an area with a high density of commercial and business activity. Given its status as a tourist destination and its distance from other major Turkish cities, in developing Deepo Outlet Center we took into account the potential for Antalya to attract shoppers seeking end-of-season sales.

Tenants and visitors. As of June 30, 2010, fashion stores and footwear and accessories stores comprised the largest proportion of tenants of Deepo Outlet Center, representing 70% and 11% of GLA, respectively. Deepo Outlet Center's anchor tenants are LCW, Ayakkabı Dünyası, Mudo City, Collezione, Sarar and Aydınlı Group. We have focused on attracting strong international and national brands, which in addition to our anchors include stores such as Lacoste, Ralph Lauren, Calvin Klein, Diesel, Nike and Vakko. Food court tenants include Starbucks, Burger King and Northfish. As of June 30, 2010, the occupancy rate for Deepo Outlet Center was 99%.

In 2009, average retail rents paid by tenants of Deepo Outlet Center were US$31.98 per sqm per month. The majority of rents are denominated in US dollars. The average lease term is for five years. Deepo Outlet Center was not negatively affected by the recent economic crisis and we did not provide concessions to tenants. According to our own data, the annual number of visitors to Deepo Outlet Center is approximately 5 million, and on average approximately 380,000 per month, approximately 10,300 people per day on weekdays and approximately 18,500 people per day on weekends.

History and ownership structure. Originally the land and a warehouse depot were owned by Depa Demirayak Pazarlama A.Ş., in which Aziz Torun, Mehmet Torun and the Demirayak family were shareholders. We, as Toray Construction, purchased the land and building in 2003 for a total price of TL 4.8 million. Since that time, we have continued purchasing land in the surrounding area, such that we have paid a total of TL 7.7 million, or US$ 4.9 million, for our current landholdings, including the initial land and building purchase.

The shopping mall was designed by DNA Architects, and Nail Atasoy and Toray Construction acted as general contractor. The outlet mall format was selected due to climate conditions, the potential to attract tourists and construction costs. Deepo Outlet Center is a simple and economic construction enhanced with green space and lighting. It includes a chess club which organizes tournaments and a lunapark and other amusement units in the atrium. We provide flight departure and arrival information, and organize transport between the outlet mall and the airport, resorts, hotels and holiday villages. We distribute maps of Antalya at the airport which include advertising for Deepo Outlet Center.

In June 2010, the Kepez Municipality approved zoning regulations applicable to the land on which the Deepo Outlet Center and surrounding properties in the Kepez district are located. Prior to this time, no zoning regulations applicable to this area were in force. As a result of the approval of the zoning regulations it was necessary for us to apply for applicable licenses and permits in respect of Deepo Outlet Center. The zoning status of Deepo Outlet Center is currently being reviewed by the Antalya Metropolitan Municipality. Aware of pending changes to the zoning regulations and in anticipation that we would encounter delays in receiving required permissions, in March 2010 we transferred the ownership of Deepo Outlet Center to a newly formed subsidiary, TRN, in accordance with commitments we made to the CMB in connection with our conversion to REIC status that the Deepo Outlet Center would not be included in the REIC investment portfolio if we had not obtained all requisite planning permissions for it by the time of our initial public offering. We intend to transfer Deepo Outlet Center back into Torunlar once we receive construction and building operational permits, which we anticipate will occur by the end of 2010. See "*Risk Factors—Risks Related to Our Business and Industry—Failure to obtain necessary zoning, construction, environmental or other permits or licenses or changes in applicable laws and regulation to which we are subject may adversely affect our ability to complete ongoing projects or develop new projects in the future*."

Planned expansion. Deepo Outlet Center was initially developed as a small scale outlet center, however market demand has led us to plan an extension. Existing tenants are demanding more space, and we believe there is an increased demand for retail space from potential new tenants. In February 2009, we leased 21,595 sqm parcel of land located adjacent to Deepo Outlet Center from Hastalya Automotive for a 21 year period. We plan to develop the expansion on this leased land together with 10,500 sqm of land owned by TRN. The project is expected to add 26,651 sqm of GLA, including a supermarket, electronic stores and department stores and additional food court, entertainment center and cinema area. The total combined construction area is expected to be 102,099 sqm. The expansion is being designed by DNA Architects.

Construction is expected to begin in the second half of 2011, and we expect the expansion to be completed in the first half of 2012. We anticipate a total construction time of six months to nine months from start to finish once all necessary permits have been obtained. We currently estimate that capital expenditures for this project will be approximately US$23.7 million between 2011 and 2012. Zoning for the expansion has been approved as of June 2010, and we are waiting for the municipality to complete parcellation works in order to receive the construction and other permits.

Management. Deepo Outlet Center is managed by Torun AVM, a company owned by the Torun family. Torun AVM receives a management fee equivalent to 2% of profit. The management agreement is valid until July 31, 2015 and will be automatically renewed each year unless terminated by either party upon three months' notice.

Profitability. Gross rental revenues (based on 100% ownership) from Deepo Outlet Center were TL 5.5 million, TL 10.4 million, TL 8.7 million and TL 7.9 million for the first six months of 2010 and in 2009, 2008 and 2007, respectively. Gross profit (based on 100% ownership) from Deepo Outlet Center amounted to TL 4.6 million, TL 8.0 million, TL 6.6 million and TL 6.3 million in the first six months of 2010 and in 2009, 2008 and 2007, respectively. As of June 30, 2010, the LTM net rental yield on cost was 62.5%.

Zafer Plaza

Overview. Zafer Plaza, which opened in 1999, was the first shopping mall constructed in the city of Bursa. Zafer Plaza consists of three underground retail shopping and entertainment floors, one underground car parking level, a ground floor and one above-ground floor. The GLA of Zafer Plaza is 23,482 sqm and its total construction area of 57,122 sqm is on a total land area of 9,622 sqm. Zafer Plaza has 130 retail units in total. The above-ground floor houses the third floor of the YKM department store and a six screen cinema; the ground floor houses the second floor of the YKM department store, a food court and a children's amusement park and play area; the first basement floor houses the first floor of the YKM department store and other retail units; the second basement floor houses retail units; the third basement floor houses a Migros Supermarket and other retail unites; and the fourth basement floor houses a car park for approximately 700 vehicles, storage areas and technical rooms.

Zafer Plaza was designed such that most of the shops and restaurants are located underground in order to preserve the character of the surrounding historical area. The design was inspired by international architecture and a desire to build a modern shopping mall. Zafer Plaza caters to a wide range of shoppers, and tenants include clothing, home furnishings, sports stores and pet shops.

Location. Zafer Plaza is located at the junction of intercity roads in the city center of Bursa. For general information regarding Bursa, see "*Real Estate Market Overview.*" Zafer Plaza is located approximately 0.5 kilometers from the nearest metro station and is accessible by city buses. Zafer Plaza is situated near modern and historic buildings, retail shops, mosques, bazaars, parks, banks and other business offices. There are currently development projects under construction which are expected to add 4,500 housing units to the neighborhood by 2011.

Tenants and visitors. As of June 30, 2010, fashion stores and department and anchor stores comprised the largest proportion of tenants of Zafer Plaza, representing 37% and 32% of GLA, respectively. Zafer Plaza's anchor tenants are Migros, YKM, Boyner, and Bimeks. Food court tenants include Starbucks, Burger King and McDonalds, and occupy 7.4% of Zafer Plaza by GLA. The occupancy rate for Zafer Plaza as of June 30, 2010 was 98%. We believed that the modern shopping mall would attract high quality international and local brands, and certain international brands such as Mango, Lacoste and Tommy Hilfiger entered the Bursa retail market via Zafer Plaza. We have continued to focus on the tenant mix in order to remain competitive, and in 2008 and 2009 we attracted two technology stores, Teknosa and Bimeks, which are well known in Turkey and increased the number of stores targeting young customers.

In 2009, average rents paid by tenants of Zafer Plaza were between US$60 and US$70 per sqm per month for shop space and US$70 to US$80 per sqm per month for the food court area. We charge an upfront fee to new tenants, which typically ranges between US$500 and US$1,000 per sqm. The majority of rents are denominated in US dollars. The average lease term is five years. As of June 30, 2010 the average unexpired lease term was 2.5 years. During the recent economic crisis we selectively implemented fixed exchange rates, rental discounts and other measures various in exchange for tenants agreeing to increase their turnover contribution ratios. The goal of these measures was to maintain high occupancy levels. According to our internal data, the average number of visitors to Zafer Plaza is approximately one million people per month, 35,000 people per day on weekdays and 50,000 people per day on weekends.

History and ownership structure. We own a 72.26% interest in Zafer Plaza. The local municipal government owns an 18.94% interest and 98 former owners of the land on which Zafer Plaza was constructed own the remaining 8.8%. We, as Toray Construction, acquired a 63% interest in the assets of Zafer Plaza in 1996 through an asset share agreement with the municipal government and 125 landowners, and we have since increased our ownership interest to 72.26% through purchases from other shareholders. We were responsible for all construction costs in consideration for our share of the property.

Zafer Plaza was designed by HF Tasarım Proje Danışmanlık İnşaat Ticaret A.Ş. and we, as Toray Construction, acted as the general contractor. In June 2009, an extension of the mall was completed, increasing GLA by 2,782 sqm from 20,700 sqm of GLA to 23,482 sqm of GLA. HF Tasarım Proje Danışmanlık İnşaat Ticaret A.Ş. carried out the design work and Zafer Plaza İşletmecilik acted as the general contractor. The extension was constructed with consideration for the demands and requirements of current tenants, and also led to an improved mix of retail stores, which increased the competitive strength of Zafer Plaza. More recently, a renovation and enlargement of the cinema complex has been completed and became operational in August 2010. We expect our capital expenditure related to this renovation will be US$900 thousand in 2010.

In 2000, the AMDP, Shopping Centres and Retail Centres Council, selected Zafer Plaza as "The Best Shopping Centre."

Management. Zafer Plaza is operated by Zafer Plaza İşletmecilik, which is controlled by the Torun family, under a lease agreement entered into on October 9, 1999 for a term of ten years. Zafer Plaza İşletmecilik does not receive a management fee. It must pay to the landowners the greater of TL 180 annually or the total income of the shopping mall less expenses. It manages Zafer Plaza on a day-to-day basis and leases units on behalf of the owners. The board of Zafer Plaza İşletmecilik consists of five members, three appointed by us and two appointed by the Bursa Metropolitan Municipality. Additionally, three lease agreements were concluded in 1999 with the Bursa Metropolitan Municipality and the original landowners, in order to authorize Zafer Plaza İşletmecilik to act as manager. The annual lease amount under these agreements is the greater of TL 5 or the pro rata share of the revenue from Zafer Plaza. These agreements are all for a term of ten years. The agreement between us and Zafer Plaza İşletmecilik was extended for one year, until October 2010. The agreements signed by us and the Bursa Metropolitan Municipality, on behalf of some of the land owners, have also been extended for one year from the expiry date, until October 2010. On September 28, 2010, the Bursa Metropolitan Municipality resolved to approve our application to extend the agreement for an additional 10 years. The agreements signed by us and the Bursa Metropolitan Municipality on behalf of some of the land owners will automatically extend for one year at their expiry date, each year, unless terminated by the parties in accordance with the provisions of Turkish legislation regarding lease of real property.

We generally receive the entirety of the income from Zafer Plaza and then distribute the revenues pro rata to the other shareholders. However, currently we receive a fixed rental amount of TL 8.4 million per year, which we subsequently distribute pro rata to ourselves and the other shareholders. This fixed payment relates to the expansion of Zafer Plaza, which was financed by a bank loan to Zafer Plaza İşletmecilik, which will be fully repaid in 2012, at which time the fixation will end. In order to repay this loan, Zafer Plaza İşletmecilik retains those profits from Zafer Plaza which exceed the fixed amount of TL 8.4 million. See "*Operating and Financial Review—Principal Factors Affecting Results of Operations—Occupancy Levels, Rent Rates and Foot Traffic*."

Profitability. Gross rental revenues (based on 100% ownership) from Zafer Plaza were TL 4.2 million, TL 8.4 million, TL 8.4 million and TL 8.0 million for first six months of 2010 and in 2009, 2008 and 2007, respectively. Gross profit (based on 100% ownership) from Zafer Plaza amounted to TL 3.1 million, TL 6.1 million, TL 6.2 million and TL 5.8 million in the first six months of 2010 and in 2009, 2008 and 2007, respectively. As of June 30, 2010, the LTM net rental yield on cost was 33.2%. The payback period on the investment was 4.5 years.

Nishİstanbul

Overview. Nishİstanbul is a mixed-use development with residential, office units and retail space. It consists of four buildings, three residential blocks and one office block with retail stores and restaurants located on the ground level. The total construction area is 135,218 sqm and the total land area is

32,890 sqm. Nishİstanbul consists of 585 modern high-quality residential units comprising 53,204 sqm GSA in total (representing 66% of the total sellable area), 63 office units comprising 16,925 sqm GSA in total (representing 21% of the total sellable area) and 52 retail units 10,953 comprising sqm GLA in total (representing 13% of the total sellable area). We have purchased two floors of the office building to hold in our portfolio and may lease the space or use it for our own business activities.

Location. Nishİstanbul is situated on the European side of İstanbul, west of the city center. Nishİstanbul is located where the E5 Highway intersects the Airport Connection Road, 1.5 km from Atatürk International Airport in Yenibosna, Bahçelievler, İstanbul. Residential demand is strong in İstanbul as the supply of quality housing has not kept up with demand. As a result, the government and private investors are developing new residential communities outside of the urban and suburban centers. For general information regarding İstanbul see "*Real Estate Market Overview*."

History and ownership structure. We developed Nishİstanbul together with Özyazıcı pursuant to a joint venture partnership arrangement, described below. Nishİstanbul was designed by Alpar Architects and our joint venture partnership acted as the general contractors. We initially intended to build a hotel instead of a third residential block, however the recent economic crisis led us to build a third residential building instead in light of high demand for residential units due in part to low interest rates for mortgages. Construction began in July 2008. Three of the four blocks in Nishİstanbul completed construction in September 2010 and the fourth is expected to be completed by the end of October 2010.

We developed Nishİstanbul as a joint venture partnership together with Özyazıcı on a revenue sharing basis with the original land owner. Özyazıcı acquired the land from the original land owner in December 2006 and in connection therewith agreed that the land owner would receive 31% and Özyazıcı would receive 69% of future gross sales proceeds. Pursuant to our joint venture agreement with Özyazıcı entered into in April 2008, Özyazıcı agreed that of the 69% of gross sales proceeds to which it is entitled, Özyazıcı retains 40% and we are entitled to 60% (or 41.4% of total gross sales proceeds). The total capital of the joint venture partnership is TL 40.0 million, of which we contributed TL 24.0 million and Özyazıcı contributed TL 16.0 million. The joint venture partnership will dissolve upon the delivery of all the units of Nishİstanbul. See below "*—Material Contracts—Nishİstanbul Project Partnership Agreement*." Some financing was obtained by the joint venture partnership through two loan agreements with Garanti Bankası A.Ş. and one loan agreement with Akbank T.A.Ş., amounting to TL 9.25 million in total. A second degree mortgage was placed on the property by Özyazıcı in favor of us. Our estimated investment is TL 32.2 million (US$20.6 million).

We were allocated two floors of office space in Nishİstanbul in a distribution of remaining office space as agreed under the Nishİstanbul Project Partnership Agreement. See "*—Material Contracts—Nishİstanbul Project Partnership Agreement*." In order for the transfer to be effective, we were required to pay TL 4.1 million to the project partnership. This amount was agreed upon by us, Özyazıcı and İstanbul Yem. We obtained a valuation report from Elit, which valued the property at TL 7.9 million in accordance with CMB Standards, and provided this report to the CMB. As the TL 4.1 million was below market rate, the CMB did not object to this transaction.

Sales. As of June 30, 2010, 468 of the 585 residential units (or 80% of the total) had been sold and 52 of the 63 office units (or 83% of the total) had been sold. Sales are denominated in Turkish Lira. As of June 30, 2010, none of the 52 retail units had been leased. As of September 24, 2010, 532 residential units had been sold, 53 office units had been sold and none of the 52 retail units had been leased.

Purchasers may pay for units in one of three ways. They can pay the purchase price in one downpayment with 100% equity, pay the purchase price in one downpayment with a combination of equity and bank financing, or the purchaser may obtain financing from us, whereby the purchaser pays a certain percent of the total sales price as a downpayment and the outstanding amount is repaid to us in installments over a pre-agreed period of time See "*—Operations—Portfolio Management—Leasing and Sales—Residential*" for more details.

Other. Financing for later stages of construction were funded from the pre-sale of residential units, which commenced in February 2009. Mehmet Torun and Aziz Torun, jointly with Özyazıcı, provided guarantees to commercial banks for home loans to pre-sale customers.

Ankamall and Crowne Plaza Hotel

Overview. Ankamall is a shopping mall in Ankara and the Crowne Plaza Hotel is a five star hotel located adjacent to Ankamall. Ankamall opened in 1999 and was expanded by Yeni Gimat in 2006. It is the largest shopping mall in Ankara and we believe the third largest shopping mall in Turkey, in each case by GLA. Ankamall consists of four floors of retail stores and car park capacity for 5,194 vehicles. The retail floors comprise GLA of 104,777.9 sqm consisting of 318 stores, 27 restaurants, a ten screen cinema with IMAX and a 400-seat theatre.

The Crowne Plaza Hotel opened in 2008 and comprises a 21 story building with total internal area of 19,605 sqm consisting of 263 rooms, including 220 standard rooms, 20 club rooms, 22 junior suite rooms and one king suite room. The hotel includes a restaurant and a fitness center, with a gym, sauna, Jacuzzi, steam bath, massage room and solarium.

Location. Ankara is the capital of Turkey and is the second largest city in Turkey by population. According to the 2009 census, Ankara had a population of 4.6 million people. Ankamall and the Crowne Plaza Hotel are situated in a middle-income residential area near the Akköprü metro station and at the intersection of Konya Highway and İstanbul Highway, in the center of Ankara. Ankamall has a direct connection to the metro line.

Tenants and visitors. As of June 30, 2010, the occupancy rate for Ankamall was 100%. Ankamall's anchor tenants are Migros, Marks & Spencer, Boyner, TepeHome, Koçtaş, Mudo City, LCW and ElectroWorld. Rents of tenants of the original mall are denominated in Turkish Lira, whereas rents of tenants in the expanded part of Ankamall are denominated in euro. We did not provide rent discounts or other concessions to tenants of Ankamall during the recent economic recession because demand for retail space remained strong during the period. According our internal data, the average number of visitors to Ankamall is 45,000 people per day on weekdays and 70,000 people per day on weekends.

History and ownership structure. The land on which Ankamall and the Crowne Plaza hotel are built was acquired by Yeni Gimat in 1995 from the Turkish Privatization Administration for approximately TL 46.9 million (US$30 million). At the time, Yeni Gimat, a cooperative, could not raise the necessary funds to complete the land purchase and as a result the Torun family purchased an approximately 20% interest in Yeni Gimat and led the decision for Yeni Gimat to construct a shopping mall on the land. Yeni Gimat became a public company in July 1999. We are currently the largest shareholder in Yeni Gimat, with a 14.83% share. In addition, the Torun family owns 5.19% of Yeni Gimat. Yeni Gimat is expected to apply for REIC status in order for the profits from Ankamall to benefit from tax exempt status. See "*Risk Factors—Risks Related to Our Business and Industry—Our level of control over Ankamall may change in the future.*"

The Ankamall shopping mall and hotel were built in two phases. The first phase involved the construction of the original shopping mall which opened in 1999 under the name Migros AVM. Pursuant to an agreement between Yeni Gimat and Migros executed in April 1997, the first phase of Ankamall, consisting of 53,473.9 sqm of GLA, was developed by Migros on land owned by Yeni Gimat, in exchange for which Migros became the owner of 30.26% of the leasable area of the shopping mall (primarily the area occupied by the Migros supermarket) with Yeni Gimat retaining 69.73% of the leasable area. Subsequently in June 1999, Yeni Gimat agreed to lease the remaining leaseable area of the first phase of Ankamall to Migros for a period of 12 years, expiring in June 2011, which space Migros has subleased. Under the lease agreement, Migros is required to pay Yeni Gimat fixed monthly rental payments (subject to annual adjustments) which for 2010 will amount to total annual rental payments of TL 25.6 million (US$16.2 million). The first phase of Ankamall was designed by Ziya Canbazoğlu.

The second phase entailed the expansion of the shopping mall by 51,304 sqm of GLA, which opened in May 2006, and construction of the hotel, which opened in 2008. Phase 2 was developed by Yeni Gimat, designed by Ahmet Özsüt, in conjunction with Meda Construction, and constructed by Garanti Koza Construction and Yapı Merkezi. The portion of Ankamall constructed in the second phase of development and the hotel are 100% owned by Yeni Gimat.

Yeni Gimat undertook the second phase based on its understanding that there were a lack of quality shopping malls in Ankara and that central Ankara was underpenetrated in terms of shopping center space.

The decision to develop the second phase was also taken in light of the positive performance of the first phase and demand for additional retail space from both existing and potential tenants. The second phase was financed through retained earnings of Yeni Gimat and internal accruals and bank loans. The hotel was considered the best use of the remaining land given the zoning of the property and the belief that it would enhance the attractiveness of the shopping mall.

Management. The first and second phases of Ankamall are managed by ECE Türkiye pursuant to an agreement between Migros, ECE Türkiye and Yeni Gimat executed in September 2004. ECE Türkiye is entitled to a fee of 4.5% of the rents collected from the mall tenants. ECE Türkiye is responsible for leasing the retail units and providing related services to management in accordance with the guidelines provided Yeni Gimat. The Crowne Plaza Hotel is leased to and operated by Laledan Turizm. The operational lease is valid until March 31, 2036 and provides for annual rent of US$2.0 million plus 3% annual rental increases beginning in 2012. After April 2012, Laledan Turizm will be entitled to terminate the agreement without paying any compensation by giving notice 12 months in advance. Laledan Turizm is prohibited from assigning the lease agreement or the management of the hotel to third parties without the prior consent of Yeni Gimat.

Approvals. The Crowne Plaza Hotel currently does not have an EIA Report or an EIA no action opinion from the relevant authorities. Lack of such report or opinion may lead to the suspension of operations or monetary fines in establishments which are within the scope of EIA regulation. Since Crowne Plaza Hotel is owned by Yeni Gimat, Yeni Gimat filed an application for obtaining an EIA Report or EIA no action opinion from the relevant authorities.

Profitability. We receive a portion of the profits from Ankamall and the Crowne Plaza Hotel in the form of dividends from Yeni Gimat. In the first six months of 2010 and in 2009, 2008 and 2007 we received dividends from Yeni Gimat of TL 2.7 million, TL 2.4 million, TL 2.1 million and TL 1.9 million, respectively.

Netsel Marina

Overview. Netsel Marina is one of the three largest marinas in Turkey and the largest on the Mediterranean and Aegean coasts, by capacity. Netsel Marina has capacity for 830 yachts (berthing capacity for 700 yachts; dry rack capacity for 130 yachts) and is developed on a total land area of 37,478 sqm, including the concrete breakwaters of the marina. The marina is enclosed by two concrete breakwaters that provide berthing for yachts of sizes up to 40 meters. Netsel Marina also includes a retail area with GLA of 5,954 sqm, or 75 leaseable units, which currently include a Migros supermarket, seven restaurants and bars, 16 shops occupied by a number of high-end retail brands, laundry facilities and yachting and charter offices. There are also 13 residential units. The marina has open parking for 40 cars.

Location. Netsel Marina is located in Marmaris, which is in the Muğla province of Turkey, and is a major holiday destination in Turkey. Muğla has 1,100 kilometers of shoreline and based on the 2008 census, Marmaris had a population of 76,820 people. The province is well served by air and maritime transportation and is only the second province in Turkey to have two airports. The area is a very popular sailing destination. Marmaris is located on the peninsula on the southwest side of Muğla, surrounded by the Aegean Sea to the northwest and southeast, Datça Peninsula to the west, and Ula and Köyceğiz in the east. The district has an area of 866 square kilometers. There are several successful marinas in Marmaris that take advantage of the growing sport of sailing, yacht charter services, many tourists and the seaside location. Most marinas in the area are mixed-use properties offering retail, restaurants and entertainment along with the provisions and services required by yachtsmen. Retail space in these marinas is popular with Turkey's luxury brands, international brands and smaller retailers selling high-end goods.

Tenants and visitors. As of June 30, 2010, the occupancy rate for the retail portion of Netsel Marina was 66%, the occupancy rate for the marina (closed area/yacht capacity) was 103.7% and 97.9% (year contract/yacht capacity). Netsel Marina's tenants include Migros, Lacoste, Sisley and Tommy Hilfiger. Retail rents and berthing fees are denominated in euros. The average retail rent was €11.3 per sqm per month in 2009. Berthing fees, which vary depending on lease duration and slip size, range from €1.43 per sqm for daily rental of slips of 180 sqm or larger to €0.206 per sqm for annual rental of slips between 24 and 59.99 sqm in size. In 2009, short term slip rentals of one day to two months accounted for 13% of berthing fee income, medium term slip rentals of three months to one year accounted for 18% of berthing fee income and annual rentals accounted for 69% of the berthing fee income. According to company data, the marina services approximately 50,000 tourists per year.

History and ownership structure. Netsel Marina is wholly owned by Netsel Turizm, of which we own 44.6%, the Torun family owns 0.4% and Tek Art Turizm (a subsidiary of Koç Holding) owns 55.0% of the share capital. We purchased our stake in Netsel Turizm in 2005, for approximately TL 14.9 million (US$9.4 million), in a tender organized by the Savings Deposit Insurance Fund and Tek-Art Turizm Koç purchased its stake in a second tender in the same year.

Netsel Marina began operating in 1989. The marina is owned and operated under an easement to use property granted by the Turkish Treasury which is valid until December 22, 2037. Upon expiry of the easement, the ownership of all buildings and facilities on the property will revert to the Turkish Treasury. Netsel Turizm is currently paying the Turkish Treasury 5% of profit before tax each year plus an annual fixed fee for the easement. The fee for the easement right was set by the Turkish Treasury at TL 208,086, TL 201,127 and TL 182,015 for the years 2009, 2008 and 2007, respectively. Netsel Turizm has certain material obligations under the agreement, noncompliance with which may result in the cancellation of the easement right by the Turkish Treasury. As a result of discussions between the Ministry of Culture and Tourism and the Ministry of Finance, it was decided that the prior transfers of 75% of Netsel Turizm's shares without obtaining the permission of the ministries constituted a breach of Netsel Turizm's obligations under the agreement. However, the Ministries found Netsel Turizm eligible to benefit from a settlement procedure which requires Netsel Turizm to make a written application in order to benefit from such settlement, to pay a monetary fine of TL 1,946,366 and to pay TL 324,394 as the new annual fixed fee for the easement right, an increase of TL 116,308 over the previously established annual fixed fee paid in 2009. Netsel Turizm made an application to the Ministry of Culture and Tourism and requested a reevaluation of the decision. Upon rejection of this request by the Ministry, Netsel Turizm submitted its application on September 17, 2010 and undertook to comply with the conditions, including the payment of the fine.

Management. The marina is operated by Tek Art Turizm under the name Setur Marinas. Tek Art Turizm, a subsidiary of Koç Holding, has an extensive track record of operating marinas in Turkey with seven marinas (including Netsel Marina) in its portfolio. We manage the retail area, leveraging our knowledge from operating shopping malls throughout Turkey. We and Tek-Art Turizm are subject to certain voting rights and supermajority decisions which regulate the control of Netsel Marina. According to the articles of association of Netsel Turizm, the quorum required for a board of directors meeting is at least four directors with at least one director representing Class B shares and one director representing Class C Shares attending each meeting. These articles of association also describe certain supermajority decisions which require the affirmative vote of at least five directors, such as the approval of the annual budget, the determination of the annual investment and operation policy, any agreements (i) with a term of more than twelve months or (ii) to be entered into with the shareholders, managers, officers and employees of Netsel Marina, the establishment of subsidiaries, mergers, purchase and sale of securities and real property, purchase of material machinery, and granting a security interest over the assets of Netsel Marina.

Profitability. In the first six months of 2010 and in 2009, 2008 and 2007, we received dividend income from Netsel Turizm of TL 2.1 million, TL 2.2 million, TL 1.5 million and TL 1.5 million, respectively.

Ongoing Projects

The following table sets forth certain information regarding our ongoing project, which is currently under construction.

Project(1)	Location	Ownership Interest	Expected Number of Units	Total Land Area (sqm)	Total Construction Area (sqm)	Expected GLA/GSA (sqm)(1)	Status	GAV(2)
Torium İstanbul(3)	İstanbul	96.4%	—	42,990	266,050		—	US$283.2 million
Shopping mall	—	—	168 retail units	—	—	95,300 GLA	Expected to open in October 2010	—
Residential	—	—	80 residential units	—	—	5,318 GSA	Expected completion in December 2010	—

(1) GLA is the gross leasable area of retail units. GSA is the gross saleable area of residential or office units. See "*Certain Definitions*" and "*Presentation of Financial and Other Information—Statistical Data*."

(2) GAV is as of June 30, 2010 and is based on the DTZ Report. For further information on the valuations of the properties, see "*Annex A—DTZ Report*."

(3) We own 96.4% of Torium İstanbul. The remaining 3.6% of Torium İstanbul is owned by the landowner of an adjacent parcel. That ownership interest amounts to 36% of the residential area (2,992 sqm of GSA) and two retail stores (2,327 sqm of GLA). Information relating to number of units, GLA, GSA, total land area and GAV reflect our 96.4% ownership interest. Information relating to total construction area reflects Torium İstanbul in its entirety.

Torium İstanbul

Overview. Torium İstanbul is a mixed-use development comprised of retail and residential units located on the E5 Highway in the Esenyurt district on the European side of İstanbul, approximately 25 km from the city center. The shopping mall is expected to open in October 2010 and the residential units are expected to be completed in December 2010. Torium İstanbul has a total construction area of 266,050 sqm, and retail GLA of 95,300 sqm and residential GSA of 5,138 sqm (figures in each case represent the portion of Torium İstanbul owned by us). The shopping mall will have 168 stores, 20,000 sqm of leisure and catering space (including an amusement park, cinema complex, snowpark, sports centre, fast food units, restaurants and cafes) and an 1,800 seat ten screen cinema complex. 3,000 sqm of the shopping mall will be open air and the building has a terraced structure to accommodate its hillside location. It will be the first very large shopping mall for west-side settlements in İstanbul, we believe it will be the third largest shopping mall in İstanbul by GLA and it will have a significant proportion of land area dedicated to entertainment compared to other shopping malls in İstanbul. A residential block comprised of 80 residential units with a GSA of 5,318 sqm (reflects portion of Torium İstanbul owned by us) is being constructed on the property. Car parks with capacity for 2,200 vehicles will be located on two basement levels and three upper floors.

Location. Torium İstanbul is located in the Esenyurt municipality, in the western part of İstanbul's European side on the north side of the E-5 highway at the Haramidere junction. It is easily accessible from the E-5 highway by car or by public transportation. Torium İstanbul is approximately 14 km from Atatürk International Airport. It is in the center of the highly populated residential districts Avcilar, Beylikduzu and Bahcesehir with a population of 3.5 million. It is expected that a metro station will eventually be built nearby with a direct connection to the mall, though the timing for this extension has not yet been proposed. We believe that Torium İstanbul has the potential to attract seven million people in its catchment area. See "*Real Estate Market Overview*."

Tenants and visitors. The tenant mix, by GLA, is expected to be composed approximately as follows: 35% medium sized and small stores; 25% anchor tenants; 15% entertainment; 10% supermarket; 4% electronic stores and 4% other. As of September 21, 2010, approximately 90% of the GLA of the shopping center had been, or was in the process of being, leased. The majority of retail rents are expected to be denominated in euros, while residential sales are expected to be denominated in Turkish Lira.

History and ownership structure.

We acquired 96.4% of the land on which Torium İstanbul is being constructed from the Torun family in 2008 for US$37.9 million via an increase in capital in kind. We acquired rights to develop the remaining 3.6% from a neighboring landowner, which was subsequently unified with our land in connection with an asset share agreement we entered into with the landowner. Pursuant to the asset share agreement, the landowner will receive 36% of the residential development (totaling 2,992 sqm of GSA), which is the part of the development built on the landowner's property, as well as two retail units (totaling 2,327 sqm of GLA). We have agreed to lease the two retail units for the landowner for a period of 20 years in exchange for receiving 25% of the rental income generated there from.

We started developing the design concept for Torium İstanbul with BRT Architects in 2006 and Chapman Taylor España S.L. and DOME Architects were also involved in the architectural planning and design, and the project is being constructed by Torun Yapı. Construction began in June 2008 and we expect to open the shopping mall in October 2010 and complete the residential units in December 2010. Pre-leasing activities began in March 2010. We expect to receive the occupancy permit in the fourth quarter of 2010.

Management. Torium İstanbul will be managed on a day to day basis by Torun AVM, an affiliated company which is wholly owned by the Torun family. Torun AVM will receive a management fee of 2% of rental income for providing security, cleaning and technical services. The management agreement is valid until September 14, 2015 and will automatically be renewed each year unless terminated by either party with three months' notice. We oversee the mix of tenants, signing of leases and collection of rent.

Financing and capital expenditure. Construction of Torium İstanbul is being financed with a loan from İş Bankası in the amount of US$100 million. The loan was agreed on September 17, 2009. A mortgage was granted over the land as security. For further details see "*Operating and Financial Review—Liquidity and Capital Resources—Financing Agreements.*" We expect that our capital expenditure for this project in 2010 will be approximately US$24.2 million.

Project Pipeline

The following table sets forth certain information regarding our project pipeline, which includes the properties which are currently in the planning stages of development and in respect of which construction has not yet commenced.

Project	Location	Direct or Indirect Ownership Interest	Expected Number of Units	Total Land Area (sqm)	Expected Construction Area (sqm)	Expected GLA/GSA (sqm)[1]	Status	GAV[2]
Mall of İstanbul[3]	İstanbul	100%	—	122,859.9	538,885	—	Expected to begin construction in Q4 2010	US$380 million
Shopping mall	—	—	Over 300 retail units	—	—	139,500 GLA	—	—
Residential	—	—	657 residential units	—	—	86,000 GSA	—	—
Office	—	—	Number of office units not yet determined	—	—	25,000 GSA	—	—
Hotel	—	—	300 rooms	—	23,000	—	—	—
Torun Tower	İstanbul	100%	—	14,992	91,263	—	Expected to begin construction in 2011	US$140 million
Residential	—	—	Not yet determined	—	—	29,266 GSA	—	—
Office	—	—	Not yet determined	—	—	19,906.5 GLA	—	—
Retail	—	—	Not yet determined	—	—	2,415 GLA	—	—
Korupark Residential Phase 3	Bursa	100%	640 residential units and 40 office units	35,773	109,297	64,311 residential GSA and 9,659 office GSA	Construction expected to commence in first half of 2011 and complete in 2012	US$32.3 million
Samsun Shopping Mall[4]	Samsun	40%	Number of retail and office units not yet determined	6,960.4	14,964.8	5,977.2 GLA	Expected to begin construction in Q4 2010	US$9.0 million
Kemankeş Boutique Hotel	İstanbul	100%	Not yet determined	1,501	3,900	—	Expected to begin construction in H2 2011	US$7.4 million
Deepo Outlet Center Expansion[5]	Antalya	100%	Not yet determined	32,095	38,869	26,651 GLA	Expected to begin construction in H2 2011	—

(1) GLA is the gross leasable area for retail units. GSA is the gross saleable area is for residential or office units. See "*Certain Definitions*." See "*Certain Definitions*" and "*Presentation of Financial and Other Information—Statistical Data*."

(2) GAV is as of June 30, 2010 and is based on the DTZ Report. For further information on the valuations of the properties, see "*Annex A—DTZ Report*."

(3) We also own a 4.8% interest in an adjacent lot, used for excavation, which has a GAV of US$593,880 according to DTZ.

(4) The expected number of offices, expected total land area, expected construction area, expected GLA and GAV reflect our 40% ownership interest in the Samsun Shopping mall. Torunlar Gıda and the Torun family collectively own an additional 10% of the joint venture entity, with Turkmall Gayrimenkul Turkmall Market and Ahmet Demir owning the remaining 50%.

(5) For the valuation of the Deepo Outlet Center including the expansion, see "*—Our Property Portfolio—Completed Projects*" above. A separate valuation for the expansion was not undertaken by DTZ.

Mall of İstanbul

Overview. The Mall of İstanbul project is designed to be a new "life center" for İstanbul. It is planned to be a mixed-use development with retail, residential, office and hotel space, as well as a large entertainment area. We expect the Mall of İstanbul to be one of the largest mixed-use projects in Turkey and that it will appeal to high income and upper middle class clientele.

The total construction area for the project is 538,885sqm, with planned GLA of 139,500 sqm consisting of 300 retail units and planned GSA of 111,000 sqm, comprised of 86,000 sqm of residential space consisting of 657 residential units and 25,000 sqm of office space. The mall will also include a four or five star hotel with 300 room capacity and a 37,500 sqm entertainment and catering area, including a 10,000 sqm amusement park, a 1,200 seat multi-purpose auditorium, a 16-screen cinema, and a 7,200 sqm snow park, restaurants and cafés. Of the total leasable and saleable area, 51% is expected to be retail space, 31% is expected to be residential, 9% is expected to be office and 8% is planned to be hotel space. We initiated the concept design in 2008 and Development Design Group, Inc. was selected for the architectural design in 2009.

We own 100% of the land required for construction. We acquired the land by way of a tender organized by TOKİ in 2007 for approximately TL 166 million and subsequently acquired small adjacent land parcels from TOKİ and other individuals between 2008 and 2010 for TL 10.7 million, resulting in us owning a total usable land area of 226,000 sqm. In 2009, after various zoning approvals, the usable land area of 226,000 sqm was reduced to 122,859 sqm. The remaining land has been provided to the local municipality to be used for education spaces, social and cultural areas and road connections. We also own a 4.8% interest in land adjacent to the construction site, which is to be used for excavation. In addition, we intend to acquire 18,208.90 sqm of adjacent land from TOKİ, the Building Cooperative of İstanbul Furniture and Woodenware Manufacture Industrial Site and nine other individuals in order to be able to expand the project. We have so far acquired a 4.8% interest in this plot of land.

Location. The Mall of İstanbul site is located near the Mahmutbey junction of the TEM highway in the Başakşehir district of İstanbul. The TEM highway connects the high population density settlements like Başakşehir in west İstanbul and cities like Edirne and Tekirdağ to the city center. The site is located within five kilometers from the Atatürk International Airport. A new metro line expected to be operational in 2011 is located within 0.6 km of the property and a metro station with a direct connection to the lower ground area of the mall is in project development.

Status. We plan to begin construction on the Mall of İstanbul in the fourth quarter of 2010 and anticipate that this project will be operational in the first half of 2013 and completed in the second half of 2013. There are certain annotations registered on the title deed of the land of Mall of İstanbul in favor of Turkish Electricity Distribution Company, in order to allow space for national grid lines. These annotations will be removed. We are acting as general contractor for this project, although we have hired Torun Yapı for certain advisory services, particularly in connection with excavation activities.

Permitting stage. The project is currently in the schematic design stage and initial excavation works, which, in our opinion, do not rise to an extent which requires a construction permit to have been obtained. We have applied to the İstanbul Metropolitan Municipality for a construction permit, which we expect to receive in the fourth quarter of 2010.

Development stage. Excavation is underway as of the date of this prospectus.

Financing and capital expenditure. We expect that our capital expenditure for this project will be approximately US$325 million between 2011 and 2013. We expect to finance the project through a combination of the proceeds of the global offering, bank loans and cash from operations.

Torun Tower

Overview. We are planning for Torun Tower to be a mixed-use development with residential, office and retail space. It will consist of one high rise tower with 40 floors with a total construction area of 91,263 sqm. The building is planned to be a landmark for the city of İstanbul which will have prominent visibility from both the Bosphorus and northern districts of İstanbul. Torun Tower will be constructed using very modern architectural concepts and construction technology. The concept design for Torun Tower was initiated with BRT Architects in 2006 and in 2009 we began working with Arquitectonica Design Company to further improve the design to increase the GLA efficiency of the project. We expect to develop 55% of the total leasable/saleable area of Torun Tower into residential units, 40% into office units and 5% into retail units. The lower floors are expected to be Class A offices with small upscale residential units (1+1 and 1+1.5) on higher floors. We expect that sales and rents of Torun Tower units will be denominated in US dollars. We own 100% of the land on which the building will be constructed.

Location. Torun Tower is located on a main road, Büyükdere Street, in Esentepe, Şişli on the central business district axis of İstanbul and in one of the most expensive neighborhoods (in terms of land prices) in İstanbul. Torun Tower is easily accessible by car and bus and is located adjacent to the Gayrettepe-Esentepe metro station, which is directly accessible from the basement levels of the planned development. For general information regarding İstanbul see "*Real Estate Market Overview.*"

Status. The land is currently used for car parking. We expect to commence construction activities in 2011, once we have obtained the necessary licenses, and we expect to complete construction and commence operations in 2013. We acquired the Torun Tower land in August 2005 for TL 46 million through a tender organized by the Savings Deposit Insurance Fund. We plan to start construction after the architectural design is complete and the construction permit is received.

Permitting stage. In January 2010, we received zoning plan approval from the İstanbul Metropolitan Municipality, which increased the FAR from 2 to 2.75 and allows us to build a higher building and two basement floors for commercial use. We expect to receive approval from the district municipality of the second required zoning plan in the fourth quarter of 2010 and expect to receive required construction permits in the first half of 2011.

Financing and capital expenditure. We expect that our capital expenditure for this project will be approximately US$75 million between 2011 and 2013. We are financing construction with a US$100 million loan agreed on February 22, 2010 with Garanti Bank. The loan is secured by a mortgage. For further details see *"Operating and Financial Review—Liquidity and Capital Resources—Financing Agreements*."

Korupark Residences—Phase 3

See "*—Completed Projects—Korupark—Korupark Residences—Phase 3*."

Samsun Shopping Mall

Overview. We are developing the Samsun Shopping Mall project in joint venture with Turkmall Gayrimenkul. The project is planned to be a shopping mall with retail and office units on the site of an old cigarette factory in Samsun. We own 40% of the project through TTA, the joint venture entity. The other owners of TTA are Turkmall Gayrimenkul and Turkmall Market (collectively 45%), Torunlar Gıda and the Torun family (collectively 10%) and Ahmet Demir (5%). The Samsun Shopping Mall will be the first shopping mall in the city center of Samsun and will consist of shopping, leisure and entertainment facilities and office units. It is being designed by Mim Yapı. TTA will also develop a closed car park. Rents will be denominated in euro. We estimate that construction on the Samsun Shopping Mall project will begin in the fourth quarter of 2010 and that the shopping mall will be complete and operational in the first half of 2012.

Location. Samsun is located in northern Turkey on the coast of the Black Sea. Samsun is a major port and important trade center. The Samsun Shopping Mall project is located in a central location and is surrounded by residential and commercial buildings. It is situated between two main boulevards where many modern stores are currently operating. The site has easy accessibility from the belt highways and connection roads.

Status. The property is owned by the Samsun Metropolitan Municipality and in January 2010 TTA was awarded a right to establish a right of construction in order to renovate the complex and operate a shopping center and/or hotel on the site for a period of 30 years and to build 20,000 sqm of closed car parking for the Samsun Metropolitan Municipality. In consideration for these rights, Samsun Metropolitan Municipality is entitled to 4% of the shopping mall's operating revenues in the first ten years of operation, 6% of operating revenues in the second 10 years of operation and 9% of operating revenues in the third 10 years of operation. Two basement car park areas will be constructed and delivered to the municipality at no cost. TTA has provided a US$2.01 million performance bond, which will be returned upon completion of construction and obtaining operational permits.

Permitting stage. The construction permit was received in July 2010 and the right of construction was registered in the title deed registry on September 30, 2010. We expect to begin construction in the fourth quarter of 2010.

Financing and capital expenditure. We expect that our capital expenditure for this project will be approximately US$6.6 million between 2010 and 2012. We are currently negotiating to obtain a project finance loan from a bank.

Kemankeş Hotel

Overview. We plan to develop the Kemankeş property into a boutique hotel with a total expected construction area of 3,900 sqm.

Location. The Kemankeş property is located in the Beyoğlu district of İstanbul in Galata, which is a historical region relating to Ottoman times. The property is located close to Tophane tram station and is within walking distance of the main cruise port of İstanbul and has potential to attract cruise visitors. This area of İstanbul is experiencing population growth and the Kemankeş property is situated near the Galataport Project, a new urban transformation project announced by the government which will include a new international port and tourist accommodation facilities. For general information regarding İstanbul see "*Real Estate Market Overview.*"

History and Status. We, as Toray Construction, acquired the Kemankeş property during the liquidation of Türk Ticaret Bankası for TL 6.9 million (US$4.4 million) by way of public auction in 2005. The Kemankeş Hotel project is still in the conceptual stage. We may develop the hotel using an existing building on the property, formerly a bank branch, or we may demolish the existing building and construct a new hotel building, in line with the licensing and permitting requirements applicable to buildings within protection areas, and in accordance with the Cultural and Natural Assets Protection Committee ("Protection Committee") approvals. We estimate that construction will begin on this project in the second half of 2011 and that the hotel will be complete and operational by 2012; however, we are waiting until planning for the Galataport Project is more advanced before finalizing specific development plans.

Permitting stage. Kemankeş Hotel is located in an area zoned as an Urban Protection Area and as such the Protection Committee has discretion as to whether new development activities may be undertaken. Construction, restoration, excavation, demolition and similar activities that contravene the decisions and principle resolutions of the Protection Committee are strictly forbidden and the approval of the Protection Committee is required for major repairs or before any historic structure is demolished or similar actions are taken. This approval process could take more than one year.

Financing and capital expenditure. We expect that our capital expenditure for this project will be approximately US$8.1 million between 2011 and 2012, which we expect to finance through a combination of the proceeds from the global offering, bank loans and existing cash and future cash flow, as necessary.

Deepo Outlet Center Expansion

We are planning to develop land located adjacent to the Deepo Outlet Center comprising 21,595 sqm of leased land and 10,500 sqm of land owned by our subsidiary TRN into an expansion of the Deepo Outlet Center. See *"—Completed Projects—Deepo Outlet Center—Planned Expansion*."

Land Bank

The following table sets forth certain information regarding our Land Bank, which we own for the purpose of future development.

Property	Location	Direct or Indirect Ownership Interest	Total Land Area	GAV[1]
			(sqm)	
Kayabaşı Residential Lands	İstanbul	100%	60,833	US$14.4 million

(1) GAV is as of June 30, 2010 and is based on the DTZ Report. For further information on the valuation of the property, see "*Annex A—DTZ Report*."

Kayabaşı Residential Lands

We plan to build a mixed-use residential and retail complex on the Kayabaşı Residential Lands property. The Kayabaşi Residential Lands property is located in the Altınşehir quarter of the Başakşehir District on the European side of İstanbul. The property is accessible by the TEM Highway and is approximately 18km from Atatürk International Airport. We own 100% of the land on which we plan to build. We expect that construction will begin by the second quarter of 2012.

We plan to build approximately 300 residential units, ground floor retail units which will include one supermarket of 1,000 sqm, as well as social facilities, a recreational area, and an open car park. The total land area is 60,833.20 sqm. We expect total the construction area to be approximately 49,000 sqm, including saleable residential units of approximately 48,386 sqm and an open car park for residents of approximately 27,918 sqm. The zoning of the land falls within that specific region's zoning plans. However, the parceling of the area is not complete and official information relating to total construction area will be available upon completion of such parceling. We currently estimate that capital expenditures for this project will be approximately US$27.0 million between 2012 and 2014. See "*Risk Factors—Risks Related to Our Business and Industry—Failure to obtain necessary zoning, construction, environmental or other permits or licenses or changes in applicable laws to which we are subject may adversely affect our ability to complete ongoing projects or develop new projects in the future.*"

Other Properties Held by the Torunlar Group

Set forth below are other properties owned by the Torun family but not owned by Torunlar. We may in the future choose to purchase certain of these properties. However, we do not intend to purchase the Company headquarters and warehouses owned by Torunlar Group, as explained in the table below.

Property Name or Location	Planned Development Type	Total Land Area (sqm)	Rationale for Property Not Being Owned by Torunlar	Notes
İzmir	Marina, shopping mall, residential	44,084	Zoning permit for the area has been revoked by government authorities. New zoning discussions are currently in progress with local municipal authorities.	Torunlar could potentially purchase this property once zoning approvals have been received. No agreement has been executed.
Kütahya	Shopping mall	196,952	Zoning permit is not available on current site. Zoning discussions are currently in progress with local municipal authorities.	Torunlar could potentially purchase this property once zoning approvals have been received. No agreement has been executed.
Ankamall interest	Shopping mall	—	Transfer of 5.19% of Yeni Gimat from the Torun family to Torunlar could not be accomplished prior to the date of this offering memorandum.	We expect that the transfer will be completed post-offering; however, no agreement has been executed.
Tuyap	Exhibition hall	33,114	Currently owned by Torunlar Gıda. Torunlar Gıda receives a tax advantage while it is under construction.	Torunlar could potentially purchase this property once construction is completed. No agreement has been executed.
Headquarters (İstanbul)	Office	—	Owned by Torunlar Gıda, with two floors leased to Torunlar.	Investment in this property is not in line with Torunlar's investment strategy.
Warehouses	Warehouse	—	Warehouse owned by companies owned by the Torun family.	Investment in this property is not in line with Torunlar's investment strategy.

REICs are allowed to own vacant land with no zoning. However, REICs cannot invest more than 10% of their portfolio in idle lands which have remained vacant for at least five years. Additionally, if buildings are constructed on a property, then the REIC must have the right to use the building by having all of the required licenses and permits. As the İzmir and Kütahya properties are both currently experiencing difficulties with their zoning, we have chosen not to include them in our portfolio at this time in order to remain compliant with the aforementioned portfolio limitations.

Competition

We compete with other shopping mall developers and owners, as well as with major contractors and real estate developers who compete with us for land opportunities. We consider our primary shopping mall competitors to be Corio and Multi Corporation. Corio is a retail property company listed on Euronext NYSE in Amsterdam and Paris. It focuses on the selection, development, redevelopment and management of shopping malls throughout Europe. It began investing in Turkey in 2005 and, according to its public statements, its retail portfolio in Turkey was valued at €403.2 million as of December 31, 2009. It owns six shopping malls located in Ankara, İstanbul, Bursa and several other cities. Multi Corporation operates in Turkey through its subsidiary, Multi Turkmall. It operates throughout Europe, primarily focusing on inner-city retail space and large-scale mixed-use shopping malls. It is involved in property development, investment, asset management and property management. It has 16 shopping malls in Turkey, including two in İstanbul, one in İzmir, and one in Ankara.

We consider our primary competitors for land to be the Sinpaş Group, the Ağaoğlu Group and Varyap. The Sinpaş Group primarily builds and sells residences, as well as some business and industrial centers. Its geographic focus is on İstanbul. The Ağaoğlu Group builds and sells residences and office buildings and is also involved in hotels. It primarily operates in İstanbul. Varyap is involved in both the development of large-scale residential, office and hotel buildings as well as infrastructure and superstructure projects. Its primary geographic focus is İstanbul, although it operates in several other cities.

Environmental Matters

We believe that we are in material compliance with all applicable environmental laws and regulations, other than as disclosed above in "*—Completed Projects—Korupark Shopping Mall—Approvals*" and "*—Completed Projects—Ankamall and Crowne Plaza Hotel—Approvals.*" We are not subject to any pending or, to our knowledge, threatened legal or administrative proceedings or private claims involving environmental matters. See "*Risk Factors—Risks Related to Our Business and Industry—Our real estate development activities are subject to numerous environmental regulations*."

Employees

We had 246 employees at December 31, 2007, 16 employees at December 31, 2008, 23 employees at December 31, 2009 and 36 employees at June 30, 2010. Our employees are not represented by any union. After our conversion to REIC status, our employees who were involved in the construction of the Korupark Shopping Mall were let go as the project was completed, as after our conversion we no longer perform construction activities ourselves but rather hire subcontractors to perform the work.

The following table shows a breakdown of employees as of June 30, 2010 and December 31, 2009, 2008 and 2007 by principal area of responsibility.

	As of June 30,	As of December 31,		
	2010	2009	2008	2007
Construction	2	—	—	205
Design	2	6	—	13
Finance and Accounting	4	2	3	11
Others	28	15	13	17
Total	**36**	**23**	**16**	**246**

Insurance

The REIC Communiqué requires us to insure all of the assets in our portfolio against all risks except for land, rights, projects the construction of which have not yet started and capital market instruments. Such insurance must be based on the market values of the relevant assets.

We have the insurance required by CMB regulations for Zafer Plaza, Deepo Outlet Center, Korupark Shopping Mall, Torium İstanbul, Nishİstanbul, Korupark Residences, Ankamall and Netsel Marina. Certain standard exceptions apply, such as only receiving 80% compensation in the event of an earthquake. We have no business interruption insurance. We have third party financial liability insurance for Zafer Plaza, Deepo Outlet Center, Korupark Shopping Mall and Torium İstanbul. For further information, please see "*Risk Factors—Risks Related to Our Business and Industry—We may suffer losses not covered by insurance*."

Intellectual Property

We do not own any patents or copyrights. As of the date of this offering memorandum, we have 19 trademarks registered and 10 trademark registration applications filed with the Turkish Patent Institute. Our registered trademarks include, among others, "deepo outlet center," "mall of İstanbul," torunyapı" and "nishistanbul."

Information Technology

We use customer relationship management software called Sales Master provided by a local IT company. This software allows us to record and track information related to customers and residence sales.

We also use Link software under a license held by Torunlar Gıda. This software enables us to monitor records of our financial activities, such as the balances of payments, through monthly reports. The Link software also has the capability to provide daily reports of our balance of payments and can provide details of each transaction with a customer or other party.

Legal Proceedings

We are currently not involved in any litigation, arbitration or other administrative proceedings which, if adversely decided against us, would individually or in the aggregate have a material adverse effect on our business, including any of our properties, operating results or financial condition.

Corporate Structure

We are a joint stock company with six shareholders, including members of the Torun family and Torun Pazarlama, an affiliated company controlled by the Torun family. See "*Our Shareholders*."

We currently have two subsidiaries (defined as companies over which we have the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights): TRN and Toray Daniş. We own 99.9% of TRN. The remaining 0.1% of TRN is owned by members of the Torun family, including Mr. Aziz Torun, Mr. Mehmet Torun and Mr. Yunus Emre Torun, all of whom also own our shares. TRN was formed in a partial spin-off transaction of Deepo Outlet Center. See above "*—Our Property Portfolio—Completed Projects—Deepo Outlet Center*." Toray Danış is a partnership of which we own 99.99%. Danış Yapı owns the remaining 0.01%. Toray Danış was awarded the use of land in İstanbul for the purposes of aiding the excavation works at the Mall of İstanbul site.

We currently have two associates (defined as companies over which we have significant influence but which we do not control): Yeni Gimat and Netsel. We owned 14.83% of Yeni Gimat as of June 30, 2010. We are the only shareholder with an ownership greater than 10%. See "*—Completed Projects—Ankamall and Crowne Plaza Hotel—History and ownership structure.*" We own a 44.6% share of Netsel as of June 30, 2010, while the Torun family owned 0.4%. The remaining 55% of Netsel of is owned by Tek Art Turizm, a subsidiary of Koç Holding A.Ş. See "*—Completed Projects—Netsel Marina—History and ownership structure*."

We currently are involved in two joint venture partnership arrangements: TTA and Torunlar Özyazıcı. We owned 40% of TTA as of June 30, 2010. Aziz Torun, Mehmet Torun and Torunlar Gıda owned 10% in the aggregate and the remaining 50% is owned in the aggregate by Turkmall Gayrimenkul, Turkmall Market and Ahmet Demir. TTA was incorporated on January 7, 2010 for the renovation of an old cigarette factory into the Samsun Shopping Mall. See "*—Material Contracts—Agreement for the Construction of Samsun Shopping Mall*." We also established a joint venture partnership with Özyazıcı, called Torunlar Özyazıcı, for the construction of Nishİstanbul on January 26, 2009 and the agreement remains effective until the later of the date the building use permit is obtained or April 28, 2013. The capital of the joint venture is TL 40 million, of which we contributed 60% and Özyazıcı contributed 40%. See "*—Material Contracts—Nishİstanbul Project Partnership Agreement*."

Material Contracts

Nishİstanbul Project Partnership Agreement

General Information

We established a joint venture, Torunlar Özyazıcı, with Özyazıcı for the construction of the Nishİstanbul project. We concluded the agreement on January 26, 2009 and the agreement is effective until the later of the date on which a building use permit is obtained or April 28, 2013.

The land was purchased by Özyazıcı from İstanbul Yem (whose trade name has since changed to Kombassan) pursuant to a promise to sell agreement dated December 21, 2006. As per this agreement, Özyazıcı is obliged pay USD 10.0 million + TL 1.0 million + 31% of the total revenue derived from the sale of the construction. Özyazıcı paid the USD 10.0 million + TL 1.0 million (equivalent to TL 15.2 million) at the time title was transferred from İstanbul Yem to Özyazıcı.

Capital Contribution and Financing of the Project

The capital of the joint venture is TL 40 million, of which Torunlar REIC contributed TL 24 million of the capital and Özyazıcı contributed TL 16 million.

Revenue Sharing

Under the promise to sell agreement, 31% of the revenue acquired from the sale of real property will be transferred to İstanbul Yem.

After the transfer of 31% of the revenue, the remaining amount will be transferred to the account of the joint venture for the purposes of financing the development. If there is no need to provide financing for the development, the remaining amount will be transferred to the bank accounts of Özyazıcı (40%) and Torunlar (60%).

Management of the Project Partnership

The project partnership is managed by the executive board which consists of 2 members, with Aziz Torun representing us and Ahmet Özyazıcı representing Özyazıcı. All of the decisions require unanimity of the board members. In the case of a deadlock situation, the parties nominated İsmet Yıldırım as the arbitrator and his decision will be binding on the parties.

The executive board is authorized to:

- determine the general organization of the business, provide personnel and equipment for the project;
- provide loans to the project;
- execute agreements in relation the project;
- determine the management and financial policies of the project;
- approve collective agreements and determine the salaries to be paid to employees; and
- determine the projects to be constructed over the real property.

Termination of the Agreement

The joint venture agreement will be effective until all commitments under the agreement and the promise to sell agreement are fulfilled. Neither of the parties may terminate the agreement without legal grounds or leave the joint venture without the consent of the other party. In case of withdrawal without justifiable grounds, the defaulting party will pay TL 10.0 million as a penalty to the other party in addition to other remedies available under the joint venture agreement.

Establishment of Mortgage

As per the agreement, Özyazıcı is obliged to establish a mortgage in our favor. In this respect, a second degree mortgage in the amount of TL 36.0 million was established in our favor on April 9, 2009.

Agreement for the Construction of Samsun Shopping Mall

We are one of the controlling shareholders of TTA, along with Turkmall Gayrimenkul. TTA entered into an agreement dated January 14, 2010 with the Samsun Metropolitan Municipality for the renovation of an old cigarette factory and the construction of a shopping mall and hotel in the place of the same.

The subject of the agreement is the construction of a shopping mall and hotel on the land belonging to the municipality along with a car parking area, the operation of which will be granted to the municipality. TTA will be granted the right of construction on such land and will operate the shopping mall for a period of 30 years upon the expiry of which the operation of the shopping mall and hotel will be transferred to the municipality. Under the agreement, it has been stipulated that our and Turkmall's request for the transfer of the parties' rights and obligations under the agreement to TTA was approved by the municipality on January 8, 2010.

As per the agreement, until the transfer of operating rights to the municipality (the 30 year period), TTA will make payments to the municipality from its operational turnover (4% for the first ten years which cannot be below US$100,000, 6% for the next 10 years which cannot be below US$170,000 and 9% for the final ten years which cannot be below US$280,000).

Under the agreement, TTA gave to the municipality a performance bond in the amount of US$2.01 million which will be returned to TTA upon the commencement of the operational activities by obtaining the operation license. Simultaneously with the return of the performance bond to TTA, TTA shall provide a security in the amount of US$330,000 in order to secure the municipality's receivables from the operational turnover. In every five years, the performance bond will be renewed and be decreased by US$55,000 in consideration of the remaining operation period.

As per the agreement, TTA is not allowed to transfer the agreement in whole or in part without the written approval of the municipality. In case of transfer without approval, the performance bond shall be retained by the municipality and all improvements made on the land shall remain with the municipality.

See "—*Our Property Portfolio—Project Pipeline—Samsun Shopping Mall*" above.

Lease Agreement with Hastalya for Deepo Outlet Center Expansion

We entered into a lease agreement on January 1, 2009 for a term of 21 years with Hastalya for the purpose of building an extension to the Deepo Outlet Center. If we do not provide notice to terminate the agreement six months prior to its expiration, then it will automatically extend for an additional year with a 50% increase in the rent. At the end of that year, the lease may be extended again for five or more years. We are entitled to build upon the land, and may lease these buildings to Torun AVM. A bank letter guarantee in the amount of US$1.5 million is required in order to commence demolition works. The rent is US$24,205 for the year ending December 31, 2010 with a 3 to 5% increase each year. After the fifth year, we may terminate the agreement with six months' notice. Any newly constructed buildings will be retained by Hastalya. Upon termination, we will refurbish the buildings so that they may be used independently of the shopping mall. If Hastalya choose to sell the leased premises, then we have the right of first refusal. In return, if we sell Deepo Outlet Center, Hastalya has the right of first refusal. Under this lease we paid rent of TL 436,078 and TL 219,360 for the year 2009 and the six months ended June 30, 2010, respectively.

If the agreement with Hastalya is terminated within the first five years, until December 31, 2013, any newly constructed buildings will be retained by Hastalya. If we vacate the land without constructing a new building, we are obliged to pay the rent which will accrue until December 31, 2013 as penalty. Within the second five-year stage of the agreement, between January 1, 2014 and December 31, 2018, if we are forced to vacate the leased land, Hastalya will pay rent for parts of the buildings constructed in excess of the area of the buildings originally leased. If the agreement is terminated for any reason after 2018, Hastalya will not be obliged to pay any amount. The total area of the buildings which will be retained by Hastalya when the agreement is terminated may not be less than 2,800 sqm. If the agreement is terminated due to reasons beyond the control of the parties within the first ten-year period, Hastalya will retain all structures on the land up to 3,000 sqm and we will keep any structure in excess of their 3,000 sqm.

We have not registered the right of first refusal with the relevant title deed registry. With the title deed registration, the right of first refusal would become enforceable against third parties as well, however without the registration we will be able to claim such right only against Hastalya.

SELECTED CONSOLIDATED FINANCIAL INFORMATION AND OTHER DATA

The following tables set forth certain consolidated statement of comprehensive income and balance sheet data as of June 30, 2010, for the six-month periods ended June 30, 2010 and 2009 and as of and for the years ended December 31, 2009, 2008 and 2007, which have been derived from our IFRS Financial Statements included elsewhere in this offering memorandum. See "*Presentation of Financial and Other Information*."

Our results for the six-month period ended June 30, 2010 are not necessarily indicative of results to be expected for the full year. You should read the following information in conjunction with "*Operating and Financial Review*" and our IFRS Financial Statements and the notes thereto included elsewhere in this offering memorandum.

	Six Months Ended June 30,		Year Ended December 31,		
	2010	2009	2009	2008	2007
	(TL thousands)				
Consolidated Statements of Comprehensive Income Data:					
Net revenues	49,856	72,223	120,158	134,794	43,109
Residences sold	21,271	43,054	65,380	68,639	—
Rental revenue	24,435	19,819	39,859	41,299	22,949
Other[1]	4,150	9,350	14,919	24,856	20,160
Cost of revenues	(16,061)	(27,923)	(45,183)	(68,218)	(25,041)
Gross Profit	**33,795**	**44,300**	**74,975**	**66,576**	**18,068**
General administrative expenses	(7,491)	(2,161)	(3,577)	(4,360)	(7,741)
Marketing, selling and distribution expenses	(1,687)	(3,278)	(4,437)	(3,306)	(4,756)
Net gain/(loss) from fair value adjustments on investment property	114,740	(4,734)	471,385	126,504	449,514
Other income	184	181	274	525	1,263
Other expenses	(831)	(763)	(266)	(698)	(2,001)
Operating Profit	**138,710**	**33,545**	**538,354**	**185,241**	**454,347**
Share of profit of associates[2]	11,011	2,066	7,240	15,428	62,202
Financial income	30,211	4,746	13,595	17,428	20,670
Financial expenses	(31,560)	(19,912)	(40,322)	(148,596)	(13,934)
Profit before tax from continuing operations	**148,372**	**20,445**	**518,867**	**69,501**	**523,285**
Tax expense from continuing operations	(469)	—	—	—	(143)
Profit for the period from continuing operations	**147,903**	**20,445**	**518,867**	**69,501**	**523,142**
Other comprehensive income	—	—	—	—	—
Total comprehensive income	**147,903**	**20,445**	**518,867**	**69,501**	**523,142**

(1) Other revenues consists of electricity sales income, excavation site rent income, construction site rent income and sales of other services and goods.

(2) Share of profit of associates consists of cash and non-cash elements. Set forth below are the dividends received and the non-cash portion (primarily consisting of gains in fair value of the underlying investment properties) for the periods indicated.

	Six Months Ended June 30,		Year Ended December 31,		
	2010	2009	2009	2008	2007
	(TL thousands)				
Dividends received	4,744	4,536	4,536	3,640	3,356
Non-cash portion of income from associates	6,267	(2,470)	2,704	11,788	58,846
Income from associates	**11,011**	**2,066**	**7,240**	**15,428**	**62,202**

	As of June 30,	As of December 31,		
	2010	**2009**	**2008**	**2007**
	(TL thousands)			
Consolidated Balance Sheet Data:				
Assets:				
Current Assets	**444,960**	**250,631**	**208,846**	**220,490**
Cash and cash equivalents	262,288	72,639	80,168	137,441
Trade receivables	51,398	74,668	51,598	19,150
Inventories	126,454	101,648	72,626	62,315
Other current assets	4,820	1,676	4,454	1,584
Non-current assets	**2,427,599**	**2,259,156**	**1,719,189**	**1,461,352**
Trade receivables	3,613	7,469	1,787	4,791
Investments in associates	121,745	115,478	112,774	100,986
Investment property	2,261,731	2,096,430	1,557,584	1,308,832
Property, plant and equipment	655	407	629	1,831
Inventories	—	—	—	13,090
Goodwill	8,250	8,250	8,250	—
Other non-current assets	31,605	31,122	38,165	31,822
Total assets	**2,872,559**	**2,509,787**	**1,928,035**	**1,681,842**
Liabilities and Equity:				
Current Liabilities	**289,539**	**241,733**	**292,672**	**379,303**
Financial liabilities	130,692	157,676	272,170	315,507
Bank borrowings	130,692	155,694	266,637	240,839
Due to related parties	—	1,982	5,533	74,668
Finance lease liabilities	297	1,639	2,745	1,985
Other financial liabilities	6,151	4,846	—	—
Trade payables	24,565	10,934	15,196	15,435
Deferred tax liabilities	—	—	—	—
Other current liabilities	127,834	66,638	2,561	46,376
Non-current liabilities	**629,949**	**462,886**	**349,062**	**158,975**
Financial liabilities	629,930	462,858	331,566	134,107
Finance lease liabilities	7	23	1,604	3,129
Provision for employment termination benefits	12	5	17	139
Other non-current liabilities	—	—	15,875	21,600
Total equity	**1,953,071**	**1,805,168**	**1,286,301**	**1,143,564**
Share capital	176,100	176,100	176,100	100,000
Legal reserves	7,279	7,279	7,279	5,288
Retained earnings	1,769,692	1,621,789	1,102,922	1,038,276
Total liabilities and equity	**2,872,559**	**2,509,787**	**1,928,035**	**1,681,842**

	As of and for the Six Months Ended June 30,		As of and for the Year Ended December 31,		
	2010	2009	2009	2008	2007
	(unaudited)				
	(TL thousands, except ratios)				
Other Data:					
EBITDA[(1)]	28,902	42,988	71,700	62,712	8,556
EBIT[(2)]	28,714	42,815	71,505	62,377	8,189
NAV[(3)]	1,953,071	n/a	1,805,168	1,286,301	1,143,564
LTV ratio (based on DTZ June 30, 2010 GAV)[(4)]	19.0%	n/a	n/a	n/a	n/a
LTV ratio[(5)]	n/a	n/a	23.8%	30.3%	21.4%

(1) EBITDA consists of Earnings before Interest, Tax, Depreciation and Amortization (excluding gain from valuation changes). For a reconciliation of EBITDA to operating profit for the six-month periods ended June 30, 2010 and 2009 and the years ended December 31, 2009, 2008, 2007 see "*Operating and Financial Review—Key Operating Measures—Non-IFRS Operating Measures*."

(2) EBIT consists of Earnings Before Interest and Tax. For a reconciliation of EBIT to operating profit for each of the six-month periods ended June 30, 2010 and 2009 and the years ended December 31, 2009, 2008, 2007 see "*Operating and Financial Review—Key Operating Measures—Non-IFRS Operating Measures.*"

(3) We define "NAV" as Total Assets minus Current liabilities and Non-current liabilities as reported in our IFRS Financial Statements at the relevant balance sheet date. Our NAV may not be comparable to NAV as disclosed by other companies, as these terms are not uniformly defined. Therefore, investors should not place undue reliance on this measure.

(4) LTV ratio (based on DTZ June 30, 2010 GAV) refers to loan-to-value ratio determined by dividing net debt (equal to the sum of "Current and Non-current Financial liabilities" and "Financial lease liabilities" less "Cash and cash equivalents" as reflected in our IFRS Financial Statements as of June 30, 2010) by the gross asset value of our properties as of June 30, 2010 as appraised by DTZ and set forth in the DTZ Report.

(5) LTV ratio refers to loan-to-value ratio determined by dividing net debt (equal to the sum of "Current and Non-current Financial liabilities" and "Financial lease liabilities" less "Cash and cash equivalents" as reflected in our IFRS Financial Statements as of the respective balance sheet date) by the sum of our "investment properties," "investments in associates" and "current and non-current inventories" as of the respective balance sheet date as reported in the consolidated balance sheets in our IFRS Financial Statements.

OPERATING AND FINANCIAL REVIEW

The following is a discussion of our results of operations, financial condition and the material factors that we believe have and are likely to affect our results of operations and financial condition and should be read in conjunction with our IFRS Financial Statements, including the notes thereto, and with the information relating to our business included elsewhere in this offering memorandum. The discussion includes forward-looking statements that reflect the current views of our management and involve risks and uncertainties. Our actual results could differ materially from those contained in any forward-looking statements as a result of factors discussed below and elsewhere in this offering memorandum, particularly in "Risk Factors." Prospective investors should read this offering memorandum in its entirety and not just rely on summarized information.

Overview

We are one of the leading shopping mall developers in Turkey. We are primarily focused on the development of and investment in large scale (GLA 40,000 to 79,999 sqm) to very large scale (GLA of 80,000 sqm or greater) tailored retail formats in İstanbul and other major cities and tourist destinations in Turkey. Our Property Portfolio includes a diverse range of shopping mall projects, in terms of geographic location, size, design and mix of retail and non-retail offerings. We anticipate increasing our focus on retail-based mixed-use projects that combine substantial retail space with entertainment, social, residential, hotel or other facilities, tailored to the project location in light of urban development and demographic trends. We also pursue non-retail projects on a selective basis in established markets, such as large residential housing projects, hotels and office and marina developments which offer attractive returns on investment, income diversification and other benefits.

The Torunlar Group has a long history of active involvement in the Turkish real estate industry, beginning in the construction sector in 1977, expanding into real estate development and investment in 1996 and creating a REIC in 2008. We are involved in all stages of project development and management, including sourcing and land acquisition, project financing, permitting, zoning, design, construction oversight, sales and marketing. We continue to engage in the overall asset management of our shopping malls following project completion, including managing tenant mix and rents, structuring leases, implementing refurbishments and extensions and other activities designed to maximize foot traffic, occupancy levels and rental income from our shopping malls.

As of the date of this offering memorandum, our Property Portfolio consisted of direct or indirect investments in six completed projects (including Nishİstanbul which completed construction of three of its four blocks in September 2010), one ongoing project (Torium İstanbul, which is scheduled to open in October 2010), six projects in the development pipeline and one Land Bank property. As of June 30, 2010 our Property Portfolio had an appraised GAV of US$1.64 billion based on valuations conducted by DTZ. Upon completion of Nishİstanbul and the opening of Torium İstanbul, approximately 60% of our Property Portfolio, measured by reference to GAV, will consist of operational properties. As of June 30, 2010, the total GLA of our operational properties (based on our economic ownership) was 122,085.48 sqm (or approximately 28.9% of total GLA) and the total anticipated GLA of our not yet operational, ongoing and pipeline projects was 300,702.7 sqm (or approximately 71.1% of total GLA). As of June 30, 2010, our total GSA in inventory was 34,842 sqm (or 13.1% of total GSA) and the total anticipated GSA of our projects not yet operational (including Nishİstanbul), under construction or in development was 232,068 sqm (or 86.9% of our total GSA). See "*Valuation Standards Applied in Connection with the Valuation of Our Properties*," "*Risk Factors—Property valuation is inherently subjective and uncertain*" and "*Annex A—DTZ Report*."

For the six months ended June 30, 2010 and for the years ended December 31, 2009, 2008 and 2007 our net revenues amounted to TL 49.9 million, TL 120.2 million, TL 134.8 million and TL 43.1 million, respectively, and our EBITDA amounted to TL 28.9 million, TL 71.7 million, TL 62.7 million and TL 8.6 million, respectively.

We are organized as a real estate investment company, or REIC, under the laws of Turkey. As of June 30, 2010, we had 36 employees.

Consolidation Principles

The IFRS Financial Statements include the accounts of the Company and our subsidiaries, joint ventures and associates on the basis set out below. The financial statements of the companies included in the scope of consolidation are based on the statutory records which are maintained under historical cost conversion, with adjustments and reclassifications, for the purpose of fair presentations in accordance with IFRS and application of uniform accounting policies and presentation. For a more detailed discussion of the consolidation principles applied in the preparation of our IFRS Financial Statements, see Note 2 to our IFRS Financial Statements.

Subsidiaries are entities over which the Company directly or indirectly has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date on which control ceases. The Company has the power to govern the financial and operating policies of a subsidiary for the benefit of the Company through the power to exercise more than 50% of the voting rights relating its shares in the subsidiary.

The Company consolidates its subsidiaries from the date of establishment of the subsidiary. Where necessary, accounting policies for the subsidiary have been changed to ensure consistency with the policies adopted by the Company. The balance sheet, statement of comprehensive income and the statement of cash flows of subsidiaries are consolidated on a line-by-line basis. Intercompany transactions and balances between the Company and the subsidiary are eliminated on consolidation. The cost of, and the dividends arising from, shares held by the Company in its subsidiary are eliminated from shareholders' equity and statement of comprehensive income for the year, respectively. As of June 30, 2010 and December 31, 2009, 2008 and 2007, the effective controlling interest of the Company in each of its subsidiaries was as follows:

	June 30, 2010	December 31, 2009	December 31, 2008	December 31, 2007
Toray Danış	99.99%	99.99%	99.99%	99.99%
TRN	99.99%	—	—	—

The Company's interest in its joint ventures is accounted for by the proportionate consolidation method effective from the date of joint control. Accordingly, the Company includes its share of assets, liabilities, income and expenses of the joint venture in proportion with it shareholding percentage. As of 30 June 2010 and December 2009, the Company's share in its joint ventures was as follows:

	June 30, 2010	December 31, 2009
Torunlar Özyazıcı	60.00%	60.00%
TTA	40.00%	—

The Torunlar Özyazıcı and TTA joint ventures were incorporated on January 26, 2009 and January 7, 2010, respectively. All transactions after this date have been proportionally consolidated. Current assets, non-current assets, current liabilities and net income of the joint ventures have been proportionally consolidated in the consolidated financial statements on a line-by-line basis.

Investments in associates, over which the Company has significant influence, but which it does not control, are accounted for by the equity method of accounting. The Company's share of its associates' post-acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Associates' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Company.

The Company's effective ownership interests in its associates as of June 30, 2010, December 31, 2009, 2008, and 2007 were as follows:

	June 30, 2010	December 31, 2009	December 31, 2008	December 31, 2007
Yeni Gimat	14.83%	14.83%	14.83%	14.83%
Netsel	44.60%	44.60%	44.60%	44.60%
Nokta İnşaat(*)	—	—	40.00%	40.00%

(*) All shares of Nokta İnşaat were sold to Torunlar Gıda, which is a related party of the Company, on 31 December 2009 for an amount of TL4,327 thousand.

Segment Reporting

Our reportable segments have been organized by management as a portfolio on a project-by-project basis and we make decisions about resources to be allocated to our properties on the same basis. Accounting policies applied to each operational segment are the same as those applied in our IFRS Financial Statements. See Note 3 "Segment Reporting" in our IFRS Financial Statements for further discussion of our segments.

The following tables set forth revenues and certain other information by segment for the periods indicated:

	Total Segment Revenue	Gross Profit	Depreciation	Capital Expenditures(1)	Income from Associates(2)
			(TL thousands)		
Six Months Ended June 30, 2010					
Zafer Plaza Shopping Mall	4,200	3,063	—	—	—
Antalya Deepo Shopping Mall	5,494	4,612	—	83	—
Korupark Shopping Mall	17,973	15,093	—	—	—
Ankamall	—	—	—	—	10,449
Korupark Residences	21,122	10,479	—	1,098	—
Nishistanbul Project	149	—	—	21,582	—
Torium Project	—	—	—	41,320	—
Mall of İstanbul Project	—	—	—	8,417	—
Torun Tower Project	—	—	—	23	—
Other	918	548	188	487	562
Total	**49,856**	**33,795**	**188**	**73,010**	**11,011**
Six Months Ended June 30, 2009					
Zafer Plaza Shopping Mall	4,200	3,063	—	—	—
Antalya Deepo Shopping Mall	5,128	4,253	—	—	—
Korupark Shopping Mall	14,032	11,563	—	49	—
Ankamall	—	—	—	—	2,497
Korupark Residences	43,016	19,826	—	7,116	—
Nishistanbul Project	39	—	—	23,428	—
Torium Project	—	—	—	17,005	—
Mall of İstanbul Project	—	—	—	1,297	—
Other	5,808	5,595	173	3,942	(431)
Total	**72,223**	**44,300**	**173**	**52,837**	**2,066**

	Total Segment Revenue	Gross Profit	Depreciation	Capital Expenditures[1]	Income from Associates[2]
			(TL thousands)		
Year Ended December 31, 2009					
Zafer Plaza Shopping Mall	8,400	6,126	—	7	—
Antalya Deepo Shopping Mall	10,447	8,053	—	—	—
Korupark Shopping Mall	28,687	23,491	—	150	—
Ankamall	—	—	—	—	6,866
Korupark Residences	65,240	30,810	—	9,432	—
Nishistanbul Project	140	—	—	35,528	—
Torium Project	—	—	—	54,526	—
Mall of İstanbul Project	—	—	—	6,401	—
Other	7,244	6,513	195	6,777	374
Total	**120,158**	**74,975**	**195**	**112,821**	**7,240**
Year Ended December 31, 2008					
Zafer Plaza Shopping Mall	8,400	6,123	—	—	—
Antalya Deepo Shopping Mall	8,653	6,613	—	—	—
Korupark Shopping Mall	31,404	26,311	—	1,896	—
Ankamall	—	—	—	—	15,208
Korupark Residences	68,639	28,058	—	38,273	—
Torium Project	—	—	—	91,557	—
Mall of İstanbul Project	—	—	—	741	—
Torun Tower Project	—	—	—	471	—
Other	17,698	(529)	335	27,192	400
Total	**134,794**	**66,576**	**335**	**160,130**	**15,428**
Year Ended December 31, 2007					
Zafer Plaza Shopping Mall	7,950	5,848	—	—	—
Antalya Deepo Shopping Mall	7,897	6,295	—	423	—
Korupark Shopping Mall	9,082	8,062	—	46,308	—
Ankamall	—	—	—	—	58,263
Korupark Residences	—	—	—	45,386	—
Torium Project	—	—	—	—	—
Mall of İstanbul Project	—	—	—	166,000	—
Other	18,180	(2,137)	367	2,854	1,119
Total	**43,109**	**18,068**	**367**	**260,971**	**59,382**

(1) Capital expenditures include capital expenditures made for residence and shopping mall constructions which are classified as inventories and investment properties in the IFRS Financial Statements.
(2) Includes income from Yeni Gimat.

Key Operating Measures

Non-IFRS Operating Measures

We present the following non-IFRS measures to enhance the understanding of our operating results. EBITDA, EBIT, LTV ratio and LTV ratio (based on DTZ June 30, 2010 GAV) are not measures of financial performance under generally accepted accounting principles, including IFRS. These are measures we use in managing our business, and we believe that they are commonly reported and widely used by investors in comparing performance on a consistent basis. Accordingly, we have disclosed non-IFRS measures in this offering memorandum to permit a more complete and comprehensive analysis of our results of operations relative to other companies. An investor should not, however, consider these non-IFRS measures in isolation or as a substitute for operating profit as determined by IFRS, or as an indicator of our operating performance or of our cash flows from operating activities as determined in accordance with IFRS. An investor should not use these non-IFRS measures as a substitute for the analysis provided in our statement of comprehensive income or cash flow statement. The non-IFRS measures disclosed here are not comparable to those disclosed by other companies because they are not uniformly defined. See "*Presentation of Financial and Other Information—Non-IFRS Measures*."

EBITDA for the six months ended June 30, 2010 and 2009 and for the years ended December 31, 2009, 2008 and 2007 amounted to TL 28.9 million, TL 43.0 million, TL 71.7 million, TL 62.7 million and TL 8.6 million, respectively.

The following is a reconciliation of EBITDA to operating profit for the periods indicated:

	Six Months Ended June 30,		Year Ended December 31,		
	2010	2009	2009	2008	2007
	(TL thousands)				
Operating profit	138,710	33,545	538,354	185,241	454,347
Less (−) Net gain/(loss) from fair value adjustments on investment properties	(114,740)	4,734	(471,385)	(126,504)	(449,514)
Add (+) Dividends received from associates	4,744	4,536	4,536	3,640	3,356
Depreciation expense	188	173	195	335	367
EBITDA (unaudited)	28,902	42,988	71,700	62,712	8,556

EBIT for the six months ended June 30, 2010 and 2009 and for the years ended December 31, 2009, 2008 and 2007 amounted to TL 28.7 million, TL 42.8 million, TL 71.5 million, TL 62.4 million and TL 8.2 million, respectively.

The following is a reconciliation of EBIT to operating profit for the periods indicated:

	Six Months Ended June 30,		Year Ended December 31,		
	2010	2009	2009	2008	2007
	(TL thousands)				
Operating profit	138,710	33,545	538,354	185,241	454,347
Less (−) "Net gain/(loss) from fair value adjustments on investment properties"	(114,740)	4,734	(471,385)	(126,504)	(449,514)
Add (+) Dividends received from associates	4,744	4,536	4,536	3,640	3,356
EBIT (unaudited)	28,714	42,815	71,505	62,377	8,189

Set forth below are certain loan-to-value ratios as of the dates indicated:

	As of June 30,		As of December 31,		
	2010	2009	2009	2008	2007
	(unaudited)				
LTV ratio (based on DTZ June 30, 2010 GAV)	19.0%	n/a	n/a	n/a	n/a
LTV ratio	n/a	n/a	23.8%	30.3%	21.4%

Our LTV ratio is determined by dividing our net debt, equal to the sum of "Current and Non-current Financial liabilities" and "Financial lease liabilities" less "Cash and cash equivalents", by the sum of "investment properties," "investments in associates" and "current and non-current inventories," as each such line item is reflected in our IFRS Financial Statements as of the applicable balance sheet dates. Our LTV ratio (based on DTZ June 30, 2010 GAV) is determined by dividing our net debt, equal to the sum of "Current and Non-current Financial liabilities" and "Financial lease liabilities" less "Cash and cash equivalents", as of June 30, 2010 as reflected in our IFRS Financial Statements by our gross asset value as of June 30, 2010 as determined by DTZ.

The following is a reconciliation of our loan-to-value ratio for the following periods:

	December 31,		
	2009	2008	2007
		(TL thousands)	
Financial liabilities—current	157,676	272,170	315,507
Finance lease liabilities—current	1,639	2,745	1,985
Financial liabilities—non-current	462,858	331,566	134,107
Finance lease liabilities—non-current	23	1,604	3,129
Less (−) Cash and cash equivalents	(72,639)	(80,168)	(137,441)
Net Debt (unaudited)	**549,557**	**527,917**	**317,287**
Inventories—current	101,648	72,626	62,315
Investments in associates	115,478	112,774	100,986
Investment property	2,096,430	1,557,584	1,308,832
Inventories—non-current	—	—	13,090
GAV (unaudited)	**2,313,556**	**1,742,984**	**1,485,223**
LTV ratio (Net Debt/GAV) (unaudited)	**23.8%**	**30.3%**	**21.4%**

Net Asset Value

As of June 30, 2010 and December 31, 2009, 2008 and 2007, our NAV was TL 1.95 billion, TL 1.81 billion, TL 1.29 billion and TL 1.14 billion, respectively.

Principal Factors Affecting Results of Operations

Macroeconomic Market Conditions

Macroeconomic conditions impact the Turkish real estate industry and consequently our business. Positive economic trends over the last ten years have contributed to economic growth in Turkey and in many sectors of the Turkish real estate industry. Between 2002 and 2009, Turkey experienced an average annual GDP growth rate of 4.5% and a relatively modest rate of inflation compared to historical periods (the average rate of inflation was 12.5% between 2002 and 2009, compared to 71.6% between 1995 and 2001 and 62.7% between 1983 and 1994) (Turkish Treasury). In the years leading up to the global financial crisis, beneficial demographic trends, including population growth, a comparatively young population, increased urbanization and rising household income levels resulted in increased consumer spending power and household consumption levels and increased retail and residential demand in many areas of Turkey. High levels of foreign direct investment also contributed to economic growth, with Turkey experiencing year-on-year increases in foreign direct investment between 2004 and 2007 and average annual foreign direct investment of US$17.7 billion between 2005 and 2008 (Turkish Treasury). These trends contributed to increased real estate development in the commercial and residential sectors and consistent increases in prime rent rates beginning in 2003 through 2007 (DTZ). In addition, a lower real interest rate environment beginning in 2004, perpetuated by the passage of beneficial mortgage laws, led to increased availability of home loans (the level of home loans experienced consistent year-on-year increases between 2003 and 2009 (Central Bank) which we believe contributed to increased home purchases and increased residential unit sales prices between 2005 and 2009. The annual level of residential construction permit grants experienced year-on-year increases between 2002 and 2006 and continued at above pre-2005 levels through 2009 and the annual level of occupancy permit grants experienced year-on-year increases between 2002 and 2009 (Central Bank).

The global financial crisis resulted in slower economic growth in Turkey in 2008 (GDP growth was 0.7% in 2008) and economic contraction in 2009 (Turkey experienced negative GDP growth of 4.7% in 2009) (Turkstat). Inflationary pressure in 2008 and a temporary increase in real interest rates from mid- to late 2008 were contributing factors to a slowdown in the real estate market in many parts of Turkey. In the commercial real estate sector, decreased household consumption (by 2.3% from 2008 to 2009 (Turkstat)) contributed to decreases in retail demand and corresponding decreases in consumer foot traffic and retail revenues, as well as decreased occupancy levels in many shopping malls. Rental discounts were implemented at many shopping malls in order to maintain occupancy levels and average rents declined by 10% to 20% between 2007 and 2009 (DTZ). Many international retailers chose to delay expansion plans.

In general, developers faced reduced availability of financing for project development and shopping mall developments were postponed in many parts of Turkey. The financial crisis, as well as reduced investment volumes (including decreased levels of foreign direct investment, which declined to US$7.9 billion in 2009, from US$18.3 billion in 2008 and US$22.0 billion in 2007 (Turkish Treasury)), contributed to decreases in property values in many parts of Turkey and increasing investment yields. Despite these general trends, during this period shopping malls in certain core markets and prime locations of Turkey experienced rental growth and development projects in areas benefiting from low retail density and/or unique market position continued to attract strong development interest. Overall, retail supply in Turkey continued to increase between 2007 and 2009.

The impact of the global financial crisis on the residential sector was more varied. A slowdown in the housing sector became apparent in the third quarter of 2008 and was reflected in decreases in residential unit sales prices and sales volumes. This slowdown was partly attributable to high interest rates on home loans and a reluctance by commercial lenders to extend credit to home buyers. However, measures taken by the Central Bank and the Government over the course of late 2008 and early 2009 dampened the effect of the financial crisis on the residential sector. The Central Bank began to ease interest rates in November 2008 and gradual decreases in the rate of inflation through the first quarter of 2009 encouraged the Central Bank to ease interest rates to historical lows. The Central Bank base interest rates steadily declined from 16.25% in November 2008 to 6.5% in November 2009 to 6.25% in September 2010 (Central Bank). This rate decline provided banks more incentive to lend and competition between lending banks resulted in home loan interest rates dropping below 1.0% per month, though the terms of the loans became more restrictive in many respects. In order to boost the housing market, the Government decreased the VAT rate applicable to sales of residential property less than 150 sqm in size from 18.0% to 8.0% in March 2009, which remained in effect for the duration of 2009. In light of these measures, as well as continued beneficial demographic trends, including population growth and continued urbanization and migration from rural areas, certain residential markets began to experience demand increases in the third quarter of 2009 and housing loans and the level of occupancy permit grants continued to experience year-on-year increases between 2007 and 2009.

During the economic recession we continued to experience rental growth and high occupancy levels at Deepo Outlet Center and Ankamall but instituted a number of measures at Zafer Plaza and Korupark Shopping Mall in order to maintain occupancy levels, including agreeing fixed exchange rates and base rent discounts with certain tenants. These measures contributed to lower rental revenues in 2008 and 2009 and a decrease in rental revenues in 2009 compared to 2008. The fair value of our portfolio of investment properties taken as a whole (as determined pursuant to CMB compliant valuation standards in connection with the preparation of our financial statements) increased in both 2008 and 2009, though the fair value of Korupark Shopping Mall decreased in 2008. The increase in fair value of our portfolio was attributable in part to construction progress made on Torium İstanbul and development progress made on the Mall of İstanbul projects in 2009. Due to the stages of development of our ongoing and pipeline projects, it was not necessary for us to delay the commencement of construction of any of our projects. We focused on less capital intensive stages of development for certain of our projects, took advantage of our financial position to invest in the Nishİstanbul project and took advantage of depressed prices of construction materials to commence construction of Nishİstanbul in July 2008. We experienced decreases in pre-sales and sales volumes of residential units in the Korupark Residences in 2008. We implemented a number of measures in order to help mitigate the impact of the financial crisis on our residential sales, including improving cooperation with our primary commercial lending banks in order to initiate housing loans for potential residential buyers and offering 24-month Company financing to qualifying residential buyers.

Based on key economic performance data, the Turkish economy appears to be recovering from recession. Turkish GDP growth rebounded during the first half of 2010 to a rate of 10.3% (Turkstat) and annual GDP growth is projected to be 3.5% in 2010, 4.0% in 2011 and 5.0% in 2012 according to the Government's Medium Term Economic Program. Inflationary pressures have weakened: the inflation rate for the first half of 2010 was 8.4% and inflation rate targets are 6.5% for 2010, 5.5% for 2011 and 5.0% for 2012 (Turkish Treasury). In addition, unemployment levels decreased and consumer spending levels increased in the first quarter of 2010, complimented by favorable demographic trends which have continued through the financial crises. International tenants are showing signs of returning to the market and prime rents have stabilized as of the third quarter of 2009 (though below pre-crisis levels), as have investment yields as of the fourth quarter of 2009. We expect that the Turkish real estate market will continue to benefit from a growing population and rising income levels. Approximately 4.7% of Turkish households had more than US$50,000 in annual income in 2008 (EIU). This percentage decreased to 3.3% in 2009 during the economic recession, but is expected to grow to 6.9% by 2014 (EIU).

In the future, the Turkish real estate markets, and our business, results of operations and financial condition, will continue to be impacted by macroeconomic conditions and factors, including Turkish GDP levels, consumer spending levels, household income levels, demographic trends, including population growth, urbanization and migration trends, inflation rates, interest rates, availability of home loans, governmental initiatives impacting inflation rates, interest rates and availability of home loans and foreign direct investment levels.

Cyclicality of the Turkish Real Estate Industry

Our results of operations have been and will continue to be affected by the cyclical nature of the real estate industry. Property values and rental rates for our shopping malls and sales prices for our residential housing projects are affected by, among other factors, supply and demand for comparable properties, the liquidity of real estate investments, interest rates, inflation, economic growth rates, tax laws and political and economic developments and demographic and social factors in the regions in which we have operations. Cyclical changes in the Turkish real estate market could result in fluctuations in our results of operations. Over the past decade, the Turkish real estate market as a whole has grown due to various factors, including general economic growth in Turkey, low interest rates, the lengthening of mortgage loan repayment terms, decreases in unemployment and increases in disposable income among Turkish households, although the global financial crisis had a negative impact on the Turkish real estate market beginning in 2008. See *"—Macroeconomic Market Conditions"* above. Our results of operations could be materially adversely affected by any future downturn in the Turkish real estate market.

Value of Our Properties

The investment properties in our Property Portfolio are carried at fair value, whereas our investments in associates are valued according to the equity method of accounting, and our inventories, comprised primarily of finished and semi-finished residential units not yet sold, are valued at the lower of cost or net realizable value. We recognize increases and decreases in the value of our investment properties as gains or losses on investments in our statement of comprehensive income and as a result changes in the values of our properties from year to year affect our profits. Our investment properties were valued by Prime and Elit in accordance with CMB Standards, as discussed in "*Valuation Standards Applied in Connection with the Valuation of Our Properties*." The valuation methodology applied in determining the fair values of our investment properties is discussed in Note 2.5 to our IFRS Financial Statements. The values of our investment properties have experienced significant increases during the last three years, as a result of changes in the fair values of our investment properties and because we have increased our property ownership through land acquisitions and invested in and progressed the development of existing properties during the periods. Our investment properties were valued at TL 2.3 billion, TL 2.1 billion, TL 1.6 billion and TL 1.3 billion as of June 30, 2010 and December 31, 2009, 2008 and 2007, respectively, and the corresponding gains on investments recorded on our statement of comprehensive income accounted for a substantial portion of our operating profits in each of these periods. For a more detailed discussion of gains and losses on our investment properties over the periods, see *"—Results of Operations"* below.

Property values are affected by a number of macroeconomic and sector-specific factors, including, among others, GDP growth rates, business and consumer confidence levels, demand for business products and services, levels of corporate profitability, government building and infrastructure initiatives, the general availability and cost of credit, and interest rates. The values of our investment properties and our results of operations have been and will continue to be affected by prevailing and projected economic and financial conditions in Turkey, as well as the cyclical nature of the Turkish real estate market.

Composition of the Property Portfolio

The composition of our Property Portfolio impacts our results of operations. We own properties primarily in two sectors of the Turkish real estate market: shopping malls and residential housing projects. As of June 30, 2010, approximately 73.0% of the value of our Property Portfolio was attributable to shopping malls, and approximately 15.0% of the value of our Property Portfolio was attributable to residential housing projects, in each case by GAV according to the DTZ Report. In the six months ended

June 30, 2010 and each of the years ended December 31, 2009, 2008 and 2007, we derived revenues of TL 27.7 million, TL 47.5 million, TL 48.5 million and TL 24.9 million, respectively, from shopping mall rent payments (including electricity sales income) and TL 21.3 million, TL 65.4 million, TL 68.6 million and nil, respectively, from residential sales. Although many macroeconomic factors have a similar impact on the shopping mall and residential housing sectors, certain factors impact these sectors differently, including mortgage interest rates and government and Central Bank measures aimed at facilitating home loans and residential purchases. See "*—Macroeconomic Market Conditions*" above.

The composition of our Property Portfolio directly impacts the amount of revenue we generate in a given financial period and the expected duration of revenue generated from specific projects. We generally expect to generate revenue from operational shopping malls over the longer term and generally expect to receive consistent rental income from our shopping malls from period to period, subject to occupancy levels, rental rate levels and the prevailing economic environment. We generally attempt to achieve occupancy levels of between 90% and 95% in our shopping malls within one to two years from the time of project completion. The greater the number of shopping malls we have in operation, the higher total rental income levels we expect. For example, we expect that our total annual rental income will increase significantly with the opening of Torium İstanbul. As of September 21, 2010, 90.0% of the GLA of Torium İstanbul had been pre-leased.

In contrast, we build our residential projects for sale. We generally pre-sell the residential units within a project up to two years prior to commencement of construction, but recognize revenues attributable to sales of residential units only upon the transfer of risk and reward of the units, typically evidenced by transfer of title. Because title to a substantial majority of residential units comprising a specific housing project typically transfers to the purchasers over a relatively short period of time upon project completion, revenues from residential sales are generally concentrated within one or two financial periods. Consequently, our revenues and results of operations may vary significantly from period to period, depending on the number of residential projects that are sold and delivered in each such period, as well as variations in prices in the residential real estate market. We recognized significant revenues upon the transfer of title to residential units in Korupark Residential (Phases 1 and 2) in 2008 and 2009 and will recognize significant revenues upon the transfer of title to residential units in Nishİstanbul in the second half of 2010. As of June 30, 2010, 468 residential units in NishİIstanbul (or 80.0% of the total residential units) and 52 office units (or 83.0% of the total office units) had been pre-sold.

Moreover, proceeds from pre-sales of residential units are recorded as other non-current liabilities on our balance sheet until title has transferred. Our revenues therefore do not necessarily correspond to our cash or cash equivalents. Similarly, revenues derived from residential sales in a particular period may be due to pre-sales initiated in a prior period. As a result, results of operations of a particular period may not fully reflect our performance for such period and period-to-period comparisons of our results of operations may not reflect then-current trends relevant to the conduct of our residential housing project business. For example, we anticipate recognizing significant revenues in the second half of 2010 relating to the transfer of NishİIstanbul residential and office units pre-sold in prior periods.

In addition, land, development and construction costs related to our residential projects are not recognized as cost of sales until such time as title to residential units has transferred. Consequently, residential project expenses impact our operating results from period to period, in line with revenues received from the transfer of title of residential units. Cost of revenues attributable to our residential housing projects consist of land, development and construction costs. Cost of revenues attributable to our residential housing projects amounted to TL 10.8 million, TL 34.6 million, TL 40.6 million and nil for the six months ended June 30, 2010 and for the years ended December 31, 2009, 2008 and 2007, respectively. Land, development and construction costs related to our shopping malls are capitalized on our balance sheet and our shopping malls are carried at fair value and to the extent sold, we will recognize a corresponding gain or loss on sale.

Occupancy Levels, Rent Rates and Foot Traffic

Rental income from the leasing of shopping mall units is one of our primary sources of revenue. Our rental income levels are dependent on the occupancy levels of our shopping malls and the rent rates and foot traffic volumes that we are able to achieve. Occupancy levels are driven by numerous of factors, including, among others, general and local economic conditions and the impact of economic trends on consumer demand for retail products, our ability to manage our shopping malls so as to maximize the number of visitors, including in periods of economic recession, and the attractiveness of the facilities and location of our shopping malls to our target tenant base. Occupancy levels across all of our operational shopping malls were approximately 97% at the end of 2009, unchanged from the end of 2008. We have maintained high occupancy rates in recent financial periods. For the six months ended June 30, 2010, the overall occupancy levels for our shopping malls was 98.0%. For the six months ended June 30, 2010 and the years ended December 31, 2009, 2008 and 2007, shopping mall rental income (excluding electricity sales income) amounted to TL 24.4 million, TL 39.9 million, TL 41.3 million and TL 22.9 million, respectively.

In addition to occupancy levels, the most significant factor affecting our rental income is the rental rates we are able to charge. The substantial majority of our lease contracts with tenants provide for fixed rents but also include turnover provisions pursuant to which tenants are required to pay us a proportion of their monthly turnover if the fixed rent is less than a certain proportion of the turnover. Our lease agreements are typically for a term of five years and provide for 2% to 3% annual increases in the fixed rent amounts to adjust for annual inflation. Our rental rates vary depending on tenant and unit type and are generally determined based on rental rates for similar properties in the applicable market. Rental rates are dependent on general economic factors, such as inflation rates, interest rates and employment trends, as well as local conditions, such as supply and demand levels, attractiveness of our shopping mall to tenants, the quality of management and competition from other available properties. The challenging economic climate experienced in Turkey in the last several years has resulted in pressure on rental rates in Turkey, including in certain of the Group's shopping malls. Prime rents decreased due to economic slowdown, which began at the end of 2008 and continued into 2009. According to DTZ, average rents declined by 10% to 20% between 2007 and 2009. Average rental rates for our shopping malls did not decline materially over the course of 2008, 2009 and for the first six months of 2010. However, in order to maintain occupancy levels in light of decreased demand and the depreciation of the Turkish Lira, beginning in 2008 applied rent discounts at Korupark Shopping Mall and Zafer Plaza in the form of favorable fixed exchange rates for certain tenants and provided base rent discounts to existing tenants in exchange for higher percentages of their turnover. As a result of these measures, we only experienced a 3.0% decline in rental revenues from our shopping malls in 2009 compared to 2008. We plan to end these base rate discounts by the end of 2010.

Because most of our lease contracts contain turnover provisions, pursuant to which our tenants are required to pay us a proportion of their monthly turnover, performance levels of our tenants also directly impact our results of operations. In addition to being affected by general and local economic and other conditions, the turnover levels of our tenants are also correlated to levels of foot traffic in our shopping malls. As such, foot traffic levels at our shopping malls impact our rental income levels and our results of operations. Foot traffic levels can fluctuate due to general and local economic and other conditions, but can also be increased through management incentives and promotions.

Pursuant to our arrangements with the other owners of Zafer Plaza, we receive and book as revenue the entirety of the income from Zafer Plaza and then redistribute the revenues on a pro rata basis to the other owners. Zafer Plaza İşletmecilik acts as the property manager for Zafer Plaza and in that capacity collects rental payments from tenants. In 2008, we undertook an expansion of Zafer Plaza which was financed by way of a bank loan to Zafer Plaza İşletmecilik. In connection with the expansion and related bank financing, we agreed with the other owners of Zafer Plaza that until such time as the bank loan is repaid in full, the rental income to be received by each owner would be fixed and excess rental income would be retained by Zafer Plaza İşletmecilik and applied to repay the bank financing. The bank loan is to be repaid in full in 2012. Consequently, until 2012 we will receive fixed rental income in an amount of TL 8.4 million annually. Upon repayment of the bank financing, the fixed rental income arrangement will fall away and we will again be entitled to receive our 72.26% pro rata share of rental revenues from Zafer Plaza. See "*Our Business—Our Property Portfolio—Completed Projects—Zafer Plaza—Management*."

Financial Expenses

Our financial expenses consist primarily of interest expense relating to our financing arrangements and net foreign exchange losses primarily related to the valuation of our loan book into TL. Interest expense amounted to TL 30.3 million, TL 33.2 million, TL 44.1 million and TL 13.9 million for the six months ended June 30, 2010 and for the years ended December 31, 2009, 2008 and 2007, respectively. The variation in interest expense over the periods is primarily attributable to variations in interest rates, notably a decrease in interest rates in 2009, variations in the principal amount of outstanding indebtedness, which increased significantly in 2008. In 2008, we recorded net foreign exchange losses of TL 103.4 million attributable to the valuation of our loan book, which was primarily denominated in US dollars and euros, to TL, in light of the appreciation of the US dollar and the euro against the TL. In the future, fluctuations in interest rates, as well as the principal amount of our outstanding indebtedness, will impact our interest expense and significant exchange rate fluctuations between the US dollar and the TL and the euro and the TL will continue to impact our financial expenses to the extent we have significant amounts of outstanding indebtedness denominated in US dollars or euros.

Exchange Rates

Our revenues from rental payments from the tenants of our shopping malls and commercial properties and our primary debt financing arrangements are denominated in euros or US dollars, while our revenues from sales of residential units and our costs (other than our primary financing costs) are denominated in Turkish Lira.

Our rental revenues are primarily denominated in, or linked to, either euros or US dollars. The economic recession in Turkey resulted in reduced consumer spending and consequently reduced sales revenues for many of our tenants. This trend, together with the depreciation of the TL versus the US dollar (30.5%) and euro (25.1%) in 2008, resulted in liquidity problems for certain of our tenants, who generate sales revenues in TL. As the TL depreciated, our tenants were required to expend an increasing amount of TL in order to cover minimum rent payments. In order to help alleviate the liquidity problems experienced by certain retail tenants in certain of our shopping malls, in 2008 we began applying a favorable fixed exchange rate, which resulted in us having greater exposure to exchange rate fluctuations while decreasing our tenants' exposure to the same. Although the TL stabilized against the US dollar and euro in 2009, to the extent that the value of TL declines again in the future and we apply similar favorable fixed exchange rates we will be exposed to exchange rate movements in this way.

In addition, our reporting currency is the Turkish Lira, while our major financing arrangements are denominated in euros or US dollars. Consequently, depreciation of the TL against the euro or US dollar increases our financing costs and also increases our financial liabilities upon balance sheet translation.

Interest Rates

Interest rates effect our results of operations primarily in so far as they impact home sales levels in Turkey and consequently sales levels and prices for our residential units. Interest rate levels in Turkey impact the interest rates home buyers can obtain on mortgage loans. See "—*Macroeconomic Market Conditions*" above.

The Central Bank base rate was gradually lowered from 17.5% in July 2006 to 15.75% in May 2008, increased to 16.75% in July 2008 in light of the global financial crisis and growing inflationary pressure, then steadily decreased to 6.5% in November 2009. The decreases in interest rates have contributed to an increase in demand for our residential units. If interest rates in Turkey continue to decline, the mortgage loan costs of residential unit purchasers would also decline, making mortgage loans more attractive as a source of financing for the purchase of our residential units. Conversely, if interest rates in Turkey were to increase, demand for our residential units may decline as the cost of mortgage loans increase. Variations in interest rates also affect the levels of our finance expenses, see "—*Financial Expenses*" above.

Results of Operations

The following table sets forth certain statements of comprehensive income data for the periods indicated:

	Six Months Ended June 30,		Year Ended December 31,		
	2010	2009	2009	2008	2007
	(TL thousands)				
Net revenues	49,856	72,223	120,158	134,794	43,109
Residences sold	21,271	43,054	65,380	68,639	—
Rental revenue	24,435	19,819	39,859	41,299	22,949
Other[(1)]	4,150	9,350	14,919	24,856	20,160
Cost of revenues	(16,061)	(27,923)	(45,183)	(68,218)	(25,041)
Gross profit	**33,795**	**44,300**	**74,975**	**66,576**	**18,068**
General administrative expenses	(7,491)	(2,161)	(3,577)	(4,360)	(7,741)
Marketing, selling and distribution expenses	(1,687)	(3,278)	(4,437)	(3,306)	(4,756)
Net gain/(loss) from fair value adjustments on investment property	114,740	(4,734)	471,385	126,504	449,514
Other income	184	181	274	525	1,263
Other expenses	(831)	(763)	(266)	(698)	(2,001)
Operating profit	**138,710**	**33,545**	**538,354**	**185,241**	**454,347**
Share of profit of associates[(2)]	11,011	2,066	7,240	15,428	62,202
Financial income	30,211	4,746	13,595	17,428	20,670
Financial expenses	(31,560)	(19,912)	(40,322)	(148,596)	(13,934)
Profit before tax from continuing operations	**148,372**	**20,445**	**518,867**	**69,501**	**523,285**
Tax expense from continuing operations	(469)	—	—	—	(143)
Profit for the period from continuing operations	**147,903**	**20,445**	**518,867**	**69,501**	**523,142**
Other comprehensive income	—	—	—	—	—
Total comprehensive income	**147,903**	**20,445**	**518,867**	**69,501**	**523,142**

(1) Other revenues consists of electricity sales income, excavation site rent income, construction site rent income and sales of other services and goods.

(2) Share of profit of associates consists of cash and non-cash elements. Set forth below are the dividends received and the non-cash portion (primarily consisting of gains in fair value of the underlying investment properties) for the periods indicated.

	Six Months Ended June 30,		Year Ended December 31,		
	2010	2009	2009	2008	2007
	(TL thousands)				
Dividends received	4,744	4,536	4,536	3,640	3,356
Non-cash portion of income from associates	6,267	(2,470)	2,704	11,788	58,846
Income from associates	**11,011**	**2,066**	**7,240**	**15,428**	**62,202**

Discussion of Principal Items in Our Statement of Comprehensive Income

Net revenues

Net revenues consist of residence sales, rent income and other income. Residence sales consist of income received from the sale of residential and office units. Income from the sale of real estate is recognized when the risk and rewards of the real estate is transferred to the buyer. The risk and reward of ownership is generally considered to have passed to the buyer upon transfer of title, which generally coincides with the final acceptance by the buyer of the residential or office units sold. Rent income primarily consists of rent income from shopping malls. Other income consists of electricity sales income, excavation site rent income, construction site rent income and sales of other services and goods. Electricity sales income consists of the electricity expenses of the common areas of the shopping malls owned by us which are paid by us in Turkish Lira but are subsequently charged at an agreed percentage per sqm in US dollars or euros to related parties which manage the shopping malls. Excavation site rent income consists of income received from other parties who use the excavation site we have leased near the Mall of İstanbul as a dumping site for a fee per truckload. Construction site rental income relates to fees paid by certain of our subcontractors to use our land for various purposes. In 2007, sales of other goods and services consisted primarily of income from our sugar sales which made prior to our conversion to REIC status.

Cost of revenues

Cost of revenues consists of the cost of residence sales, electricity expenses, operating expenses for rental properties, excavation site rent expenses and costs of other services and goods, which included the cost of our sugar investment in 2007. Cost of residence sales include various costs associated with our residential property and office development business, primarily land and construction costs. Land and construction costs related to our residential developments are recognized as costs of sales upon the transfer of risk and reward of the units, typically evidenced by transfer of title. Our operating expenses for rental properties primarily arise from rent income collect from Zafer Plaza tenants and then redistributed to the other owners of Zafer Plaza. See "*Our Business—Our Property Portfolio—Completed Projects—Zafer Plaza—Management*." Electricity expenses consists of the electricity expenses of the shopping malls owned by us which are paid by us in Turkish Lira but are subsequently charged in US dollars or euros to related parties which manage the shopping malls. Excavation site rent expenses relate payments under a lease agreement between Toray Danış and TOKİ. We do not expect to incur expenses under this agreement in the future. In 2007, cost of other goods and services consisted of the costs of sugar sales made prior to our conversion to REIC status as well as the cost of certain equipment sold to certain of our shopping mall tenants.

General administrative expenses

General administrative expenses consist of taxes, duties and fees, personnel expenses, consultancy expenses, depreciation expenses, donations and other expenses. Taxes consist of annual property taxes and duties relate to stamp duty costs. In 2007, fees consisted of commissions paid to a brokerage firm acting on behalf of TOKİ in connection with our purchase the Mall of İstanbul site. Consultancy expenses relate to architectural, valuation and sales consultancy services provided to us. Depreciation expenses include depreciation on furniture, fixtures and vehicles, among others. Other expenses consist of travel and transportation expenses, representation expenses and rent expenses related to our headquarters.

Marketing, selling and distribution expenses

Marketing, selling and distribution expenses consist of marketing and advertising expenses for residence sales and shopping malls, shopping mall event management activities, including commissions paid to commercial banks in connection with the provision of mortgages to purchasers of our residential units, and other expenses. Marketing expenses for residence sales primarily consist of customary expenses related to sales and pre-sales of our residential properties, including operation of a sales office, advertising and building and fitting model residences for viewing by potential buyers.

Net gain/(loss) from fair value adjustments on investment property

Net gain/(loss) from fair value adjustments on investment property consists of the gain and loss from changes in the fair value of our investment properties.

Share of profit of associates

Share of profit of associates consists of dividends received from our associates, Yeni Gimat, Netsel and Nokta İnşaat, and the gain in fair value adjustment on our investment in Yeni Gimat. The shares in Nokta İnşaat were sold to Torunlar Gıda on December 31, 2009.

Financial income

Financial income consists of interest income on time deposits, gain on the sale of Nokta Inşaat in December 2009, foreign exchange net gains and other income.

Financial expenses

Financial expenses consist of interest expenses, loss on derivative financial instruments and foreign exchange net losses. The loss on derivative financial instruments is related to losses on our interest rate swap contract.

Discussion of Operating Results

Comparison of the Six Months Ended June 30, 2010 and 2009

Net revenues

Net revenues decreased by TL 22.4 million, or 31.0%, from TL 72.2 million in the six months ended June 30, 2009 to TL 49.9 million in the six months ended June 30, 2010. The decrease was primarily attributable to decreased revenue from residential sales, which decreased by TL 21.8 million, or 50.6%, from TL 43.1 million in the six months ended June 30, 2009 to TL 21.3 million in the six months ended June 30, 2010, related to reduced sales levels at the Korupark Residences and the decision to record sales of units in Nishİstanbul in the second half of 2010. This decrease was partially offset by increased rental revenues from our shopping malls, which increased by TL 4.6 million, or 23.3%, from TL 19.8 million in the six months ended June 30, 2009 to TL 24.4 million in the six months ended June 30, 2010. The increase was primarily attributable to increased rental income from Deepo Outlet Center and Korupark Shopping Mall over the periods, in turn primarily attributable to the expiry of rental discounts and currency fixation arrangements with certain tenants and increased rental revenues linked to tenant sales turnover in line with general economic growth. Net revenues from other activities amounted to TL 4.2 million in the six months ended June 30, 2010 compared to TL 9.4 million in the six months ended June 30, 2009. The decrease in the first six months of 2010 primarily related to lower excavation site rent income as compared to the same period in 2009. Excavation site rent income amounted to nil in 2010 compared to TL 5.7 million in 2009.

Cost of revenues

Cost of revenues decreased by TL 11.9 million, or 42.5%, from TL 27.9 million in the six months ended June 30, 2009 to TL 16.1 million in the six months ended June 30, 2010. The decrease was primarily attributable to decreased costs of residence sales, which decreased by TL 12.4 million, or 53.5%, from TL 23.2 million in the six months ended June 30, 2009 to TL 10.8 million in the six months ended June 30, 2010. The decrease was generally in line with the relatively smaller number of residential units in Korupark Residences to which title transferred in the first six months of 2010 compared to the same period in 2009, but the decrease was partially offset by the higher average selling prices for residential units pre-sold in the first six months of 2009, title to which transferred (and cost of revenues recorded) in the first six months of 2010. Electricity expenses increased to TL 2.9 million in the first six months of 2010 from TL 3.3 million in first six months of 2009 and operating expenses for rental properties increased to TL 2.0 million in the six months ended June 30, 2010 from TL 1.1. million in the six months ended June 30, 2009. Cost of other services and goods amounted to TL 371 thousand in the six months ended June 30, 2010 compared to TL 8 thousand in the six month period ended June 30, 2009.

Gross profit

As a result of the foregoing, gross profit decreased by TL 10.5 million, or 23.7%, from TL 44.3 million in the six months ended June 30, 2009 to TL 33.8 million in the six months ended June 30, 2010. Gross profit from our shopping malls (including electricity sales) increased by TL 3.9 million, or 20.6%, from TL 18.9 million in the six months ended June 30, 2009 to TL 22.8 million in the six months ended June 30, 2010. Gross profit from our residential properties in operation decreased by TL 9.3 million, or 47.1%, from TL 19.8 million in the six months ended June 30, 2009 to TL 10.5 million in the six months ended June 30, 2010.

General administrative expenses

General administrative expenses increased by TL 5.3 million from TL 2.2 million in the six months ended June 30, 2009 to TL 7.5 million in the six months ended June 30, 2010. This increase was primarily attributable to increased taxes, duties and fees paid in the first six months of 2010 as well as a contribution of TL 4.0 million made to the Bursa Municipality toward the construction of a new metro station in exchange for the naming rights to the station, which will be named "Korupark."

Marketing, selling and distribution expenses

Marketing, selling and distribution expenses decreased by TL 1.6 million, or 48.5%, from TL 3.3 million in the six months ended June 30, 2009 to TL 1.7 million in the six months ended June 30, 2010. This decrease was primarily attributable to lower marketing expenses for residence sales during the first six months of 2010. Marketing expenses for residence sales amounted to TL 1.9 million in the six months ended June 30, 2009 compared to TL 684 thousand in the six months ended June 30, 2010.

Net gain from fair value adjustments on investment property

Net gains from fair value adjustments on investment property increased by TL 119.5 million from a loss of TL 4.7 million in the six months ended June 30, 2009 to a gain of TL 114.7 million in the six months ended June 30, 2010. Management did not obtain valuations for its properties as of June 30, 2009; instead it used the property valuations as of December 31, 2008 as the basis for determining fair value adjustments on investment property over the period. Increases in fair value over the period primarily related to an increase in the fair value attributed to the Torun Tower land of TL 71.3 million due the increase in the FAR of Torun Tower and an increase in the fair value attributed to the Deepo Outlet Center of TL 50.9 million primarily resulting from clarification of zoning approvals from the local and regional authorities and because plans for expanding the Deepo Outlet Center had progressed. These increases were partially offset by a decrease in the fair value attributed to the Korupark Shopping Mall of TL 56.5 million resulting from the extension of base rate discounts to certain tenants of the Korupark Shopping Mall.

Operating profit

As a result of the foregoing, operating profit increased by TL 105.2 million from TL 33.5 million in the six months ended June 30, 2009 to TL 138.7 million in the six months ended June 30, 2010.

Share of profit of associates

Share of profit of associates increased by TL 8.9 million from TL 2.1 million in the six months ended June 30, 2009 to TL 11.0 million in the six months ended June 30, 2010. Share of profit of associates in the six months ended June 30, 2010 related primarily to net gains from fair value adjustments attributable to Yeni Gimat during six month period ending June 30, 2010. Dividends amounting to TL 4.7 million were received from Yeni Gimat and Netsel during the same period. Share of profit of associates in the six months ended June 30, 2009 consisted of net losses from Nokta Inşaat, whose zoning rights were cancelled, and net income from Yeni Gimat and Netsel. During the six-month period ended June 30, 2009 TL 4.5 million in dividend payments were received from Yeni Gimat and Netsel.

Financial income

Financial income increased by TL 25.5 million from TL 4.7 million in the six months ended June 30, 2009 to TL 30.2 million in the six months ended June 30, 2010. This increase was primarily attributable to an increase in net foreign exchange gains and higher interest income from time deposits primarily due to an increase in the amount of time deposits.

Financial expenses

Financial expenses increased by TL 11.6 million, or 58.5%, from TL 19.9 million in the six months ended June 30, 2009 to TL 31.6 million in the six months ended June 30, 2010. This increase was primarily attributable to increased interest expenses resulting from increased amounts of debt outstanding.

Total comprehensive income

As a result of the foregoing, total comprehensive income increased by TL 127.5 million from TL 20.4 million in the six months ended June 30, 2009 to TL 147.9 million in the six months ended June 30, 2010.

Comparison of the Years Ended December 31, 2009 and 2008

Net revenues

Net revenues decreased by TL 14.6 million, or 10.9%, from TL 134.8 million in the year ended December 31, 2008 to TL 120.2 million in the year ended December 31, 2009. The decrease was attributable to decreases in residential sales and rental income from shopping malls, partially offset by increases in other revenues. Residential sales decreased by TL 3.3 million, or 4.7%, from TL 68.6 million in 2008 to TL 65.4 million in 2009. The decrease was primarily attributable to the fact that pre-sales of residential units at Korupark Residences made in 2006 and 2007 were recorded as revenues upon the completion of construction and transfer of title in 2008 and that a lower number of residential units in Korupark Residences were pre-sold in 2008 and recorded as revenues upon completion of construction and transfer of title in 2009 than in 2008. The decrease in residential sales was partially offset by higher average selling prices for the residential units pre-sold in 2008 than in 2007 as 2006, in line with our customary practice of offering more favorable prices to initial buyers.

Income from our shopping malls decreased from by TL 1.4 million, or 3.5%, from TL 41.3 million in 2008 to TL 39.9 million in 2009. The decrease was primarily attributable decreases in rental revenue from Korupark Shopping Mall from TL 31.4 million in 2008 to TL 28.7 million in 2009, largely the result of rent discounts in the form of favorable fixed exchange rates for certain of our tenants and base rent discounts to certain of our tenants in exchange for higher percentages of their turnover. The overall decrease in rental income was partially offset by increased rental revenue from Antalya Deepo Outlet Center, from TL 8.7 million in 2008 to TL 10.4 million in 2009.

Net revenues from other activities amounted to TL 14.9 million in 2009 compared to TL 24.9 million in 2008. The decrease in 2009 primarily related to lower excavation site rent income as compared to 2008. Excavation site rent income amounted to TL 6.0 million in 2009 compared to TL 16.6 million in 2008.

Cost of revenues

Cost of revenues decreased by TL 23.0 million, or 33.8%, from TL 68.2 million in the year ended December 31, 2008 to TL 45.2 million in the year ended December 31, 2009. The decrease was primarily attributable to decreased excavation site rent expense, which decreased by TL 17.1 million, or 98.5%, from TL 17.3 million in 2008 to TL 252 thousand in 2009, primarily attributable to the fact that the lease on the site was extended by the municipality from October 2008 to May 2010 at no charge due to heavy rainfall at the site earlier in 2008. Cost of residence sales decreased by TL 6.0 million, or 14.8%, from TL 40.6 million in 2008 to TL 34.6 million in 2009. The decrease was generally in line with the relatively smaller number of residential units in Korupark Residences to which title transferred in 2009 compared to 2008 but the decrease was partially offset by the higher average selling prices for residential units pre-sold in 2008, title to which transferred (and cost of sale recorded) in 2009. Operating expenses for rental properties increased from TL 2.6 million in 2008 to TL 2.7 million in 2009.

Gross profit

As a result of the foregoing, gross profit increased by TL 8.4 million, or 12.6%, from TL 66.6 million in the year ended December 31, 2008 to TL 75.0 million in the year ended December 31, 2009. Gross profit from our shopping malls (including electricity sales) decreased by TL 1.4 million, or 3.6%, from TL 39.0 million in 2008 to TL 37.7 million in 2009. Gross profit from our residential properties increased by TL 2.8 million, or 9.8%, from TL 28.1 million in 2008 to TL 30.8 million in 2009.

General administrative expenses

General administrative expenses decreased by TL 0.8 million, or 18.0%, from TL 4.4 million in the year ended December 31, 2008 to TL 3.6 million in the year ended December 31, 2009. This decrease was primarily attributable to lower taxes, duties and fees paid in 2009. Taxes, duties and fees amounted to TL 1.5 million in 2009 compared to TL 2.2 million in 2008.

Marketing, selling and distribution expenses

Marketing, selling and distribution expenses increased by TL 1.1 million, or 34.2%, from TL 3.3 million in the year ended December 31, 2008 to TL 4.4 million in the year ended December 31, 2009. This increase was primarily attributable to higher marketing expenses for residence sales in 2009. Marketing expenses for residence sales amounted to TL 2.5 million in 2009 compared to TL 1.7 million in 2008, primarily because of increased residential sales and related marketing activities in 2009 at Nishİstanbul.

Net gain from fair value adjustments on investment property

Net gains from fair value adjustments on investment property increased by TL 344.9 million from TL 126.5 million in the year ended December 31, 2008 to TL 471.4 million in the year ended December 31, 2009. This increase was primarily attributable to larger positive fair value adjustments on the Group's properties in 2009 compared to 2008. The increases in fair value from December 31, 2008 to December 31, 2009 primarily related to an increase in the fair value attributed to the Mall of İstanbul land of TL 191.4 million due to the completion of excavation work on the land and the progression of the relevant licensing and permitting processes and an increase in the fair value attributed to the Torium İstanbul land of TL 234.9 million due to the near completion of all physical construction and significant related expenditures made. The increases in fair value in 2008 primarily related to an increase in the fair value attributed to the Torun Tower land of TL 78.2 million, primarily due to its location in the central business district of İstanbul which experiences rising property values over the period, and an increase in the fair value attributed to Zafer Plaza of TL 59.0 million, partially offset by a decrease in the fair value attributed to the Korupark Shopping Mall of TL 67.2 million resulting in part from the fact that Korupark Shopping Mall having only recently opened at that time, was considered to be more prone to economic recession than more established shopping malls, as well as in light of rent discounts put in place with a number of tenants.

Operating profit

As a result of the foregoing, operating profit increased by TL 353.1 million, or 190.6%, from TL 185.2 million in the year ended December 31, 2008 to TL 538.4 million in the year ended December 31, 2009.

Share of profit of associates

Share of profit of associates decreased by TL 8.2 million, or 53.1%, from TL 15.4 million in the year ended December 31, 2008 to TL 7.2 million in the year ended December 31, 2009. Share of profit of associates in 2009 related primarily to the share of profits from Yeni Gimat attributable mainly to net gain in fair value adjustments of the investment properties of Yeni Gimat during 2009. Total dividends of TL 4.5 million were received from Yeni Gimat and Netsel in 2009. Share of profit of associates in 2008 also related primarily to the share of profit from Yeni Gimat attributable mainly to net gain in fair value adjustments of the investment properties of Yeni Gimat during 2008. Total dividends of TL 3.6 million were received from Yeni Gimat and Netsel in 2008.

Financial income

Financial income decreased by TL 3.8 million, or 22.0%, from TL 17.4 million in the year ended December 31, 2008 to TL 13.6 million in the year ended December 31, 2009. This decrease was primarily attributable to a smaller amount of interest income from time deposits received in 2009 compared to 2008 primarily due to decreased interest rates, partially offset by a gain realized on the sale of Nokta Inşaat of TL 4.3 million in 2009.

Financial expenses

Financial expenses decreased by TL 108.3 million, or 72.9%, from TL 148.6 million in the year ended December 31, 2008 to TL 40.3 million in the year ended December 31, 2009. This decrease was primarily attributable to significantly lower net foreign exchange losses in 2009 compared to 2008, as well as decreased interest expense in 2009 as compared to 2008, partially offset by a loss on derivative financial instruments in 2009. In 2008, net foreign exchange losses amounted to TL 103.4 million, primarily attributable to the valuation of our loan book, which was primarily denominated in US dollars and euro, in light of the appreciation of the US dollar and the euro against the TL in 2008; whereas in 2009 net foreign exchange losses amounted to TL 2.3 million, primarily reflecting the fact that the US dollar and the euro had stabilized against the TL and as such the valuation of our loan book resulted in more modest foreign exchange losses compared to 2008.

Total comprehensive income

As a result of the foregoing, total comprehensive income increased by TL 449.4 million from TL 69.5 million in the year ended December 31, 2008 to TL 518.9 million in the year ended December 31, 2009.

Comparison of the Years Ended December 31, 2008 and 2007

Net revenues

Net revenues increased by TL 91.7 million, or 212.7%, from TL 43.1 million in the year ended December 31, 2007 to TL 134.8 million in the year ended December 31, 2008. The increase was attributable to increased residential sales, rental revenues and other revenues. Residential sales amounted to TL 68.6 million in 2008 compared to nil in 2007. The residential sales revenues in 2008 related to the recognition of sales upon completion and transfer to purchasers of residential units in the Korupark Residences that were pre-sold in 2007 and 2006. We had no residential sales in 2007 because we did not transfer title to any residential units in 2007.

Rental income from our shopping malls increased by TL 18.4 million, or 80.0%, from TL 22.9 million in 2007 to TL 41.3 million in 2008. The increase was primarily attributable to the opening of Korupark Shopping Mall in the second half of 2007 and receipt of revenues from Korupark Shopping Mall during the entire 2008 financial year, as opposed to only part of the 2007 financial year. Rental revenues from Korupark Shopping Mall amounted to TL 31.4 million in 2008 compared to TL 9.1 million in 2007.

Revenues from other activities amounted to TL 24.9 million in 2008 compared to TL 20.2 million in 2007. The increase in revenues from other activities was primarily attributable to increased excavation site rent income and electricity sales, partially offset by decreased income from other activities. Excavation site rent income amounted to TL 16.6 million in 2008 compared to nil in 2007. Excavation site rent income related to the use by other parties of our leased excavation site near the Mall of İstanbul. We had no excavation site rent income in 2007 because we did not lease the excavation site until 2008. Electricity sales income increased from TL 2.0 million in 2007 to TL 7.2 million in 2008, primarily attributable to the fact that Korupark Shopping Mall was operational for the entire 2008 financial year, as opposed to only part of 2007. Revenues from the sale of other goods and services decreased to TL 1.1 million in 2008 from TL 17.3 million in 2007. Revenues from the sale of other goods and services in 2007 were primarily attributable to income from sugar sales in that year.

Cost of revenues

Cost of revenues increased by TL 43.2 million, or 172.4%, from TL 25.0 million in the year ended December 31, 2007 to TL 68.2 million in the year ended December 31, 2008. Cost of residence sales amounted to TL 40.6 million in 2008 compared to nil in 2007. The costs of residence sales in 2008 related to sales and transfer of title of residential units in the Korupark Residences. We had no costs of sales related to our residential properties in 2007 because we did not complete construction of or transfer title to any residential units in Korupark Residences in 2007, and pre-sales made in 2006 and 2007 were not sold until 2008. Electricity expenses increased by TL 5.0 million from TL 1.8 million in 2007 to TL 6.8 million as a result of a full year of operation of Korupark Shopping Mall in 2008 compared to a half year of operation in 2007. Operating expenses for rental properties decreased from TL 2.7 million in 2007 to TL 2.6 million in 2008. Costs of other goods and services decreased from TL 15.9 million in 2007 to TL 921 thousand in 2008. The costs of goods and services in 2007 primarily related to costs of sugar purchases made prior to our conversion to a REIC. Excavation site rent expense increased from TL 4.5 million in 2007 to TL 17.3 million in 2008. We had no excavation site rent expense in 2007 because the lease on the excavation site was not in place in 2007.

Gross profit

As a result of the foregoing, gross profit increased by TL 48.5 million, or 268.5%, from TL 18.1 million in the year ended December 31, 2007 to TL 66.6 million in the year ended December 31, 2008. Gross profit from our shopping malls (including electricity sales) increased by TL 18.7 million, or 91.7%, from TL 20.4 million in 2007 to TL 39.0 million in 2008. Gross profit from our residential properties amounted to TL 28.1 million in 2008. The gross profit related to sales of residential units in the Korupark Residences. We had no gross profit related to our housing projects in 2007 because we did not sell any residential units in 2007.

General administrative expenses

General administrative expenses decreased by TL 3.4 million, or 43.7%, from TL 7.7 million in the year ended December 31, 2007 to TL 4.4 million in the year ended December 31, 2008. This decrease was primarily attributable to decreased taxes, duties and fees in 2008 compared to 2007. Taxes, duties and fees amounted to TL 2.2 million in 2008 compared to TL 4.7 million in 2007. The higher amount in 2007 was primarily attributable to a brokerage commission of TL 3.3 million paid in connection with our purchase of the Mall of İstanbul site.

Marketing, selling and distribution expenses

Marketing, selling and distribution expenses decreased by TL 1.5 million, or 30.5%, from TL 4.8 million in the year ended December 31, 2007 to TL 3.3 million in the year ended December 31, 2008. This decrease was primarily attributable to lower marketing expenses related to sales of residential units at Korupark Residences in 2008 compared to 2007, partially offset by increased marketing expenses for shopping malls in 2008 compared to 2007. The decrease in marketing expenses for residence sales, from TL 3.3 million in 2007 to TL 1.7 million in 2008, was attributable to the fact that we undertook more marketing activity in connection with the Korupark Residences in 2007 than in 2008 and to lower commissions paid to commercial banks that extended mortgages to purchasers of our residential units in 2008.

Net gain from fair value adjustments on investment property

Net gains from fair value adjustments on investment property decreased by TL 323.0 million, or 71.9%, from TL 449.5 million in the year ended December 31, 2007 to TL 126.5 million in the year ended December 31, 2008. This decrease was primarily attributable to smaller positive fair value adjustments on the Group's properties in 2008 compared to 2007. The increases in fair value in 2008 primarily related to an increase in the fair value attributed to the Torun Tower land of TL 78.2 million in line with increasing property values in the central business district of İstanbul where it is located, and an increase in the fair value attributed to Zafer Plaza of TL 59.0 million, partially offset by a decrease in the fair value attributed to the Korupark Shopping Mall of TL 67.2 million resulting in part from the fact that Korupark Shopping Mall, having only recently opened at that time, was considered to be more prone to economic recession than more established shopping malls, as well as in light of recent discounts put in place with certain tenants. The increase in fair value in 2007 primarily related to the purchase of the Mall of İstanbul land for TL 166.0 million and the increase in the fair value attributed to the Mall of İstanbul land of TL 240.3 million over the year reflecting the fact that we had decided to build the Mall of İstanbul on the land and investments made toward construction of TL 46.3 million on, and increases in the fair value of, Korupark Shopping Mall of TL 175.2 million.

Operating profit

As a result of the foregoing, operating profit decreased by TL 269.1 million, or 59.2%, from TL 454.3 million in the year ended December 31, 2007 to TL 185.2 million in the year ended December 31, 2008.

Share of profit of associates

Share of profit of associates decreased by TL 46.8 million, or 75.2%, from TL 62.2 million in the year ended December 31, 2007 to TL 15.4 million in the year ended December 31, 2008. Share of profit of associates in 2008 related primarily to the share of profits from Yeni Gimat attributable mainly to net gain in fair value adjustments of the investment properties of Yeni Gimat during 2008. Total dividends of TL 3.6 million were received from Yeni Gimat and Netsel in 2008. Share of profit of associates in 2007 related also primarily to the share of profit from Yeni Gimat attributable mainly to net gain in fair value adjustments of the investment properties of Yeni Gimat during 2007. The increase in the value of Yeni Gimat investment properties in 2007 was primarily attributable to an increase in the value of its investment in Ankamall in that year, reflecting completion of the expansion of the Mall, and corresponding increase in GLA, and the hotel in late 2006. Total dividends of TL 3.4 million were received from Yeni Gimat and Netsel in 2007.

Financial income

Financial income decreased by TL 3.2 million, or 15.7%, from TL 20.7 million in the year ended December 31, 2007 to TL 17.4 million in the year ended December 31, 2008. This decrease was primarily attributable to net foreign exchange gains of TL 13.6 million in 2007, compared to nil net foreign exchange gains in 2008, partially offset by increased interest income on time deposits received in 2008 compared to 2007. The net foreign exchange gains in 2007 were attributable mainly to the valuation of our loan book, which was primarily denominated in US dollars, in light of the appreciation of the TL versus the US dollar in 2007. The increase in interest income on time deposits in 2008 reflects the fact that we had a larger amount of time deposits in 2008 compared to 2007 and in addition that we had a higher amount of time deposits in TL, which attract a relatively higher rate of interest, in 2008, and a lower amount of time deposits in US dollars, which attract a relatively lower rate of interest, in 2007.

Financial expenses

Financial expenses increased by TL 134.7 million from TL 13.9 million in the year ended December 31, 2007 to TL 148.6 million in the year ended December 31, 2008. This increase was primarily attributable to significantly higher net foreign exchange losses in 2008 compared to 2007, as well as increased interest expense in 2008 compared to 2007. In 2008, net foreign exchange losses amounted to TL 103.4 million, which were attributable mainly to the valuation of our loan book, which was primarily denominated in euros and US dollars, and which included additional financial liabilities related to a €150 million loan from Akbank drawn down in September 2008, in light of the appreciation of the euro and the US dollar versus the TL in 2008; whereas the Group recorded nil net foreign exchange losses in 2007. Interest expense amounted to TL 44.1 million in 2008 compared to TL 13.9 million in 2007. The increase in interest expense related to increased financial liabilities accruing interest in 2008 compared to 2009.

Total comprehensive income

As a result of the foregoing, total comprehensive income decreased by TL 453.6 million, or 86.7%, from TL 523.1 million in the year ended December 31, 2007 to TL 69.5 million in the year ended December 31, 2008.

Discussion of Certain Balance Sheet Items

The following table sets forth certain balance sheet data for the periods indicated:

	As of June 30,	As of December 31,		
	2010	2009	2008	2007
	(TL thousands)			
Consolidated Balance Sheet Data:				
Assets:				
Current Assets	**444,960**	**250,631**	**208,846**	**220,490**
Cash and cash equivalents	262,288	72,639	80,168	137,441
Trade receivables	51,398	74,668	51,598	19,150
Inventories	126,454	101,648	72,626	62,315
Other current assets	4,820	1,676	4,454	1,584
Non-current assets	**2,427,599**	**2,259,156**	**1,719,189**	**1,461,352**
Trade receivables	3,613	7,469	1,787	4,791
Investments in associates	121,745	115,478	112,774	100,986
Investment property	2,261,731	2,096,430	1,557,584	1,308,832
Property, plant and equipment	655	407	629	1,831
Inventories	—	—	—	13,090
Goodwill	8,250	8,250	8,250	—
Other non-current assets	31,605	31,122	38,165	31,822
Total assets	**2,872,559**	**2,509,787**	**1,928,035**	**1,681,842**
Liabilities and Equity:				
Current Liabilities	**289,539**	**241,733**	**292,672**	**379,303**
Financial liabilities	130,692	157,676	272,170	315,507
Bank borrowings	130,692	155,694	266,637	240,839
Due to related parties	—	1,982	5,533	74,668
Finance lease liabilities	297	1,639	2,745	1,985
Other financial liabilities	6,151	4,846	—	—
Trade payables	24,565	10,934	15,196	15,435
Deferred tax liabilities	—	—	—	—
Other current liabilities	127,834	66,638	2,561	46,376
Non-current liabilities	**629,949**	**462,886**	**349,062**	**158,975**
Financial liabilities	629,930	462,858	331,566	134,107
Finance lease liabilities	7	23	1,604	3,129
Provision for employment termination benefits	12	5	17	139
Other non-current liabilities	—	—	15,875	21,600
Total equity	**1,953,071**	**1,805,168**	**1,286,301**	**1,143,564**
Share capital	176,100	176,100	176,100	100,000
Legal reserves	7,279	7,279	7,279	5,288
Retained earnings	1,769,692	1,621,789	1,102,922	1,038,276
Total liabilities and equity	**2,872,559**	**2,509,787**	**1,928,035**	**1,681,842**

Inventories

Inventories comprise construction costs of housing units (completed and in-progress) and the cost of land used for these housing projects. Land held for future development of housing projects is also classified as inventory. Cost elements included in inventory are purchase costs, conversion costs and other costs necessary to prepare the asset for its intended use. Housing units which are completed and ready for delivery to customers, together with work-in-progress costs for housing units which will be completed within a year, are classified as short term inventories in the consolidated financial statements. Inventories are valued at the lower of cost or net realizable value. See Note 9 to our IFRS Financial Statements.

The following table sets forth inventory data for the periods indicated:

	As of			
	June 30, 2010	December 31, 2009	December 31, 2008	December 31, 2007
	(TL thousands)			
Short-term inventories				
Land	4,655	4,655	4,655	442
Semi-finished houses(*)	81,360	53,655	—	60,405
Finished houses	33,530	42,799	67,787	163
Order advances given	6,909	539	184	1,305
	126,454	**101,648**	**72,626**	**62,315**
Long-term inventories				
Semi-finished houses	—	—	—	13,090

(*) Land portion of Nishistanbul Project as of June 30, 2010 amounting to TL 31,764 thousand is included in the cost of semi-finished houses with other construction costs in accordance with the revenue sharing agreement made with the land owner.

Korupark Residences

We began building the Korupark Residences in May 2006. The construction of the first phase of the Korupark Residences project, which consists of 345 residential units, was completed in 2008. As of June 30, 2010, 313 out of 345 residential units had been sold and as of December 31, 2009, 2008 and 2007, 304, 269 and nil residential units, respectively, had been sold. The construction of the second phase of the Korupark Residences project, which consists of 403 residential units, was completed in 2009. As of June 30, 2010, 248 out of the 403 residential units had been sold and as of December 31, 2009, 2008 and 2007, 191, nil and nil residential units, respectively, had been sold.

Short-term inventory consisting of semi-finished houses as of December 31, 2007 consisted of the costs of Korupark Residences Phase 1 and 2 residential units under construction as of that date. Short-term inventory consisting of finished houses as of December 31, 2008 consisted of the costs associated with Korupark Residences Phase 1 residential units which had been constructed and were ready for sale but not sold as of that date. Short-term inventory consisting of finished houses as of December 31, 2009 and June 30, 2010 consisted of the costs associated with Korupark Residences Phase 1 and Phase 2 residential units which had been constructed and were ready for sale but not sold as of that date.

As of June 30, 2010, the construction of Phase 3 of Korupark Residences, which is planned to include 373 residences units, had not begun. Based on the valuation report prepared by Prime dated June 30, 2010, there is no impairment for the land of the third stage of Korupark Residences.

Nishİstanbul

Construction of Nishİstanbul, which consists of three residential blocks and one office block, began in July 2008. Three of the four blocks in Nishİstanbul completed construction in September 2010 and the fourth will be completed by the end of October 2010. As of June 30, 2010, preliminary sales agreements for 468 residential units had been signed. Short-term inventory consisting of semi-finished houses as of June 30, 2010 consisted of costs attributable to residential units in the Nishİstanbul project that were under construction as of that date. Based on the valuation report prepared by Prime dated June 30, 2010, the net realizable value is higher than the cost of construction of the Nishİstanbul project.

Investment property

Investment property is measured initially at cost, including related transaction costs. After initial recognition, investment properties are carried at fair value. Fair value is based on active market prices where available and adjusted when necessary for any difference in the nature, location or condition of the specific asset, as well as the use of other approaches where considered more appropriate.

Valuations are performed as of the balance sheet date by CMB-licensed valuers who have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value. See Note 8 to our IFRS Financial Statements.

The following table sets forth investment property data for the periods indicated:

	As of June 30, 2010	As of December 31, 2009	2008	2007
	(TL thousands)			
Investment property	2,261,731	2,096,430	1,557,584	1,308,832

The properties that experienced the greatest changes in fair value between each of June 30, 2010 and June 30, 2009, 2009 and 2008, and 2008 and 2007, are discussed in the respective period-on-period comparisons in *"—Discussion of Operating Results"* above, under the sub-headings entitled *"Net gain from fair value adjustments on investment property."* For additional information relating to the changes in fair values of our properties over these periods see Note 8 (Investment Properties) to our IFRS Financial Statements.

Financial liabilities

Our financial liabilities consist of current financial liabilities, consisting of short-term bank borrowings and financial payables due to related parties, and non-current financial liabilities, consisting of long-term bank borrowings.

The following table sets forth financial liabilities data for the periods indicated:

	As of June 30, 2010	As of December 31, 2009	2008	2007
	(TL thousands)			
Current Liabilities				
Financial liabilities				
Bank borrowings	130,692	155,694	266,637	240,839
Due to related parties	—	1,982	5,533	74,668
Non-current liabilities				
Financial liabilities	629,930	462,858	331,566	134,107

As of June 30, 2010, we had outstanding short-term bank borrowings of TL 76.1 million, the short-term portion of our outstanding long term bank borrowings was TL 54.6 million and we had outstanding long-term bank borrowings of TL 629.9 million. As of June 30, 2010, the weighted average effective interest rate on our short-term borrowings was 4.04% for US dollar denominated borrowings and 9.33% for Turkish Lira denominated borrowings, the weighted average effective interest rate on the short-term portion of our long-term borrowings was 6.5% for US dollar denominated borrowings, 4.94% for euro denominated borrowings and 6.98% for Turkish Lira denominated borrowings, and the weighted average effective interest rate on our long-term borrowings was 5.65% for US dollar denominated borrowings, 4.91% for euro denominated borrowings and 6.98% for Turkish Lira denominated borrowings. As of June 30, 2010, our average debt maturity (including current and non-current liabilities) was in excess of five years.

Liquidity and Capital Resources

Overview

Historically, our principal use of funds has been for the purchase of land and for the development and construction of our projects. Our operations have in the past been financed mainly from the proceeds of cash from operations and bank financing. Our anticipated future capital expenditure requirements and the means by which we expect to meet our future liquidity needs are discussed in "—*Capital expenditures*" below.

Historical Cash Flows

The following table summarizes our cash flows for the periods indicated:

	Six Months Ended June 30,		Year Ended December 31,		
	2010	**2009**	**2009**	**2008**	**2007**
	(TL thousands)				
Net cash flows from/(used in) operating activities	91,210	15,973	60,776	(30,371)	(21,920)
Net cash flows used in investing activities	(46,253)	(17,172)	(58,490)	(70,920)	(234,299)
Net cash flows from/(used in) financing activities	144,532	18,787	(9,604)	39,864	392,516
Net (decrease)/increase in cash and cash equivalents	189,489	17,588	(7,318)	(61,427)	136,297
Cash and cash equivalents at the end of the period	**262,288**	**97,833**	**72,639**	**80,168**	**137,441**

Net cash from/(used in) operating activities

Net cash from operating activities amounted to TL 91.2 million in the six months ended June 30, 2010 and TL 16.0 million in the six months ended June 30, 2009.

Net cash from operating activities in the six months ended June 30, 2010 consisted of net cash before changes in assets and liabilities of TL 24.4 million, adjusted to take into account changes in working capital. Net cash before changes in assets and liabilities of TL 24.4 million reflected total comprehensive income of TL 147.9 million adjusted to take into account a number of non-cash items, including a net gain from fair value adjustment on investment property of TL 114.7 million primarily attributable to an increase in the value of the Torun Tower land and the Deepo Outlet Center, interest expense of TL 30.3 million, interest income on time deposits of TL 6.1 million and share of profit of associates of TL 11.0 million. Changes in working capital included a decrease in trade receivables of TL 27.1 million primarily related to notes receivables obtained for the sale of Nokta Inşaat from Torunlar Gıda and members of the Torun family regarding other trade receivables from Nokta Inşaat, and an increase in inventories of TL 24.8 million primarily attributable to unsold semi-finished residential units of Nishİstanbul, and cash inflows related to increases in other liabilities of TL 56.5 million related to an increase in advances received for the Nishİstanbul project.

Net cash from operating activities in the six months ended June 30, 2009 consisted of net cash before changes in assets and liabilities of TL 38.2 million, adjusted to take into account changes in working capital. Net cash before changes in assets and liabilities of TL 38.2 million reflected total comprehensive income of TL 20.4 million adjusted to take into account a number of non-cash items, including a net loss from fair value adjustment on investment property of TL 4.7 million primarily attributable to a decrease in the value of the İstanbul İkitelli Küçükçekmece land, interest expense of TL 16.7 million, interest income on time deposits of TL 3.6 million and share of profit of associates of TL 2.1 million. Changes in working capital included an increase in trade receivables of TL 31.7 million, an increase in inventories of TL 20.0 million primarily attributable to unsold semi-finished residential units of Nishİstanbul, and cash inflows related to increases in other liabilities of TL 10.3 million related to an increase in advances received for the Nishİstanbul project.

Net cash from operating activities amounted to TL 60.8 million in 2009 and net cash used in operating activities amounted to TL 30.4 million in 2008 and TL 21.9 million in 2007.

Net cash from operating activities in 2009 consisted of net cash before changes in assets and liabilities of TL 67.1 million, adjusted to take into account changes in working capital. Net cash before changes in assets and liabilities of TL 67.1 million reflected total comprehensive income of TL 518.9 million adjusted to take into account a number of non-cash items, including a net gain from fair value adjustment on investment property of TL 471.4 million primarily attributable to the increase in value of the Torium İstanbul land and the Mall of İstanbul land, interest expense of TL 33.2 million, interest income on time deposits of TL 7.8 million and share of profit of associates of TL 7.2 million. Changes in working capital included an increase in trade receivables of TL 27.3 million primarily related to notes receivable of TL 4.3 million from Torunlar Gıda and notes receivable of TL 6.0 million from Aziz Torun and Mehmet Torun and short term trade receivables of TL 9.1 million from our Nishİstanbul joint venture partner, and an increase in inventories of TL 29.0 million primarily attributable to unsold semi-finished residential units of Nishİstanbul, and cash inflows related to increases in other liabilities of TL 44.4 million related to an increase in advances received for the Nishİstanbul project.

Net cash used in operating activities in 2008 consisted of net cash before changes in assets and liabilities of TL 58.7 million, adjusted to take into account changes in working capital items. Net cash before changes in assets and liabilities of TL 58.7 million reflected total comprehensive income of TL 69.5 million adjusted to take into account a number of non-cash items, including a net gain from fair value adjustment on investment property of TL 126.5 million primarily attributable an increase in value of the Torun Tower land and Zafer Plaza, foreign exchange loss of TL 103.4 million related to the valuation of our loan book in light of the depreciation of the TL versus the US dollar and euro, interest expense of TL 44.1 million, interest income of TL 16.7 million and share of profit of associate of TL 15.4 million. Changes in working capital included decreases in other liabilities of TL 54.9 million relating to advances received for Korupark Residences and an increase in trade receivables of TL 27.6 million primarily attributable to short term trade receivables due from Nokta Inşaat.

Net cash used in operating activities in 2007 consisted of net cash before changes in assets and liabilities of TL 10.2 million, adjusted to take into account changes in working capital. Net cash before changes in assets and liabilities of TL 10.2 million reflected total comprehensive income of TL 523.1 million adjusted to take into account a number of non-cash items, including a net gain from fair value adjustment on investment property of TL 449.5 million primarily related to the purchase of the Mall of İstanbul land and an increase in value of the Korupark Shopping Mall, share of profit of associates of TL 62.2 million, interest expense of TL 13.9 million and foreign exchange loss of TL 13.6 million. Changes in working capital included an increase in inventories of TL 45.4 million primarily attributable to unsold semi-finished residential units at the Korupark Residences, an increase in other assets of TL 12.7 million relating to an increase in VAT receivable as a result of construction activity and a decrease in trade payables of TL 8.1 million. Items resulting in cash inflows included an increase in other liabilities of TL 26.7 million relating to advances received for the Korupark Residences.

Net cash used in investing activities

Net cash used in investing activities was TL 46.3 million in the six months ended June 30, 2010 and TL 17.2 million in the six months ended June 30, 2009.

Net cash used in the six months ended June 30, 2010 was primarily attributable to cash outflows related to the purchases of investment property in a total amount of TL 50.6 million and dividends amounting to TL 4.7 million received from Yeni Gimat and Netsel.

Net cash used in the six months ended June 30, 2009 was primarily attributable to cash outflows related to the purchases of investment property in a total amount of TL 21.9 million and dividends amounting to TL 4.5 million received from Yeni Gimat and Netsel.

Net cash used in investing activities was TL 58.5 million in 2009, TL 70.9 million in 2008 and TL 234.3 million in 2007.

Net cash used in investing activities in 2009 was primarily attributable to purchases of investment property in a total amount of TL 67.5 million, partially offset by dividends amounting to TL 4.5 million received from Yeni Gimat and Netsel and cash provided from the disposal of Nokta Inşaat of TL 4.3 million.

Net cash used in investing activities in 2008 was primarily attributable to purchases of investment properties in a total amount of TL 68.1 million primarily related to investments made on the Torium İstanbul project and additions to goodwill of TL 8.2 million related to our Nishİstanbul joint venture, partially offset by dividends received from Yeni Gimat and Netsel of TL 3.6 million and cash received from the sale of property, plant and equipment of TL 1.1 million.

Net cash used in investing activities in 2007 was primarily attributable to purchases of investment properties in a total amount of TL 214.3 million primarily related to the purchase of the Mall of İstanbul land and the acquisition of additional shares of Yeni Gimat for TL 22.3 million.

Net cash from/(used in) financing activities

Net cash from financing activities was TL 144.5 million in the six months ended June 30, 2010 and TL 18.8 million in the six months ended June 30, 2009.

Net cash from financing activities in the six months ended June 30, 2010 primarily related to an increase in bank borrowings of TL 199.1 million, partially offset by the repayment of bank borrowings of TL 34.7 million and interest paid of TL 20.0 million.

Net cash from financing activities in six months ended June 30, 2009 primarily related to an increase in bank borrowings of TL 68.7 million, partially offset by the repayment of bank borrowings of TL 49.9 million.

Net cash used in financing activities was TL 9.6 million in 2009, and net cash from financing activities was TL 39.9 million in 2008 and TL 392.5 million in 2007.

Net cash used in financing activities in 2009 primarily related to the repayment of bank borrowings of TL 259.6 million and interest paid on outstanding bank borrowings of TL 21.7 million, partially offset by an increase in bank borrowings of TL 275.2 million.

Net cash from financing activities in 2008 primarily related to an increase in bank borrowings of TL 418.6 million, partially offset by the repayment of bank borrowings of TL 305.9 million, a decrease in loans due to related parties of TL 69.1 million and interest paid of TL 22.0 million.

Net cash from financing activities in 2007 primarily related to an increase in bank borrowings of TL 370.5 million and an increase in loans due to related parties of TL 74.7 million, partially offset by the repayment of bank borrowings of TL 46.6 million.

Capital Expenditures

In 2007, 2008, 2009 and the six months ended June 30, 2010, we had capital expenditures of TL 261.0 million, TL 160.1 million, TL 112.8 million and TL 73.0 million, respectively. Our capital expenditures of TL 261.0 million in 2007 consisted primarily of the purchase of land for the Mall of İstanbul site. Our capital expenditures of TL 160.1 million in 2008 consisted primarily of the purchase of land for the Torium Istanbul site. Our capital expenditures of TL 112.8 million in 2009 consisted primarily of construction costs related to Torium İstanbul and costs related to our housing projects. Our capital expenditures of TL 73.0 million in the six months ended June 30, 2010 primarily related to the development of Torium İstanbul.

We expect that our capital expenditures over the next five years will reflect the costs associated with further land purchases and construction of projects. The most significant capital expenditures in the second half of 2010 are expected to relate to the Torium İstanbul project.

We expect to finance our planned capital expenditures through a combination of the proceeds of the global offering, bank loans and cash flow from operations.

The following table sets forth our expected capital expenditures, by project, for the periods indicated. Prospective investors should note that the table below sets out our expected capital expenditures based on our current business plans and related estimates and assumptions. We may decide not to pursue our business plans in their current form or on the timelines referenced in the tables. Moreover, changes to our business plans, the availability of financing and other factors may result in changes to the amount of capital expenditures we are required to make, the projects toward which we apply capital expenditures and the timing of capital expenditures. It is highly likely that our actual capital expenditures will be higher or lower, potentially materially, than the projected capital expenditures set out in the table above. Prospective investors should specifically consider the factors identified in this document, including those identified in

"*Risk Factors,*" which could cause actual capital expenditures to differ from projected capital expenditure requirements before making an investment decision.

	Second Half 2010	2011	2012	2013	2014	Total
			(US$ millions)			
Deepo Outlet Center (extension)	—	16.1	4.0	—	—	**20.1**
Kayabaşi residence	—	—	4.3	16.9	5.4	**26.6**
Korupark Phase 3 office	—	4.3	3.8	—	—	**8.1**
Korupark Phase 3 residence	—	21.0	27.5	—	—	**48.5**
Kemankeş Hotel	—	2.9	5.2	—	—	**8.1**
Mall of İstanbul retail	—	50.0	74.5	47.1	—	**171.6**
Mall of İstanbul office	—	2.7	11.6	7.8	—	**22.1**
Mall of İstanbul residence	—	22.8	29.1	29.9	—	**81.8**
Mall of İstanbul hotel	—	0.9	13.4	20.1	—	**34.4**
Nishİstanbul office	2.0	—	—	—	—	**2.0**
Nishİstanbul residence	6.5	—	—	—	—	**6.5**
Nishİstanbul retail	1.2	—	—	—	—	**1.2**
Samsun Project	1.3	3.3	2.0	—	—	**6.6**
Torium İstanbul retail	19.9	—	—	—	—	**19.9**
Torium İstanbul residence	4.3	—	—	—	—	**4.3**
Torun Tower retail	—	0.8	4.1	—	—	**4.9**
Torun Tower office	—	3.0	14.7	11.7	—	**29.4**
Torun Tower residence	—	5.1	24.2	19.0	—	**48.3**
Zafer Plaza	0.9	—	—	—	—	**0.9**
Total	**36.1**	**132.9**	**218.4**	**152.5**	**5.4**	**545.3**

Existing Borrowings

The following table sets forth certain information regarding our bank borrowings as of June 30, 2010. See Note 5 to the IFRS Financial Statements.

	Weighted Average Effective Interest Rate	Currency	Original Balance	TL Equivalent
	(%)			
Short-term bank borrowings	4.04	US$	39,527	62,243
	9.33	TL	13,899	13,899
Short-term portion of long-term bank borrowings	6.50	US$	20,833	32,806
	4.94	EUR	11,284	21,685
	6.98	TL	59	59
Long-term bank borrowings	5.65	US$	246,705	388,487
	4.91	EUR	125,615	241,394
	6.98	TL	49	49
Total bank borrowings				**760,622**

The following table sets forth the redemption schedule of our long-term borrowings as of June 30, 2010.

	30 June 2010
2009	—
2010	—
2011	87,245
2012	142,614
2013	94,918
2014 and beyond	305,153
	629,930

Financing Agreements

Akbank

We have two loans from Akbank T.A.Ş. ("Akbank"). The first loan, which was agreed on January 18, 2008, is for an aggregate principal amount of €150.0 million, which we drew down on January 24, 2008 and used to refinance debt used to construct Korupark Shopping Mall. As of June 30, 2010, €132.7 million in principal amount was outstanding under the loan. The loan bears interest at a rate of EURIBOR plus 220 basis points. Interest is payable quarterly in arrears. The loan matures in 2018. It is secured by a mortgage on the land occupied by the Korupark Shopping Mall in the amount of €225.0 million, although the proceeds of the loan were not used to construct Korupark Shopping Mall but were used to restructure existing bank loans, allowing us to repay short term loans. Additionally, rent receivables from the Korupark Shopping Mall are pledged to Akbank as security for the loan. The loan is also guaranteed by the company and Aziz Torun and Mehmet Torun.

In connection with this loan, we entered into an account pledge agreement dated January 24, 2008, pursuant to which we granted a pledge to Akbank over joint bank deposits or foreign exchange accounts at the Akbank Malta branch in a minimum amount of €150 million. As per the pledge agreement, upon the occurrence of any breach or default by us in paying or discharging the loan obligations, Akbank is entitled to enforce the pledge and take control of the accounts. Torunlar AVM has also entered into a second pledge agreement with Akbank, pursuant to which it provided a pledge on its accounts in the amount of €225 million and TL 500 million.

To manage our exposure to interest rate movements on the first loan, in mid-2009 we entered into an amortizing interest rate swap arrangement with Akbank Malta Branch for a period of three years, expiring in January 2012. Under the terms of the agreement, the Group has agreed to pay a fixed interest rate of 4.94% quarterly. At June 30, 2010, the fair value of the swap arrangement was a loss position of TL 1.3 million as a result of falling interest rates.

The second loan, which was agreed on December 11, 2009, is for an aggregate principal amount of TL 11.6 million. The loan bears interest at a rate of 9.95% plus BITT and the entire principal amount matures on December 9, 2011. Interest is payable at maturity. As of June 30, 2010, TL 9.25 million in principal amount was outstanding under the loan. The loan is guaranteed by Aziz Torun and Mehmet Torun.

Garanti Bank

We have two loans from Garanti Bankası A.Ş. ("Garanti Bank"), the largest of which is for an aggregate principal amount of US$100 million, agreed on February 22, 2010. The loan bears interest at a rate of 6.0% and matures in 2017. A grace period of two years applies prior to the first principal repayment coming due in 2012. The loan is then required to be repaid in equal annual installments of US$16.6 million. The loan was arranged to fund the construction of Torun Tower. The loan is secured by a mortgage of US$100.0 million over the land in Şişli, İstanbul on which Torun Tower is to be built. The loan amount currently is held in a deposit account. We are entitled to use 25% of the loan for any purpose. In order to receive the remaining 75%, we must provide Garanti Bank with construction bills for Torun Tower. As of June 30, 2010, we had utilized the entire principal amount of the loan. Additionally, future income from Torun Tower has been pledged to Garanti Bank, which will allow for potential early repayment of the loan. The loan is guaranteed by Aziz Torun and Mehmet Torun. We have also entered into twelve pledge agreements in favor of Garanti Luxembourg Branch in order to secure all present and future debts arising from or in connection with the US$100.0 million loan agreement dated February 22, 2010. With these agreements, we established a pledge on our accounts including without limitation to any claims on the deposits held in the account under our name. The total amount of the pledged account is US$100.0 million; of the twelve agreements, four establish pledges in the amount of US$5.0 million and the remaining eight establish pledges in the amount of US$10.0 million. Pursuant to the pledge agreements, we cannot sell or dispose of any rights, titles or interest in the pledged accounts or create or grant any encumbrance or restriction over the pledged accounts. Following an event of default under the respective Loan Agreement, if secured obligations are due and remain unpaid, Garanti Bank is entitled to realize the pledged account.

The other loan with Garanti Bank was made pursuant to an agreement dated August 24, 2009. The loan, which had a principal amount of $13.1 million, matured in September 2010, bore interest at a rate of 4.5%. The loan was guaranteed by an account pledge agreement between Torunlar Gıda and Garanti Luxembourg Branch dated August 24, 2009 securing all present and future debts arising from or in connection with the loan agreement dated August 24, 2009. Mehmet Torun and Aziz Torun guaranteed the loan.

İş Bankası

We have three loans from Türkiye İş Bankası A.Ş. ("İş Bankası"), the largest of which is for an aggregate principal amount of US$100.0 million, agreed on September 17, 2009. The loan bears interest at a rate of 6.5% and matures in 2014. A grace period of one year applies prior to the first interest or principal repayment coming due in September 2010. The loan was arranged to finance the construction of Torium İstanbul. A mortgage on the land on which Torium İstanbul sits was established on October 14, 2009, in the amount of US$120.0 million, as security for the loan. Aziz Torun and Mehmet Torun have guaranteed the loan. We may not transfer, lease or lend the real estate, equipment and facilities of Torium İstanbul without the approval of İş Bankası. Also, an assignment of receivables relating to the future lease agreements for Torium İstanbul is in place. Under the agreement, we agree to assign our receivables from the lease agreements entered into for Torium İstanbul to İş Bankası.

The other two loans with İş Bankası were made pursuant to agreements dated December 30, 2009 (in the amount of US$15.0 million) and November 11, 2009 (in the amount of US$15.0 million). Aziz Torun and Mehmet Torun guaranteed the loan dated November 11, 2009, and Mehmet Torun, Aziz Torun and Torunlar Gıda guaranteed the loan dated December 30, 2009. In order to secure the bank's receivables, Aziz Torun and Mehmet Torun also entered into guarantee and indemnity agreements with İş Bankası where they are the guarantors including those dated May 27, 2009, March 27, 2009, March 20, 2009 and March 16, 2009 in the amounts of US$18.0 million, US$3.0 million, US$5.0 million and €2.0 million, respectively.

Off-balance Sheet Arrangements

We had no off-balance sheet arrangements as of June 30, 2010.

Qualitative Disclosure About Market Risk

Our activities expose us to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance.

Liquidity risk

Liquidity risk relates to the inability to match the net funding requirements with sufficient liquidity. Management tries to avoid liquidity risk from daily operations by trying to keep sufficient levels of cash and to have open credit lines with creditors. Management also tries to align the repayment of borrowings obtained for the construction and acquisition of investment properties with the rental revenue streams from such properties to the extent possible. For the construction of residential units, we obtain cash advances from customers by engaging in pre-sales agreements to minimize the funding requirement in such projects.

Interest rate risk

We are exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. These exposures are managed by offsetting interest rate sensitive assets and liabilities and using derivative instruments when considered necessary. In this context, matching of not only maturities of receivables and payables but also contractual repricing dates is crucial.

At June 30, 2010, if interest rates at contractual repricing dates of TL denominated financial assets and liabilities with variable interest rates had strengthened/weakened by 1% with all other variables held constant, income would have been TL 51 lower/higher as a result of interest expenses. At June 30, 2010, if interest rates at contractual re-pricing dates of euros and US dollar denominated financial assets and liabilities with variable interest rates had strengthened/weakened by 1% with all other variables held constant, income would have been TL 1,314 lower/higher as a result of interest expenses.

Credit risk

We are subject to credit risk arising from trade receivables related to credit sales and deposits at banks. We keep the majority of our deposits with the top 10 retail banks established in Turkey, with which we have standing relations. Credit risk mainly consists of receivables from related parties. Credit risk of receivables from third parties is managed by securing receivables with collaterals covering receivables at the highest possible proportion. Methods used are bank guarantees (in the form of a letter of guarantee, letter of credit or similar), mortgages on real estate and checks and notes. We also try to limit our LTV ratio to a maximum of 40% and remain primarily equity financed. In credit risk control, the credit quality of each customer is assessed, taking into account its financial position, past experience and other factors, individual risk limits are set in accordance and the utilization of credit limits is regularly monitored.

Foreign exchange risk

We are exposed to foreign exchange rate risk because we generate revenue in multiple currencies and obtain financing in multiple currencies, in each case, US dollars, euros and Turkish Lira. The main principle in the management of this foreign currency risk is maintaining foreign exchange position in a way that minimizes the impact of fluctuations in foreign exchange rates, in other words, maintaining foreign exchange positions close to zero. For this reason, we aim to control the proportion of the positions of these currencies relative to each other or against TL to shareholders' equity under certain limits. Our primary method of hedging against exchange rate risk is to obtain financing in the same currency (i.e. US dollars or euros) as the currency in which rents are denominated for a given shopping mall. We are exposed to foreign exchange rate risk mainly for euros and US dollars.

Foreign currency position

Foreign currency denominated assets, liabilities and off-balance sheet accounts give rise to foreign exchange exposure. We plan to manage the foreign currency risk which results from long term liabilities denominated in foreign currency by ensuring that rental contracts in place for the rent producing properties in connection with which we have incurred long liabilities are denominated in the same foreign currency as the liabilities. We did not have any export or import activity in the six months ended June 30, 2010 or in 2009, 2008 or 2007.

Capital risk management

We attempt to manage our capital by minimizing the investment risk through portfolio diversification. Our objectives when managing capital are to safeguard our ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, we may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. As of June 30, 2010, our LTV ratio (based on DTZ June 30, 2010 GAV) was 19.0%. As of December 31, 2009, 2008 and 2007 our LTV ratio was 23.8%, 30.3%, and 21.4%, respectively. As of June 30, 2010, December 31, 2009, December 31, 2008 and December 31, our gearing ratio was 27%, 31%, 42% and 29%, respectively. See Note 24 to the IFRS Financial Statements.

Recent Accounting Pronouncements

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by us are as follows.

IFRS 9, "Financial instruments," issued in December 2009. This addresses the classification and measurement of financial assets and is likely to affect the Group's accounting for its financial assets. The standard is not applicable until January 1, 2013 but is available for early adoption. The Group is yet to assess IFRS 9's full impact. However, initial indications are that it may affect the Group's accounting for its available-for-sale financial assets, as IFRS 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognized directly in profit or loss. The Group has not yet decided when to adopt IFRS 9.

Revised IAS 24, "Related party disclosures," issued in November 2009. It supersedes IAS 24, "Related party disclosures," issued in 2003. The revised IAS 24 is required to be applied from January 1, 2011.

IAS 32 (amendment) "Classification of rights issues," issued in October 2009. For rights issues offered for a fixed amount of foreign currency, current practice appears to require such issues to be accounted for as derivative liabilities. The amendment states that if such rights are issued pro rata to all the entity's existing shareholders in the same class for a fixed amount of currency, they should be classified as equity regardless of the currency in which the exercise price is denominated. The amendment should be applied for annual periods beginning on or after February 1, 2010.

IFRIC 14 (amendment), "Prepayments of a minimum funding requirement," issued in November 2009. The amendments correct an unintended consequence of IFRIC 14, "IAS 19—The limit on a defined benefit asset, minimum funding requirements and their interaction." Without the amendments, entities are not permitted to recognize as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct the problem. The amendments are effective for annual periods beginning January 1, 2011. Earlier application is permitted. The amendments should be applied retrospectively to the earliest comparative period presented.

IFRIC 19, "Extinguishing financial liabilities with equity instruments." This clarifies the requirements of IFRSs when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially. The interpretation is effective for annual periods beginning on or after July 1, 2010.

Recent Developments

The construction permit for the Samsun Shopping Mall was received in July 2010.

As of September 30, 2010, a majority of the residential units and office units of Nishİstanbul had been sold and transferred to purchasers. As a result, our revenues from residential sales, as well as our cost of sales attributable to residential sales, as reported under IFRS for the third quarter of 2010 will reflect these sales, and the advances received from residence sales account balance, classified as Other current liabilities, as of September 30, 2010 will be decreased.

As of September 21, 2010, 66% of the GLA of Torium İstanbul had been leased pursuant to executed lease contracts and agreement in principle with respect to the lease of an additional 24% of the GLA of Torium Shopping Mall had been reached though no binding contracts had been executed.

Capital expenditures related to Nishİstanbul and Torium İstanbul were made as planned in the third quarter of 2010.

Rental income levels from our shopping malls for the third quarter of 2010 were consistent with rental income levels in the prior periods in 2010.

REGULATORY FRAMEWORK

Regulation of REICs

Overview

The primary legislation governing REICs in Turkey is the Capital Markets Law ("CML") and the Communiqué of the CMB Series VI No 11 on the Principles Relating to REICs (the "REIC Communiqué"), most recently amended on March 3, 2010. The REIC Communiqué was enacted to introduce requirements relating to the founding shareholders as well as organizational and operational requirements of REICs. The REIC Communiqué also sets forth detailed guidelines as to the permitted activities and investments of REICs.

The REIC Communiqué defines REICs as capital market institutions investing in real estate, real estate based capital market instruments, real estate based projects, real estate based rights and capital market instruments provided that necessary licenses are obtained and certain expert approvals and documentary requirements are satisfied.

Foundation and Share Capital

The formation of a REIC is subject to the REIC Communiqué as well as the approval of the CMB and the Turkish Ministry of Industry and Commerce. REICs may be established (i) for a limited period of time in order to complete a specific project; (ii) for a definite or indefinite period of time to invest in certain projects; or (iii) for a definite or indefinite period of time without any restrictions on the purpose of their investment. At least 75% of the portfolios of the REICs which are formed in order to invest in certain projects must consist of the assets referred to in their trade names and/or articles of association. REICs may be established as new joint-stock companies or established through conversion of an existing company into a REIC by amending their articles of association in accordance with the procedures of the REIC Communiqué and the CML. In both cases, REICs are required to have a minimum capital of TL 20 million. If the initial share capital of a REIC is less than TL 50 million, at least 10% of its shares must be issued for cash consideration. If the initial share capital is equal to or more than TL 50 million, shares representing at least TL 5 million of its share capital must be issued for cash consideration. If the REIC is established through conversion of an existing company, the total of cash or cash equivalents and investment amount must be TL 5 million or at least 10% of its issued shares according to the audited financial statements.

According to Article 12 of the CML, if a company has adopted the registered share capital system, the share capital may be increased by the board of directors up to the registered capital ceiling without the need for a shareholder vote. The board of directors must be vested with the authority to increase the registered share capital in the articles of association. As per the REIC Communiqué, REICs must have registered share capital and they must apply to the CMB to obtain permission to be included in the registered share capital system. We obtained CMB permission on January 8, 2008 and Article 8 of our articles of association grants the authority to increase the share capital to the board of directors.

A REIC must apply to the CMB for such public offering within three months after incorporation if it is a newly established company or within three months after the registration of the amendment of its articles of association with the Turkish Trade Registry if it has converted into a REIC. The company loses its right to operate as a REIC if it fails to apply to the CMB for quotation and registration of its shares to be offered to the public within the applicable period or if its application is not approved by the CMB. Notwithstanding the foregoing, the temporary Article 6 of the REIC Communiqué as incorporated with the REIC Communiqué amending the REIC Communiqué Serial VI No. 26 published on December 31, 2009 ("Communiqué Serial VI No. 26") prescribes that for REICs which acquired real estate investment company status prior to the publication of the Communiqué Serial VI No. 26, the relevant period of application to the CMB for an initial public offering is the period stipulated in advance of the publication thereof. Accordingly, the former REIC Communiqué published on July 12, 2006 is applicable to Torunlar, under which the period for an initial public offering is five years following the date of registration of its articles of association. Until such application, all requirements for the operation of the company, such as offices, organizational structure, managerial staff, expert personnel and equipment, must be satisfied. At least 25% of the shares of a REIC must be offered to the public in the initial public offering.

If a REIC's application is not approved by the CMB or if a REIC fails to apply to the CMB for quotation of its shares within the prescribed period, the company loses its right to operate as a REIC. Within no later than three months after the end of the relevant application period, or in the event of rejection by the CMB, after receipt of notice that its shares are not eligible for quotation, a REIC is obliged to apply to the CMB and to amend the provisions of its articles of association pertaining to REIC activities and to revoke its registered capital system. If the REIC fails to make such amendments, it will be deemed and treated as dissolved according to the Turkish Commercial Code.

Privileged Shares

REICs cannot issue any capital market instruments or real estate certificates which would grant privileged rights except for shares granting a right to nominate the members of the board of directors. After becoming publicly listed, REICs are not allowed to create any privileged shares whatsoever. However, the privileged shares, which would enable management control may be owned only by the leader shareholders (shareholders which individually or in the aggregate own at least 20% of the shares) during the incorporation or conversion process and until two years after the date of completion of the sale of shares that are required to be offered to the public under the REIC Communiqué. The transfer of privileged shares is subject to CMB approval.

REICs may issue registered or bearer shares. Shares representing the minimum share capital of the lead shareholders cannot be transferred to any other persons within two years from the public offering of at least 25% of the shares of the REIC. Article 404 of the Turkish Commercial Code which prohibits the transfer of shares issued in exchange for capital in kind within two years following the establishment of companies is not applicable to the transfer of shares issued in exchange for capital in kind of REICs.

Management

Like all joint stock companies, REICs are managed by their board of directors. The Turkish Commercial Code is applicable to the appointment and term of office of the members of the directors and the auditors. REICs are managed by a board of directors, the majority of which should have a four-year university degree and a minimum of three years of work experience in areas relating to REICs such as construction, banking, finance or law.

The board of directors can also appoint general manager(s) who may or may not be a member of the board of directors. The general manager(s) must have a four-year university degree and a minimum of five years of work experience in the areas of construction, banking, finance or law.

At least one-third of the members of the board of directors must be independent from (i) shareholders holding 10% or more of the equity and/or voting rights of the REIC; (ii) shareholders holding the privilege to nominate the members of the board of directors of the REIC; (iii) companies providing consultancy services to the REIC; (iv) companies providing management services to the REIC; (v) companies in which 10% or more of the equity or voting rights are held by the REIC's shareholders holding 10% or more of the equity or voting rights in the REIC or the shareholders holding the privilege to nominate the members of the board of directors of the REIC; and (vi) subsidiaries of the REIC which should be explicitly stated in the articles of association.

The result of the one-third calculation, if required, shall be rounded up to the closest counting number. A person who has been an independent member of our board of directors for seven years cannot be re-appointed as an independent member to our board of directors. The qualifications for being an "independent member" are set forth in the Corporate Governance Principles published by the CMB, pursuant to which such director must not:

- have any direct or indirect relationship of interest in terms of employment, capital or trade and commerce between us, our subsidiaries, affiliates or any other group company and himself/herself, his/her spouse and his/her blood or affinity relatives up to the third degree within the last two years;
- be previously elected to the board of directors as a representative of a certain group of shareholders;

- be employed in a company, primarily for the audit and consultant firm, which undertakes full or partial activity or organization of us under a contract and not to have a managing position therein within the last two years;
- be previously employed by the external auditor of us or not to have been included in the external audit process within the last two years;
- be previously employed by a firm providing significant amounts of services and products to us and not to have a managing position therein within the last two years;
- have a spouse or any relatives by blood and affinity up to the third degree occupying a managing position or holding more than 5% of the total capital or having effective control over the company;
- receive any compensation other than the Board membership compensation and attendance fee; and
- hold shares of the company exceeding 1% of the share capital (and none of which may be privileged shares.

In the event any board member is not independent from the parties listed above to which the board resolution relates, such board member must notify the board of directors and have the interest registered in the minutes of the meeting. Furthermore, board members can neither attend the negotiations nor vote on matters in which they themselves, their spouses or their relatives (up to and including third degree) have an interest.

Board members cannot enter into commercial relationships with the REIC or engage in any activities that are in competition with the activities of the REIC.

Special Quorum Requirements

Transactions between a REIC and (i) shareholders holding 10% or more of the shares or voting rights of the REIC, (ii) shareholders holding preferred shares which entitle them to nominate the members of the board of directors, (iii) consultants to the REIC, (iv) companies in which the persons in (i) and (iii) above have a shareholding or voting rights of more than 10%, (v) subsidiaries of the REIC, and (vi) companies providing management services to the REIC, which relate to (a) the purchase, sale or lease of any property in the REIC's portfolio, (b) the determination of the company to undertake the marketing of the assets included in the portfolio, (c) loans, (d) selection of the underwriters in connection with the public offering of the REIC, (e) joint investments, (f) selection of the legal, financial and technical advisers of the REIC, (g) selection of companies to provide services relating to project development, control and construction, (h) inclusion of capital instruments in the portfolio issued by the persons listed above, (i) selection of real persons and legal entities to provide management services to the REIC, and (j) any other transaction in favor of any of the persons listed above, must be approved by the unanimous vote of the board of directors. Any decision taken by less than a unanimous vote must be disclosed to the public with its rationale for such decision and must be included in the agenda for the next shareholders' meeting in order to inform shareholders.

Scope of Activities

REICs are intended primarily to invest in real estate, real estate backed securities and real estate development projects. REICs create and manage real estate portfolios (on their own or by appointing third party portfolio managers), diversify their portfolios to minimize the risk, conduct research to ensure legal conditions regarding assets in the company's portfolio or assets planned to be in the portfolio are met, provide reports to value the assets in the portfolio and, if applicable, monitor the compliance of any third party consultants or portfolio managers with the relevant legislation and contract.

Within their general scope of activities, REICs are permitted to:

- trade in capital markets instruments, engage in money market and reverse repo transactions, open deposit accounts in domestic and foreign currencies and lend capital markets instruments within certain lending limits;

- sell, purchase or lease real estate, including office and residential buildings, business centers, hotels, hospitals, shopping malls, commercial parks, warehouses and similar real estate to generate sale profits or rental income;
- provide furnishing for the hotels, hospitals or real estate requiring certain equipment to operate prior to tenure;
- purchase land in order to sell with a profit by acquiring ownership rights or, entering into promise-to-sell agreements annotated at the title deed registry or to develop real estate projects thereon by establishing pre-condominium status;
- to generate income by (i) selling the real estate after acquiring the title for which permanent and exclusive right for construction is granted by public or private legal persons or natural persons in favor of the company or (ii) selling the real estate for which a sale promise agreement has been executed and annotated at the title deed registry;
- invest in real estate development projects including revenue-sharing projects, by acquiring title or a superficies right during any phase of such development to general rental income or project development profits provided that all required permits have been obtained pursuant to the relevant legislation, projects are ready and approved, and all of those legally required documents to commence construction have been determined by independent real estate appraisal companies to be fully and correctly in existence;
- establish usufruct rights, easement rights based on time sharing or rights for construction on its real estate;
- develop build-operate-transfer projects for which all required permits have been obtained and for which all documents legally required to begin construction have been determined by an independent expert to exist;
- invest in real estate projects without acquiring title or a pre-condominium status in the property, provided that the security requirements to be determined by the CMB are met and all required permits have been obtained and all documents legally required to begin construction have been determined by an independent expert to exist;
- invest jointly through establishment of pre-condominium status in real estate based projects for which all required permits have been obtained and for which all documents legally required to begin construction have been determined by an independent expert to exist, provided that there is no restriction on the utilization of the company's share in the agreement between the joint owners;
- purchase and sell real estate outside of Turkey provided that the ownership rights are acquired;
- invest in companies established outside of Turkey and operating only in the real estate sector;
- invest in foreign real estate backed securities;
- lease real estate from third parties and sub-lease such real estate to third parties to generate rental income;
- engage in hedging transactions such as swaps and forward transactions, writing options or purchasing future contracts (except for asset backed future contracts);
- include buildings and similar constructions in the portfolio, provided that building use permits have been obtained and condominium status has been established: however, it may be sufficient to obtain building use permit and use the building in accordance with the type stipulated in the title deed for the buildings such as hotels, shopping malls, business centers, hospitals, commercial warehouses, factories, or office buildings which are solely or jointly owned by the REIC; and
- include rights over real estate and buildings, land, and similar real estate into the portfolio on which any mortgages or encumbrances directly and materially affecting the value of the real estate have not been established (mortgages and other encumbrances established in connection with project financing under the REIC Communiqué are excluded).

REICs are prohibited from engaging in the following:

- collection of deposits as defined under Turkish banking law and performance of any activities that could result in the collection of deposits;
- performance of any commercial, industrial or agricultural activities other than those permitted by the REIC Communiqué;
- performance of any capital markets activities other than portfolio management activities permitted by the REIC Communiqué;
- being involved in real estate construction or obtaining personnel or equipment for this purpose (other than personnel recruited to control project development);
- operation of any hotel, hospital, shopping mall, business center, commercial park, commercial warehouse, residential site, supermarket or similar type of real estate with commercial purpose (other than personnel recruited to provide security, cleaning, or general management services to tenants of the real estate or independent parts of the real estate);
- providing services to third parties relating to project development, project control, financial feasibility or follow-up of legal permissions except those services related to the projects in such REIC's portfolio or which will be included in the REIC's portfolio;
- seeking to control the capital and management of their participations and owning more than 5% of the issued capital or voting rights of a company (with certain exceptions); and
- granting loans and entering into debt-credit relations which are not based on sale of goods or services.

REICs are subject to the following restrictions with respect to their investments. Accordingly, REICs cannot:

- seek to control the share capital and management of the companies in which they acquire shares and own more than 5% of the shares or the voting rights in such company;
- invest in gold and precious metals;
- invest in capital markets instruments that are not traded on an exchange or other organized markets other than investment fund shares;
- invest in commodities or commodity based futures;
- borrow or lend securities;
- conduct short-selling transactions and margin trading;
- invest in derivative products for purposes other than hedging;
- incur commissions or similar expenses that exceed 3% of its assets during the purchase or sale of assets; except for legal liabilities such as taxes and other legal costs;
- invest in assets or rights subject to transfer restrictions; and
- continuously perform short-term real estate purchase and sale transactions.

Portfolio Limitations

REICs are required to invest at least 50% of their portfolios in real estate, real estate backed rights or real estate projects.

The sum of a REIC's investments in capital markets instruments, deposits, share certificates and participations in subsidiaries is permitted by law to constitute up to 50% of its portfolio, while investments in time and demand deposits may constitute up to 10% of its portfolio. Furthermore, REICs may invest up to 49% of their portfolio in foreign real estate and foreign real estate backed rights. REICs cannot invest more than 10% of their portfolios in idle land which remains vacant for a period of at least five years.

If a REIC fails to comply with these portfolio limitations it should disclose the underlying reasons and plans to meet the requirements to the public. Such disclosure must be made within three days following the publication of quarterly portfolio reports. If the REIC cannot achieve the minimum 50% ratio according to the last quarter portfolio reports it must apply to CMB for an extension. The CMB may provide a one-time extension of one year. However, failure to comply with this 50% ratio at the end of the extension period and failure to amend the articles of association within one month after expiration of the extension period will result in the loss of REIC status.

Portfolio Management

REICs can manage their portfolios by employing an adequate number of managers and personnel or they can also solicit the services of third party investment consultancy firm, for the development of the portfolio and exploration of alternative opportunities, including project development and control services.

If capital markets and money market instruments exceed 10% of the REIC's portfolio, a REIC may manage that portion of its portfolio by itself either through employing a sufficient number of licensed portfolio managers or based on advice given by an investment consultancy firm licensed by the CMB. Management of the capital and money market instruments portion of a REIC's portfolio may also be delegated to a licensed portfolio management company through a portfolio management agreement.

A REIC must use one, or a combination, of three methods for managing the capital and money market instruments portion. Real person and legal entity shareholders who directly or indirectly hold management control via ownership of shares, voting rights or privileged shares in the REIC or other entities that are directly or indirectly controlled by such shareholders cannot provide consultancy services to the REICs. Also, the consultant company and the manager company cannot be the same entity. Contracts between a REIC and an investment consultancy firm must be approved by the board of directors and must terminate automatically at the end of one year without prior notice unless terminated by the REIC with 30 days' prior notice. Such contracts can be renewed for a period of one year upon the written agreement of the parties. The commissions to be paid for such services and the expenditures must be determined on an arm's length basis and documented.

The capital and money market instruments within a REIC's portfolio must be kept at the ISE Takas ve Saklama Bankası A.Ş. ("ISE Settlement and Custody Inc.") in accordance with a custody agreement.

Insurance

REICs are required to insure the assets in their portfolio. All the assets in the portfolio of a REIC, other than land, registered land, rights, projects the construction of which has not commenced and capital markets instruments must be insured by taking their market values into consideration against all damages that may be incurred. Furthermore, it is possible to insure the projects in the portfolio against the risk of failure to complete and loss of value.

Construction

The construction of the projects in a REIC's portfolio shall be undertaken by contractors within the framework of a contract including the parties' rights and obligations in construction works. The scope of the contract shall be freely determined by the parties, however, it shall cover at least the obligations of the contractor, payment conditions, warranty conditions in case of defects, conditions for renouncing the contract, right to claim compensation by the owner, and conditions of termination of the contract. The appointment of the contractor and conditions of the contract must be approved by the board of directors of the REIC.

In order to undertake the construction work of a project, REICs can establish joint ventures with one or more partners, exclusively for the purposes of carrying out such a project. Such participation of the REIC in a joint venture shall not be deemed as a participation in a subsidiary in calculating the portfolio limitations and assessing compliance with the REIC Communiqué.

Outsourcing

If any real estate in the portfolio of a REIC is assigned to the purpose of generating rental revenue, the REIC may provide the security, cleaning, general management and similar services to the tenants of such properties or alternatively, the management of such properties may execute contracts with any third party providing such services. Persons with control over a REIC, through either equity and/or voting rights or privilege to nominate to members of the board of directors, and persons under direct or indirect control of such controlling persons cannot provide consultancy services to the REIC. The company providing management services to a REIC cannot provide consultancy services to such a REIC.

Valuation of Portfolio Assets

The REIC Communiqué provides that, in the case of (i) a lease, purchase or sale of real estate to or from a REIC's portfolio, (ii) renewal or extension of a lease agreement, (iii) receiving mortgage rights, (iv) acquiring rights, projects based on real estate, capital contributions in kind or an investment in real estate projects, the relevant real estate or right shall be valued by a real estate valuation company licensed by the CMB. The services of such a valuation company are also required before a REIC can begin construction work. Furthermore, the valuation company must determine the value of assets in a REIC's portfolio at the end of each year although this requirement is optional for those assets which have been valued within the last three months. A REIC might have the value of the portfolio determined by a valuation company at any time it deems to be necessary and announce the net asset value of the portfolio to the public. In addition to being licensed by the CMB, the appraisal company must be independent from (i) shareholders holding at least 10% of the shares or the voting rights in the REIC; (ii) shareholders holding privileged shares which entitle them to nominate the members of the board of directors; (iii) companies providing consultancy services to the REIC; (iv) companies providing management services to the REIC; (v) companies in which the persons listed under (i) and (ii) own more than 10% of the shares or voting rights; and (vi) subsidiaries of the REIC in accordance with the applicable CMB regulations. REICs cannot procure services from the same valuation company for a period of more than five consecutive years. However, at least two years after the expiration of the five-year term the REIC is allowed to work with the same real estate valuation company. REICs are obliged to determine the real estate valuation companies that they will be working for the valuation of their assets within one month following the end of each year by a board resolution, disclose such resolution to the public and send a copy thereof to the CMB. A real estate valuation company which has already been appointed may be changed only with the approval of the CMB.

If purchase transactions which will be conducted by taking into account the current market or payment conditions are performed at values higher than the values determined in the valuation reports or if sale and lease transactions are performed at values less than the values determined in the valuation reports, this must be disclosed to public under the applicable CMB regulations and the shareholders must be informed about it in the following shareholders' meeting.

Reporting Requirements

In addition to general reporting and disclosure requirements of the CMB, REICs must prepare quarterly portfolio tables regarding the assets in their portfolios, costs and market values of such assets as indicated in the latest valuation reports and submit such statements to the CMB and the ISE within a month following the end of each quarter. REICs must also prepare quarterly reports summarizing the developments that took place during the then-ending quarter, including an activity report of the board of directors, portfolio table of the relevant period, information related to the assets in the portfolio, current status of the projects, percentage of completion and timing thereof, information regarding any problems with respect to the projects, and the balance sheet and income statement of the REIC in comparison to the previous period's balance sheet and income statement. Such report must be submitted to the CMB within 10 weeks following the end of the accounting period and within six weeks following the relevant quarter if it is prepared for the interim periods. This report must also be made available at the REICs' headquarters and posted on their website for review by investors. Should the shareholders so instruct, REICs are required to send this report to its shareholders. The reports are required to be prepared in accordance with principles determined by the CMB and retained for at least 10 years.

Furthermore, REICs are required to submit the following information and documents to the CMB within 10 business days following:

- the receipt of mandatory or voluntary valuation reports prepared in accordance with the REIC Communiqué;

- the purchase or sale of assets the total value of which exceeds 10% of the portfolio value or resolutions adopted in that regard;
- the execution of insurance agreements;
- the preparation of annual reports;
- the preparation of independent audit reports and financial statements prepared in accordance with CMB Principles;
- each announcement and advertisement published by the REIC;
- the receipt of valuation reports and documents evidencing the receipt of all required legal approvals, feasibility reports, expenditure amounts and payment schedules relating to projects to be included in the REIC's portfolio;
- the execution of contracts including first options, rights of redemption and promise to sell contracts, contracts for construction in return of flat, contracts for revenue sharing, right for settlement of pledged receivables, and lease agreements in which the company is the lessee and any other agreements which are required to be annotated at the relevant land registry; and
- if a mortgage over land on which a project is planned to be developed exists, the information on the ratio of the value of the mortgage to the value of the land according to the last valuation report and the net asset value according to the last disclosed quarterly report.

Independent Auditing

Portfolio management companies' annual financial reports are subject to independent auditing in accordance with the regulations of the CMB.

The independent audit firm must be selected by our board of directors and approved by the Shareholders at the annual shareholders' meeting convened in the relevant fiscal year. The term of appointment of such independent audit firm cannot exceed seven years and upon expiration of such term, the same audit firm cannot be selected for the following two consecutive fiscal years. A copy of the agreement appointing such audit firm must be submitted to the CMB within six days after its entry into force. The agreement may be terminated only upon approval of the CMB.

Borrowing Limits

In order to meet short-term funding demands or costs related to their portfolio, REICs may use credits (including non-cash loans and debts arising from financial leasing transactions) in aggregate amounts up to three times their net asset value as set forth in their latest quarterly portfolio table prepared for and disclosed to the public. The upper limit of the credits includes the debt arising from financial leasing transactions and non-cash credits.

REICs can issue asset-backed securities backed by contracts of sales or promises to sell the property in their portfolio, or backed by notes receivable related to sales of these assets subject to the CMB regulations.

Subsidiaries

A REIC cannot have more than 5% shareholding in other companies. However, this restriction does not apply to its participation in (i) management companies, (ii) other REICs, (iii) companies established within the framework of build-operate-transfer projects, (iv) real estate investment companies established outside Turkey whose scope of activity is limited to real estate, (v) companies established in Turkey, provided that the expertise value of the real estate or rights backed by real estate is equal to at least 75% of the balance sheet assets of such company at the time of the REIC's acquisition of shares or (vi) companies which are established to provide infrastructure services provided that the purchase of infrastructure services from these companies is mandatory for the REIC's real estate, real estate backed rights or real estate projects.

However, a REIC's participation in the shares of operating companies may not constitute more than 10% of its portfolio value specified in its most recent quarterly portfolio report disclosed to the public.

Tax Treatment

In Turkey, REICs are required to be established in the form of a joint stock company. As all joint stock companies, in principle, REICs' profits are subject to Corporate Tax in accordance with Corporate Tax Law dated June 13, 2006 and numbered 5520. However, under the same law, REICs' profits are fully exempt from corporate tax and have been since 1994.

Although REICs' tax exempt profits are subject to withholding tax within the REIC whether or not distributed in the form of dividends, the rate of withholding tax is currently zero percent (0%) as it was in the past. There is no requirement for withholding tax upon the distribution of dividends to shareholders (including non-resident shareholders) given that zero percent (0%) withholding tax is applied as described above. As applicable for all joint stock companies, shares issued and distributed out of the retained earnings are not subject to withholding tax.

Regulations Relating to Real Estate

Title Deed Registry

Rights in kind relating to real estate, such as ownership or easement rights, or any kind of encumbrance to be established on real estate, must be registered with the relevant title deed registry. The title deed registry is divided into directorates throughout the country and each immovable property is registered with a certain title deed registry directorate. Land title records are public records.

A person who acquires a right in good faith and does not know or is not supposed to know the errors recorded at the title deed registry directorate and acts with trust in the land title records is protected by law. In other words, since all real rights relating to real estate must be registered at the title deed registry, the rights of a third party who acquires the ownership or any real right relating to real estate by relying on a record or entry in the title deed records in good faith are protected. A person who claims that a registration in the land title records is unlawful must pursue such claim before the courts. Such title can only be determined void ab initio if it is proved before the competent court that the title was recorded in the absence of a legally valid ground.

Construction Licenses and Permits

The Zoning Law regulates the principles and procedures for construction of buildings. Pursuant to the Zoning Law, buildings and structures must be shown in the relevant master plan. Master plans become effective upon their approval by the relevant municipality if no objection to the master plan is made by third parties within a month after the master plan is announced to the public.

Certain permits and licenses must be obtained for the construction of buildings on land.

First, a project plan is developed by the developer and then approved by the relevant municipality if it is appropriate under zoning plans and their guidance notes. Then, the construction permit is obtained from the municipality. Under Turkish zoning law, the developer must start construction within two years and complete construction within five years from the date the construction permit has been granted by the municipality. Compliance with the construction permit is controlled by the municipality at different stages of the construction. For example, when the foundations of the project are completed, a foundation approval must be granted by the relevant municipality in order to be able to continue with the project.

Pursuant to the Law of Property Ownership No. 634, independent ownership rights may be established on independent units of a main building. Before or during the construction of the project, the developer may apply to the relevant land title registry to establish a pre-condominium status on the land. Once the pre-condominium status is established, the land is proportionately allocated to each independent unit that will be constructed according to the project.

If construction proceeds in breach of the conditions and terms provided under the then-valid construction permit, construction may be suspended immediately unless and until it is brought into compliance with the construction permit within one month as of the suspension date. If compliance is not achieved within such one-month period, the construction permit will be canceled and the buildings constructed on the land in breach of the construction permit will be required to be demolished at the expense of the company.

Following completion of the construction, a building use permit must be obtained from the municipality to use each building for the purpose for which it was built. In order to obtain a building use permit, the construction must be completed in compliance with the terms of the approved project and the construction permit. Utility contracts can be executed with the relevant administrative offices only after the receipt of the building use permits.

After the completion of construction, the developer must apply to the title deed registry for a "change of type" of property application. Property specified as land until such time would, after construction, need to be specified as a building. The developer must then apply to the title deed registry to establish condominium status for the project in order to register each unit independently which enables the transfer of each unit independently from one another. Both pre-condominium status and condominium status are established by registration at the title deed registry.

Sale and Transfer of Real Estate

Sale and transfer of real estate requires the execution of a deed of sale before the relevant title deed registry.

We predominantly sell the residential units we build to customers through executing promise-to-sell agreements under which customers pay up front for the units they intend to receive after completion of construction. Although the purchase price is received from the customers, we retain title to the property until after completion of construction and the establishment of condominium status. We transfer the title of the units thereafter in accordance with the promise-to-sell agreements we have entered into with customers.

According to applicable legislation a promise-to-sell agreement is valid when it is executed as an official deed before the title deed registry or executed before a notary in statutory form. However, the Turkish Supreme Court ruled that the validity of the promise-to-sell agreement prevails if the parties have performed their obligations in good faith even though the agreement in question was not executed in the form it ought to have been.

Promise-to-sell agreements can be annotated in the title deed registry. Annotation grants the right to claim the transfer of the title deed to new owners or other third parties who obtain rights in rem over the real estate. If the sale of real estate via transfer of title deed is not realized within five years after the annotation, the annotation shall be cancelled.

Upon complete payment of the purchase price, if the seller refrains from transferring the title deed before the registry the purchaser may pursue its rights before the courts and claim cancellation of the title deed and obligatory registration in its name. The applicable statute of limitations for obligatory registration is 10 years starting from the date on which the seller is able to perform his obligations under the agreement. However, according to established case law if the possession of real estate is transferred, meaning that real estate is physically delivered and used by the purchaser, raising a statute of limitations defense to bar registration will not be taken into account as it is contrary to the good faith principles.

If the real estate is sold to a third party prior to the execution of the title deed it shall be liable for breach of contract and the purchaser is entitled to claim compensation.

Under the Turkish Code of Obligations, the seller shall be liable for defects existing as of the date of execution of the title deed for a period of five years. In order to rely on the seller's liability for ordinary defects, the purchaser shall examine the real estate and promptly notify the seller of such defects. However, the seller's liability for latent defects which cannot be seen through reasonable examination is not required to be notified and can be pursued throughout the five-year period. In the case that the seller promises that the real estate has certain qualifications which induced the purchaser to enter into the agreement, it shall be liable if such qualifications are missing.

According to the Turkish Code of Obligations, defects for which the seller is liable grant the purchaser the right to claim either (i) termination of the contract and compensation for damages incurred due to defects; (ii) reduction in price; (iii) correction of the defect; or (iv) replacement, which does not generally apply to real estate sales.

A seller and a constructor of real estate remain severally liable for (i) failure to deliver the residential real estate and (ii) any defects in the residential real estate for a period of five years after the delivery of a property to the seller (in the case of the contractor) and to the customer (in the case of the seller) unless the parties have contractually agreed to extend this period of liability.

Furthermore, if the purchaser of residential real estate obtains a loan or mortgage for the purchase of specific real estate, such bank or other financial institution is also severally liable for the failure of delivery and the defects in the property for a period of one year after the delivery of the property. The liabilities of the lending banks or other similar financial institutions are limited to the amount of loans granted. The statute of limitations for claiming damages due to defects in real estate is three years after the occurrence of defects and 10 years after delivery. Contractors, engineers and architects employed on a development project remain legally liable to the REIC for any defects in their work for a period of five years after the delivery of the property.

A broader protection is provided to consumers under applicable consumer protection rules, particularly in sales made through sales campaigns and installment sales. If residential real estate sales information is announced to consumers via radio, television or press advertisements, then it is classified as a sales campaign under Turkish consumer protection laws. Pursuant to the applicable customer protection rules, a company using a sales campaign is under the obligation to deliver the real estate to the relevant customer within 30 months from the date of the execution of the relevant sale contract. In the event that the consumer fulfills all of his obligations related to the payment, the real estate must be delivered within one month following completion of payment. Furthermore, the customer is entitled to terminate the sale contract until the delivery of the real estate and obtain reimbursement of the payments made until that date. Such agreements must be executed as an official deed before the title deed registry or before a notary in statutory form. See "*Risk Factors—Risks Related to Our Business and Industry—According to applicable law, our customers may terminate their sales contract until delivery of their units.*"

If the payment terms of sale contracts executed via sales campaigns include two or more installments, the consumers benefit from the additional protections stipulated under Turkish consumer protection laws. The material protective provisions are: (i) if promissory notes are to be issued for payments, such promissory notes must be in the form of registered promissory notes and shall reflect the respective installment payment of the sale contract; (ii) a deduction shall be made from the interest if the customer pays in advance or pays more than one full installment amount; and (iii) if the seller asks for accelerated payment, such right may be exercised so long as the seller honored all of its obligations under the agreement and the customer failed to pay at least two consecutive installments which shall not be less than 10% of the total purchase price in total. Furthermore, a notice granting a seven-day grace period to pay the amounts due must be served to the customer.

Non-compliance with the provisions of the consumer protection legislation may result in monetary fines.

Ownership

Following the completion of the project and fulfillment of the requirements for a building use permit, condominium status for each independent unit is established upon registration with the relevant title deed registry. Registration with the title deed registry is made ex officio by the land registry officers upon the written request of: (i) the owner of the main real estate; or (ii) all shareholders. Following the establishment of condominium status for each independent unit, ownership of such units is transferred to the purchasers upon execution of a transfer deed before the relevant title deed registry. Ownership of an independent unit includes ownership rights on the relevant portion of the land and annexes specifically allocated to such independent unit.

Lease Agreements

Currently, two pieces of legislation govern real estate lease agreements. These are the Turkish Code of Obligations and the Real Estate Lease Law. The Real Estate Lease Law is a special law which applies to real estate lease agreements of covered real estate located: (i) at ports, (ii) at harbors, (iii) at stations; and (iv) within the borders of a municipality. The provisions of the Turkish Code of Obligations, which are not contradictory with the Real Estate Lease Law, are in force for the real estate lease relationships governed and protected under the Real Estate Lease Law.

Lease contracts may also be annotated with the title deed registry; the tenants are entitled to claim their rights to a new owner of the real estate throughout the term of the relevant lease contract.

The primary obligations of a lessor under Turkish law are the delivery and maintenance of real estate in usable condition for its intended purposes through the term of the lease contract. Liability of the lessor for defects is regulated under different provisions of the Turkish Code of Obligations which grants several rights to the lessee. Pursuant to the Turkish Code of Obligations, the lessor is liable for defects if the leased premise is delivered to the lessee in a form which fully or materially prevents the lessee from using and benefiting of the leased premises. As a result, the lessee is entitled to: (i) terminate the agreement; or (ii) claim for a reasonable deduction in the rent. Similarly, if the lessee is unable to use or benefit from the leased premise fully or significantly during the term of the lease without any fault on his part, the lessee is entitled to: (i) claim a reasonable deduction in the rent; or (ii) terminate the agreement if defects are not remedied by the lessor within a reasonable time upon the lessee's request. Minor defects which: (i) existed at the beginning of the lease; or (ii) have occurred during the term of the lease without any fault on the lessee's part, and have not been cured within a reasonable grace period upon the lessee's notice can be repaired by the lessee on behalf of the lessor. Tenants must duly notify the lessor when repairs are required to be made and permit such repairs by third parties designated by the lessor. If the notification is not timely made, then the lessor may claim compensation of damages arising from the delay in notifying the defects. Repairs other than those required for ordinary purposes of use may be conducted by tenant provided that the lessor gives its consent.

Unless otherwise agreed between the parties, the costs of material maintenance and repair and real estate taxes are borne by the lessor whereas daily and ordinary maintenance is borne by the lessee.

The primary obligation of the tenant is timely payment of rent in accordance with the lease contract and using the leased premises diligently in accordance with the intended purpose of use.

According to the Turkish Code of Obligations, if one party defaults in performing its obligations, then the other may claim specific performance and delay damages, waive its right to claim performance and claim positive damages or terminate the contract and claim negative damages.

According to established case law, if parties agree on a long term lease contract and specifically agree on the annual rates, then the agreed increase in rates shall be applied. The lessor may initiate a declaratory action and request the court to determine the rent upon lapse of the lease contract. In determination of the rent the standards of equity, current market value and the current status of the leased real estate shall be taken into account.

In addition to general provisions of Turkish Code of Obligations the Real Estate Lease Law shall be applied to leases of real estate where there exists a municipality, port, pier or station. As per the said law, if the tenant fails to pay the two monthly rentals within the one year lease term and lessor serves written notification indicating the amount claimed and the respective months of unpaid amounts, the lessor is entitled to evict the leasee from the premises upon lapse of the lease contract.

In case the tenant granted a written undertaking to vacate the leased premises on a specific date, the lessor may also claim eviction of leased premises from execution offices without the need to initiate a lawsuit. The right to evict the leased premises must be exercised within one month after the date specified in the undertaking.

According to the referred law, unless the tenant gives 15 days' prior written notice of termination before the expiry date of the lease contract, the contract shall be deemed extended with the same terms for an additional one-year term. Moreover, unless otherwise stipulated in the lease contract, tenants cannot sub-lease the real estate. In case of such sub-leases, the lessor is entitled to initiate lawsuits for eviction.

Environmental Regulations

Pursuant to Turkish environmental laws, institutions, enterprises and organizations which may cause environmental problems as a consequence of their business activities are responsible for preparing an EIA Report or an introductory file on their project.

The procedures to be followed with respect to environmental impact assessment are governed under the EIA Regulation. According to the EIA Regulation, projects that comprise 200 residential units or more and hotels with 100 rooms or more shall submit an introductory file to the Ministry of Environment and Forestry ("MEF") to verify whether preparation of an EIA report is or is not required for the project. If the MEF decides that the project requires preparation of an EIA report, an EIA Positive Decision should be obtained for the project following the examinations effectuated by the MEF. If the MEF does not require an EIA report to be prepared for the project, an authorization (EIA Certificate) is granted for the project within the scope of the EIA Regulation. This report which is also known as the "EIA Not Required Certificate" serves as a negative clearance with respect to the requirement under the EIA Regulation.

According to the EIA Regulation any activities which have been commenced without following the EIA procedures shall be suspended by the MEF until the EIA report or the EIA Not Required Certificate is obtained. In addition, pursuant to the Environmental Law an administrative fine in the amount of 2% of the project value is imposed. The project owners on which administrative fines are imposed are obliged to reinstate the area to its original status.

In addition, pursuant to the Environmental Law any facility that causes environmental pollution may be entirely or partially, temporarily or permanently, shut down by the MEF. No remedial period will be granted to the facilities which cause environmental pollution and pose a risk to public and environmental health or facilities which commenced activities without following the environmental impact assessment procedures, and those facilities will be shut down entirely.

Furthermore, criminal laws provide for imprisonment and/or monetary fines for environmental pollution and illegal construction of buildings under the Zoning Law. Pursuant to the Turkish Criminal Code, a person who negligently or intentionally discharges waste into the surrounding area in breach of the technical requirements causing pollution of soil, water or air may be subject to imprisonment from six months up to two years. In the event of permanent adverse impact on soil, water or air, or the occurrence of diseases caused by the wastes, or reduction in the productivity of humans or animals or changes in the natural characteristics of the flora and fauna, the term of imprisonment can be increased by up to five years. If a person negligently discharges waste into the surrounding area causing pollution of soil, water or air, he may be subject to monetary fines. If the pollution causes permanent adverse affects in the soil, water or air, imprisonment from two months up to one year is required. In the event that diseases occur because of the pollution, or there is a reduction in the productivity of humans or animals or changes in the natural characteristics of the flora and fauna, the term of imprisonment can be increased from one year up to five years. The Turkish Criminal Code also provides for imprisonment from two months up to two years for those who cause noise above the limits provided in the relevant legislation.

In addition to the foregoing administrative and penal liabilities, Turkish environmental law imposes strict liability for pollution. In the event losses are incurred as a result of non-compliance with the environmental restrictions and limitations, polluters can be forced to compensate third parties for any losses incurred even if they are not at fault in the occurrence of such loss, pollution or contamination. The statute of limitations for such liability is five years and runs from the date on which the damage was known to the aggrieved party.

MANAGEMENT AND BOARD OF DIRECTORS

Board of Directors

Pursuant to the Turkish Commercial Code and our articles of association, our board of directors is responsible for our day-to-day management. Our articles of association require that our board of directors consist of seven members. Holders of our Class A and Class B Shares are each entitled to nominate two members of the board of directors and the remaining three members are elected from among the persons nominated by the shareholders' meeting. All directors serve for a term of one year. A director whose term of office has expired can be re-elected.

Pursuant to the CMB regulations and our articles of association, one third of our directors must not have had direct or indirect employment, shareholding or commercial relations during the two years preceding the date of commencement of their office with, and they must not be married or related to (up to and including third degree): (i) shareholders holding 10% or more of our equity and/or voting rights; (ii) shareholders holding the privilege to nominate the members of the board of directors of the REIC; (iii) companies providing consultancy services to us; (iv) operating companies; (v) companies 10% or more of the equity and/or voting rights of which are held by our shareholders holding 10% or more of our equity and/or voting rights or shareholders holding the privilege to nominate the members of our board of directors; or (vi) our subsidiaries.

The CMB regulations also require that a majority of the members of our board of directors must have a four-year university degree and work experience in the areas of engineering, banking, finance or law for at least three years.

The following table sets forth the name, date of first appointment and position of each member of our board of directors as of the date of this offering memorandum.

Name	Age	Position	Date of First Appointment	Date Term Ends(1)
Aziz Torun	60	Chairman	September 20, 1996	March 2011
Mehmet Torun	57	Member	May 5, 2010	March 2011
Ali Coşkun	71	Vice Chairman	January 16, 2008	March 2011
Yunus Emre Torun	30	Member, Finance & Accounting	June 3, 2004	March 2011
Mahmut Karabıyık	49	Member, Legal	January 16, 2008	March 2011
Mehmet Mumcuoğlu	58	Independent Member	January 16, 2008	March 2011
Prof. Dr. Ali Alp	46	Independent Member	February 8, 2010	March 2011

(1) Terms of board members are for one year. They are usually reappointed each year at the annual shareholders' meeting. The next such meeting is expected to be in March 2011.

Of our board of directors, Aziz Torun and Ali Coşkun were nominated by the holders of our Class A Shares and Yunus Emre Torun and Mehmet Torun were nominated by the holders of our Class B Shares. See "*Risk Factors—Risks Related to Our Relationship with the Torun Family and the Torunlar Group—We are controlled by shareholders whose interests may not be aligned with our interests or those of other holders of our Class C Shares"* and *"Description of Our Share Capital—Board of Directors*."

The business address of our board of directors is Kavacık, Rüzgarlıbahçe 95. Sokak No: 6 Beykoz/ İstanbul, Turkey.

Biographical information for each of the members of our board of directors, including a brief description of their professional experience and education, is presented below.

Aziz Torun

Aziz Torun has been the chairman of our board of directors since the incorporation of our predecessor company on September 20, 1996. Mr. Torun has worked with the Torunlar Group since 1982, and is currently the Chairman and CEO of Torunlar Group. From 1976 to 1982 he worked for the Turkish Ministry of Labor and Social Security as an inspector. Mr. Torun is the brother of Mr. Mehmet Torun and the uncle Mr. Yunus Emre Torun. Mr. Torun has a degree in economics from İstanbul University.

Mehmet Torun

Mehmet Torun joined our board of directors on May 5, 2010. He has worked with the Torunlar Group since 1962. He currently serves as the Chairman of Torunlar Food Industry & Trade Inc., Torun Marketing Inc., Ulusal Foreign Trade Tourism & Yachting Inc. and Pakyağ Industry & Trade Inc. Mr. Torun also serves as the Vice Chairman of Torun Yapı, Nokta Construction Inc. and Torun AVM. Mr. Torun is also a board member of Netsel Turizm, Kütahya Refinery Inc. and Depa Vegetable Oil Refinery. Mr. Torun is the brother of Mr. Aziz Torun and the father of Mr. Yunus Emre Torun.

Ali Coşkun

Ali Coşkun has been the vice chairman of our board of directors since January 16, 2008. From 1996 to 2007 he was a member of the Turkish Parliament representing İstanbul. Mr. Coşkun was the Minister of Industry and Commerce from 2002 to 2007. He is also a general manager, board member and board chairman in several companies including Çanakkale Seramik A.Ş., Kale Porselen Elektroteknik Sanayi A.Ş. and Türk Suudi Yatırım Holding A.Ş. Mr. Coşkun has a degree in electrical engineering from Yıldız Technical University where he also specialized in business economics.

Yunus Emre Torun

Yunus Emre Torun has been a member of our board of directors since June 3, 2004. Mr. Torun is also a member of the Executive Committee. He has worked for the Torunlar Group in various capacities for the past twelve years. He currently works as the Chief Marketing Officer, a position he has held since 2006. Mr. Torun is the son of Mr. Mehmet Torun and the nephew of Mr. Aziz Torun. Mr. Torun has a degree in economics from Marmara University and completed post-graduate English language studies at the University of California, Los Angeles.

Mahmut Karabıyık

Mahmut Karabıyık has been a member of our board of directors since January 16, 2008. Mr. Karabıyık has worked as a lawyer in private practice specializing in corporate law for over 25 years. Mr. Karabıyık has a law degree from İstanbul University. Mr. Karabıyık has been a legal advisor to Torunlar Group companies for more than 15 years.

Mehmet Mumcuoğlu

Mehmet Mumcuoğlu has been a member of our board of directors since January 16, 2008. Since July 2005 he has been Deputy Chairman of the board of directors of Ziraat Bankası A.Ş. Mr. Mumcuoğlu has also been a board member of T. Emlak Bankası A.Ş. (in liquidation) since June 10, 2005. He has worked in the banking and finance industry for over 30 years. He has a degree in management from İstanbul University.

Prof. Dr. Ali Alp

Prof. Dr. Ali Alp has been a member of our board of directors since February 8, 2010. He is one of the part-time academic members of Bilkent University. Prof. Dr. Alp has also been an academic member of TOBB University of Economics and Technology since 2007. He worked as a TRT (Turkish Radio Television) board member from 2005 to 2009. Prof. Dr. Alp is currently a board member of the Turkish Accounting Standards Board. He graduated from Ankara University Faculty of Political Science, Management and earned an MBA from Marmara University. Prof. Dr. Alp also earned a PhD from Ankara University.

Executive Committee

The Executive Committee is comprised of members of the board of directors and senior management. It is responsible for recommending strategies and policies to the board of directors and then executing those strategies and policies. This committee supervises our operations, property management and legal issues that affect us. The Executive Committee also reviews our budget and other management reports in order to provide recommendations based on those reports to the board of directors. In addition, it prepares feasibility reports related to potential mergers and acquisitions, partnerships and participations. The following tables sets forth the name, date of first appointment and position of each of the members of the Executive Committee as of the date of this offering memorandum. Executive Committee members are appointed indefinitely.

Name	Age	Position	Date of First Appointment as Officer
Aziz Torun	60	Chairman and Chief Executive Officer	September 20, 1996
Yunus Emre Torun	30	Board Member, Finance and Accounting and Chief Marketing Officer	June 1, 2006
İlham İnan Dündar	50	Chief Operating Officer	January 15, 2008
Remzi Aydın	41	Chief Construction Officer	October 7, 2009
Yezdan Kanaat	35	Chief Development Officer	May 8, 2009
İsmail Kazanç	38	Chief Financial Officer	December 8, 2009

Biographical information for each of the members of our Executive Committee, including a brief description of their professional experience and education, is presented below.

Aziz Torun

See "—*Board of Directors*."

Yunus Emre Torun

See "—*Board of Directors*."

İlham İnan Dündar

İlham İnan Dündar has been a member of our Executive Committee since December 31, 2009. He has been our Chief Operating Officer since 2008. From 2006 to 2007, Mr. Dündar was the general manager for Jones Lang LaSalle Real Estate Management and from 2003 to 2006 he was the general manager at Sönmez Food and Construction Company. Prior to 2003, Mr. Dündar held various managerial level positions in private sector companies. He has a degree in management from Anadolu University and a MBA from İstanbul University.

Remzi Aydın

Remzi Aydın has been a member of our Executive Committee since December 31, 2009. He has been the Chief Construction Officer since October 7, 2009 where he is responsible for supervising all construction activities. Mr. Aydın has a degree in civil engineering from Firat University.

Yezdan Kanaat

Yezdan Kanaat has been a member of our Executive Committee since December 31, 2009. She has been our Chief Development Officer since May 2009. From 2008 to 2009 Ms. Kanaat was the assistant general manager at Doğuş GE REIT where she was responsible for investments and project development. Between 2002 and 2008, she worked as the group manager of investments at Garanti REIC where she was responsible for developments, project coordination and new investments. She has a degree in architecture and an executive MBA from İstanbul Technical University.

İsmail Kazanç

İsmail Kazanç has been a member of our Executive Committee since December 31, 2009. He has been our Chief Financial Officer since December 2009 and he is responsible for financial risk management and investor relations. From 2008 to 2009 Mr. Kazanç worked as the assistant general manager at Arab Turkish Bank and from 2002 to 2008 he was a group manager responsible for foreign exchange, fixed income, derivatives and structured finance at İşbank Treasury. Mr. Kazanç has a degree in management from Bilkent University and a master of science degree in international financial markets from the University of Southampton, United Kingdom.

Board Committees

As per our articles of association, an adequate number of committees may be formed so as to enable the board of directors to execute its tasks in an efficient manner. The committees perform activities independently and submit proposals to the board. The committees may not take binding decisions on behalf of the board of directors. Our articles of association set out the duties of the Corporate Governance Committee and the Audit Committee. These committees were formed on December 31, 2009.

Corporate Governance Committee

The Corporate Governance Committee is responsible for auditing and observing our conformity with the Corporate Governance Principles (as defined below). In the event we fail to comply with such principles, the committee will suggest necessary measures to the board of directors to improve compliance with such principles. The Corporate Governance Committee also will audit the performance of the investor relations unit and will establish a transparent system for education, appointment and bonus schemes of employees. The members of the Corporate Governance Committee appointed on May 24, 2010 are Ali Alp (chairman), Şerife Cabbar and Lütfü Vardar. Şerife Cabbar and Lütfü Vardar are not members of the board of directors.

Within the Corporate Governance Committee, an investor relations unit has been established, responsible to such committee. The investor relations unit will be responsible for our relations with our investors and ensuring that the records in relation to shareholders are kept safe and updated and shareholders have full access to information The investor relations unit prepares and submits monthly reports to the board of directors. The investor relations unit maintains the shareholder register, prepares documents for the shareholders' meetings and maintains all records pertaining to such shareholders' meetings. İsmail Kazanç was appointed as the investor relations officer on August 20, 2010.

Audit Committee

The Audit Committee is responsible for reviewing the efficiency of our accounting systems, internal control systems and the public disclosure of any company data while ensuring that they are in compliance with legal requirements and are in line with board recommendations. The committee also conducts reviews of the validity, transparency and legitimacy of all financial figures and related disclosures. The committee also appoints our independent external audit firm and reviews the work of that firm. The members of the audit committee appointed on May 24, 2010 are Mehmet Mumcuoğlu (chairman), Ali Coşkun and Mahmut Karabıyık.

Corporate Governance

There are no mandatory corporate governance rules in Turkey. In 2003, the CMB issued a set of recommended principles for public companies (the "Corporate Governance Principles") which were amended in February 2005. The Corporate Governance Principles can be categorized in four groups: (i) principles relating to investor relations; (ii) principles relating to public disclosure and transparency; (iii) principles relating to stakeholders; and (iv) principles relating to management. Implementation of the Corporate Governance Principles is not currently mandatory. However, the CMB requires public companies to disclose the extent to which they have been implemented and, if they have not been fully implemented, to explain the reasons therefore. The CMB may decide to declare such principles as mandatory in the future and require us to fully comply with them. We are closely monitoring the adoption of these principles in order to assess the measures needed to implement the best corporate governance practice that will develop in the Turkish market.

Corporate Governance Personnel

Public companies in Turkey are required to employ at least one employee to coordinate corporate governance practices and the performance of obligations arising from capital markets legislation. This employee must be hold the advanced level "Corporate Governance" and "Capital Markets" licenses and must be employed as a full-time manager reporting directly to the most senior executive manager. On March 15, 2010, we appointed Şerife Cabbar as our corporate governance practices coordinator. Ms. Cabbar currently holds the advanced level "Capital Markets" license and is expected to receive advanced level "Corporate Governance" license following the global offering. She is also a member of the Corporate Governance Committee.

Shareholder Relations

Public companies in Turkey must establish an investor relations department which protects the rights of shareholders and coordinates communication among shareholders. The investor relations department reports directly to the board of directors. This department must have the following duties:

- to keep updated records of each shareholder;
- to respond to queries by the shareholders to the extent that such queries do not relate to matters that could be classified as commercial secrets or confidential information;
- to ensure that shareholders' meetings are convened in accordance with applicable laws, the articles of association and other internal regulations of the public company;
- to prepare relevant documents that may be distributed to shareholders at the shareholders' meeting;
- to record the results of voting at any shareholders' meeting and to send reports regarding such results to the shareholders; and
- to monitor public disclosure policies of the company and compliance therewith.

We have established an investor relations department to ensure that we will be accessible to our public shareholders. In order to ensure that we inform our shareholders of material developments in a timely manner, we have taken all necessary measures to comply with the rules of the CMB and ISE with respect to public disclosure. In addition, subject to applicable CMB rules, we intend to use our website to provide useful information to our shareholders. We will publish our annual reports following the global offering and will make them accessible to our investors. İsmail Kazanç has been appointed as head of the investor relations department.

We have adopted a transparent dividend policy which is reflected in our articles of association. Our articles of association do not restrict the transfer of Class C Shares. Our Class A Shares and Class B Shares will continue to have certain privileged rights with respect to the election of directors. See "*—Board of Directors*."

Compensation

We aim to provide sufficient compensation for our employees to attract and retain individuals with the skills necessary to successfully manage and grow our business and maximize long-term shareholder value. Our compensation policy seeks to provide total compensation that is competitive with other Turkish companies active in the real estate market.

Remuneration of the board of directors is approved by our shareholders at their annual meetings.

The following table details the compensation of our board of directors and senior management for the fiscal year ended December 31, 2009.

	Board of Directors	Senior Management	Total
		(TL)	
Total	168,000	220,677	388,677

According to the resolutions of the 2008, 2009 and 2010 shareholders' meetings, each board member is entitled to receive TL 2,000 per month and each statutory auditor is entitled to receive TL 1,000 per month in return for their services in such capacities. Members of the board of directors also receive reimbursement of their expenses incurred in relation to providing their services. There is no other variable compensation or salary paid to the board members, auditors or senior management.

Share Ownership

Except as disclosed in "*Our Shareholders*," as of the date of this offering memorandum, none of the members of our board of directors or senior management directly owns more than 1% of any class of our share capital, and none of them will own more than 1% of any class of our share capital following the global offering.

OUR SHAREHOLDERS

The table below sets forth the beneficial ownership of our share capital by our shareholders as of the date hereof, immediately prior to the share capital increase to be made in connection with the global offering. See "*Description of Our Share Capital*" below.

Name	Total Shares Owned	Percentage of Outstanding Share Capital	Class A Shares Owned	Class B Shares Owned	Class C Shares Owned
Aziz Torun	87,979,560	49.96%	44,870,280	—	43,109,280
Mehmet Torun	87,909,120	49.92%	—	44,835,060	43,074,060
Yunus Emre Torun	70,440	0.04%	—	35,220	35,220
Torun Pazarlama	133,836	0.08%	31,698	31,698	70,440
Ali Coşkun	3,522	*	3,522	—	—
Mahmut Karabıyık	3,522	*	—	3,522	—
Total	**176,100,000**	**100%**	**44,905,500**	**44,905,500**	**86,289,000**

* Less than 0.01%.

The table below sets forth the interests of our principal shareholders as adjusted to reflect the global offering.

	Following the Global Offering (assuming the Additional Shares are not sold)			Following the Global Offering (assuming the Additional Shares are sold)		
Name	Percentage of Outstanding Share Capital	Class C Shares	Percentage of Class C Shares	Percentage of Outstanding Share Capital	Class C Shares	Percentage of Class C Shares
Aziz Torun	37.41%	38,918,029	29.00%	35.52%	34,691,558	25.85%
Mehmet Torun	37.37%	38,882,809	28.98%	35.49%	34,656,338	25.83%
Yunus Emre Torun	0.03%	35,220	0.02%	0.03%	35,220	0.02%
Torun Pazarlama	0.03%	—	*	0.02%	—	*
Ali Coşkun	*	—	*	*	—	*
Mahmut Karabıyık	*	—	*	*	—	*
Total	**74.84%**	**77,836,058**	**58.00%**	**71.07%**	**69,383,116**	**51.71%**

* Less than 0.01%.

The Torunlar Group

The Torunlar Group is a group of companies owned and operated by the Torun family, primarily brothers Aziz Torun and Mehmet Torun. In addition to real estate development, the Torunlar Group is active in the food (primarily rice, sugar and tea), construction and paper sectors. The Torun family's rice and sugar business is operated through Torunlar Gıda. Torunlar Gıda, which was founded in 1976 to import, produce and sell rice, imports more than 600,000 tons of grain annually and owns three rice mills with a production and storage capacity of 210,000 tons. In addition, Torunlar Gıda owns three oil crushers and the first privatized sugar refinery which processes a total of 220,000 tons of beets annually. Torunlar Çay (Tea Industry & Trade), founded in 1983, is among the first private tea processing enterprises in Turkey. Torunlar Paper operates in the paper processing sector and imports and exports paper products. The Torun family also owns a construction management company, Torun Yapı, and a shopping mall management company, Torun AVM. The Torun family also controls Zafer Plaza İşletmecilik, which provides management services for Zafer Plaza. Torun Pazarlama operates the Torun family's marketing business.

RELATED PARTY TRANSACTIONS

We are controlled by members of the Torun family, who directly and indirectly own substantially all of our outstanding shares as of the date of this offering memorandum. Immediately following the completion of the global offering (assuming the Additional Shares are not sold), such persons will directly and indirectly own 74.8% of our outstanding shares and, through their ownership of the Class A Shares and Class B Shares, will have the power to control the composition of our board of directors. See "*Risk Factors—Risks Related to Our Relationship with the Torun Family and the Torunlar Group—We are controlled by shareholders whose interests may not be aligned with our interests or those of other holders of our Class C Shares*" and "*Our Shareholders*."

Set forth below is a summary of our material transactions and arrangements with the Torun family, as well as with persons and companies affiliated with the Torun family. Additionally, from time to time we enter into transactions or arrangements with entities in which we own a minority stake. We cannot assure you that each of the agreements and transactions, if considered separately, has been effected on terms no less favorable to us than could have been obtained from an unrelated third party. See Note 23 to our IFRS Financial Statements and "*Risk Factors—Risks Related to Our Relationship with the Torun Family and the Torunlar Group—We are party to a number of related party transactions and agreements which are material to our business*."

The Communiqué Regarding the Principles to be Applied to Publicly Held Companies Serial IV No. 41 applies to related party transactions involving transfers of assets, services or obligations between publicly held companies whose shares are listed on a stock exchange. If the amount of the relevant related party transaction is anticipated to be 10% or greater of either (i) the aggregate of balance sheet assets disclosed in the previous year's financial statements or (ii) total gross sales, then prior to the conclusion of the transaction, a valuation must be carried out in accordance with the valuation standards of the CMB, including an opinion on whether the transaction is occurring on fair market terms which is to be presented to the board of directors. If the board of directors decides to proceed with the transaction, then the shareholders must be informed of the relationship between the parties and the nature of the transaction, they must be provided with a summary of the report and if the transaction is not concluded in line with the results indicated in the appraisal report then they must be informed of the reasons for the difference. The same information shall also be submitted to the ISE and disclosed to the public in accordance with the regulations of the CMB. If the company engages in frequent and continuous related party transactions which in the aggregate exceed the 10% threshold described above, then these transactions are also subject to these valuation and disclosure requirements. The distribution of profit, the use of preemptive rights, the compensation of directors and managers as well as related party transactions of REICs for the provision of portfolio management services, investment consultancy services and intermediary services for the sale and purchase of securities are exempt from these appraisal requirements. The CMB is authorized to grant further exemptions or to require the appraisal of exempt transactions.

The CMB is authorized to impose sanctions on publicly traded companies if the transactions they conclude with related parties are not on an arm's length basis. In addition to the sanctions that may be imposed by the CMB on related party transactions, Turkish tax regulations also impose certain sanctions on related party transactions which are governed by the transfer pricing and disguised profit distribution rules.

CMB regulations applicable to REICs also require that if certain transactions between REICs and related parties are approved by less than a unanimous vote of the board of directors, such decision must be disclosed to the public along with the rationale for such decision and must be included in the agenda for the next shareholders' meeting in order to inform shareholders. See "*Regulatory Framework—Regulation of REICs—Special Quorum Requirements*."

Construction

We have in the past entered into contractual arrangements with Torun Yapı, a company owned by the Torun family, for the provision of construction services in connection with our development projects. We plan to continue to contract with Torun Yapı for construction services going forward, particularly involving performing small construction and maintenance works or coordinating subcontractors and supervising the construction of projects. The key terms of the contracts we have entered into with Torun Yapı in the last three years are summarized below.

On July 3, 2009, we contracted with Torun Yapı to provide services in relation to project management, the coordination of subcontractors, the coordination of construction, the procurement of construction materials on our behalf and the supervision of project implementation and management for the Mall of İstanbul. The agreement was valid until the approval and commencement of construction of the Mall of İstanbul, or December 31, 2009, provided they do not mutually opt to extend the contract. On January 1, 2010, we requested an extension of the terms of the agreement until the commencement of construction or December 31, 2010 and Torun Yapı currently is performing its obligations under this extended agreement. For the construction of the Mall of İstanbul, Torun Yapı will be reimbursed for all of its expenses and will receive a fee equal to 5% of such expenses on a monthly basis, which shall be at least TL 10,000. Torun Yapı was paid TL 26,483 (including TL 60,000 as its profit fee) and TL 75,341 (including TL 60,000 as its profit fee) for the year ended December 31, 2009 and the six months ended June 30, 2010, respectively, for its construction management services at the Mall of İstanbul site.

On September 29, 2009, we contracted with Torun Yapı to provide services in relation to project management, the coordination of subcontractors, the control of construction and the procurement of construction materials on our behalf for the Torium İstanbul shopping mall and residences. The agreement is valid until the services under it are fully provided by Torun Yapı unless it is terminated by any of the parties or extended mutually by the parties. Under the agreement, we are responsible for obtaining all licenses and permits. For the construction of Torium İstanbul, Torun Yapı is reimbursed for all of its expenses and receives a fee of at least TL 10,000. Torun Yapı was paid TL 567,208 (including TL 30,000 as its profit fee) and TL 1,186,770 (including TL 60,000 as its profit fee) for the year ended December 31, 2009 and the six months ended June 30, 2010, respectively, for its construction management services under this agreement.

On April 14, 2006, we contracted with Torun Yapı to provide control, coordination, marketing and sale services for Korupark Shopping Mall and Korupark Residences. Torun Yapı was entitled to execute sale or promise to sell agreements with the purchasers and collect the consideration from the sales. Torun Yapı received all reimbursement of all of its expenses plus 5% in quarterly progress payments. Torun Yapı was paid TL 8,773,449 (including TL 417,783 as its profit fee) for the year 2008.

A framework agreement was signed on January 2, 2008 with Torun Yapı at the time of our conversion to REIC status, pursuant to which Torun Yapı assumed our construction activities on the Korupark Residences Phase 2. Torun Yapı received reimbursement of all expenses plus a 10% profit in monthly progress payments. We agreed an addendum on January 19, 2008 with Torun Yapı to provide marketing services, for which it would receive reimbursement of its expenses plus a 5% profit for the marketing services and the previously agreed 10% profit for the construction activities was reduced to 5%. Torun Yapı was paid TL 42,337,606 (including TL 2,016,076 as the profit fee), TL 15,085,690 (including TL 718,366 as the profit fee) and TL 345,418 (including TL 16,448 as the profit fee) for the years ended December 31, 2008 and 2009 and the six months ended June 30, 2010, respectively, for its services under this agreement. On January 1, 2009, as an annex to these agreements, we executed a lease agreement with Torun Yapı for two offices, with areas of 468 sqm and 158 sqm, free of charge for their use during the performance of their marketing and sales services.

An additional agreement was signed with Torun Yapı on January 1, 2009, in which it agreed to complete construction of the recreational areas of the Korupark Residences Phases 1 and 2 and to provide additional construction works on the residences by December 31, 2009. Torun Yapı was liable for defects, including latent defects, and any losses or damages resulting therefrom. Torun Yapı received reimbursement of all expenses plus a 5% profit in monthly progress payments. There was a 12-month warranty period. Torun Yapı was paid a total of TL 953,968 (including TL 45,427.07 as its profit fee) for the six months ended June 30, 2010 under this agreement.

On December 31, 2009, we transferred our shareholding in Nokta İnşaat to Torunlar Gıda for TL 4,327 thousand. Nokta İnşaat was a company incorporated on February 22, 1983, under the trade name Hasel Özden Halı Ticaret A.Ş., and in which we held 40% ownership interest from May 2007 until the date of the transfer of shares. Nokta İnşaat's core business activity is construction and it also owns a land parcel for development, previously owned by Türk Henkel in Turan district, İzmir. Due to legal issues relating to zoning status of this land, we resolved to transfer our shares in Nokta İnşaat to Torunlar Gıda. See Note 2 and Note 12 to our IFRS Financial Statements. Prior to the year 2010, we provided funds to Nokta İnşaat in the form of advance payments. The terms of these advance payments were determined in accordance with market values. Nokta İnşaat repaid these amounts on January 25, 2010.

Management and Administration Services

We contract with Torun AVM, a company wholly owned by the Torun family, for the provision of management and administration services for Deepo Outlet Center and Korupark Shopping Mall. We plan to continue to contract with Torun AVM for management and administration services going forward, including for Torium İstanbul. We summarize below the key terms of the contracts we have entered into with Torun AVM.

On May 25, 2007, we initially contracted for the services of Torun AVM for Korupark Shopping Mall. Under a new agreement dated June 1, 2010, Torun AVM receives 2% of the net operating profit of the mall as a management fee. The agreement is valid until May 31, 2015 and will be automatically renewed each year, unless it is terminated by either party with three months' notice.

On January 1, 2008 we initially contracted for the services of Torun AVM for the Deepo Outlet Center. Under a new agreement dated August 1, 2010, Torun AVM receives 2% of the net operating profit of the mall as a management fee. The agreement is valid until July 31, 2015 and will be automatically renewed each year unless terminated by either party with three months notice.

Torium İstanbul will be managed on a day-to-day basis by Torun AVM. We contracted for the services of Torun AVM for the Torium Shopping Mall on September 16, 2010. Torun AVM will receive 2% of the net operating profit of the mall as a management fee. The agreement is valid until September 14, 2015 and will be automatically renewed each year unless terminated by either party with three months' notice from expiry.

Torun AVM was paid TL 1,052 thousand, TL nil and TL nil in aggregate for its services at Korupark Shopping Mall and Deepo Outlet Center for the six months ended June 30, 2010 and the years ended December 31, 2009 and 2008, respectively.

All of the contracts anticipate that Torun AVM will provide services for general management, marketing, event organization, technical and administrative works, tenant relations, security and cleaning and asset management. Torun AVM will assist us in finding new tenants for the units which may be vacated and other leasable units such as billboards, stands and kiosks. Torun AVM will compensate us for any damages arising from its failure to provide sufficient maintenance of the assets of the shopping mall. We may terminate these agreements if Torun AVM fails to operate and manage the shopping malls in a satisfactory manner. Both parties are entitled to terminate the agreements unilaterally by giving notice 30 days in advance during the term of the agreements.

On October 9, 1999, we entered into an agreement with Zafer Plaza İşletmecilik, a company 99.99% owned by the Torun family, for management and administration services. Zafer Plaza İşletmecilik is authorized under the lease to manage and operate Zafer Plaza. The minimum lease amount is TL 180, up to the full amount of the total income of the mall minus all expenses. Currently we receive a fixed rental amount of TL 8.4 million per year, which we subsequently distribute pro rata to all shareholders, including ourselves. There is no management fee for Zafer Plaza İşletmecilik as all of the revenue is distributed to the owners on a pro rata basis. Zafer Plaza İşletmecilik determines lease amounts and collects rents. The agreement between us and Zafer Plaza İşletmecilik has been extended for one year and we are in ongoing negotiations for an extension of ten more years. The agreement may be terminated if Zafer Plaza İşletmecilik does not pay the lease amount. See "*Our Business—Our Property Portfolio—Completed Projects—Zafer Plaza—Management*."

Real Estate

Our corporate offices are located in İstanbul and are leased from Torunlar Gıda, owned by the Torun family. We entered into the lease contract with Torunlar Gıda on March 1, 2010 for a term of five years. The rent is TL 4,050 + VAT per month and annual rent is TL 48,600 + VAT. The monthly rent must be paid within 30 days of the date of receipt of the invoice. The rent shall be increased annually in an amount mutually agreed between the parties. We are entitled to vacate the headquarters with two months' prior notice. We are not entitled to sublease the leased premises or assign the lease, both of which are grounds for eviction.

On September 1, 2010, we sub-leased the land we leased from Hastalya to TRN, with our rights attached thereto. The sub-lease agreement is valid until December 31, 2010 and may be extended for six-months' terms upon mutual agreement of the parties. The rent is set at US$ 24,205 plus VAT per month and we are entitled to terminate the agreement by giving one months' prior notice during the term of the sub-lease. See "*Business—Material Contracts—Lease Agreement with Hastalya for Deepo Outlet Center Expansion*."

DESCRIPTION OF OUR SHARE CAPITAL

The following is a description of the rights attaching to our share capital, which rights are derived from the Turkish Commercial Code, the CML, the REIC Communiqué, other CMB regulations and our articles of association.

General

At the date of this offering memorandum our issued share capital amounts to TL 224,000,000 Shares, consisting of 44,905,500 Class A Shares, 44,905,500 Class B Shares and 134,189,000 Class C Shares each with a nominal value of TL 1.00. Our Class A, Class B and Class C Shares are registered shares.

On September 20, 2010, in connection with the global offering, our board of directors resolved to increase our total issued share capital from TL 176,100,000 to TL 224,000,000 through the issuance of 47,900,000 additional Class C Shares. Our share capital will officially be deemed to increase upon registration of this board of directors' resolution with the relevant trade registry.

At the time of the conversion from Toray İnşaat Sanayi ve Ticaret Anonim Şirketi to Torunlar Gayrimenkul Yatırım Ortaklığı Anonim Şirketi, our share capital was TL 100 million. With the shareholders' meeting resolution dated January 16, 2008, we adopted a registered capital system in accordance with the REIC Communiqué. As per the amendment made on our articles of association, announced in the Trade Registry Gazette on December 26, 2008, the upper limit of our registered capital is TL 1 billion and the share capital is TL 176.1 million divided into 176.1 million registered shares each with a nominal value of TL 1.00.

As per our articles of association, TL 18.4 million of the total increased amount (which is TL 76.1 million) has been paid in cash by the shareholders and TL 54.9 million has been paid in kind by Aziz Torun (equaling the amount of TL 36.6 million) and Mehmet Torun (equaling the amount of TL 18.3 million); TL 2.8 million of the total increased amount has been compensated from the extraordinary reserves and the remaining amount of TL 57.0 thousand has been compensated from the inflation adjustment favorable balances.

Share Capital Increases and Pre-emption Rights

Turkish companies may increase their share capital through the issuance of new shares, and such issuances may take the form of a rights issue or a bonus issue. Existing shareholders of a Turkish company have the right to subscribe for new shares, also known as pre-emption rights, in proportion to their respective shareholdings each time the company undertakes a capital increase. Under Turkish law, pre-emption rights relate only to issues of shares. Under Turkish law, holders of convertible instruments have priority over shareholders for the issuance of new shares for the purpose of conversion of such instruments into our shares.

The exercise of pre-emption rights by shareholders must be made within a subscription period announced by the company, which may not be less than 15 days nor more than 60 days. Shareholders of a listed company who do not wish to subscribe for new shares may sell their rights on the ISE. Any shares not subscribed by the existing shareholders or purchasers of the rights coupons are sold on the ISE at the current market price. Any differences between the rights issue price and the price realized for the shares on the ISE accrues to the surplus account of the issuing company.

Pre-emption rights of shareholders related to a rights issue may be restricted wholly or in part either by an affirmative vote of the holders of a majority of the outstanding shares at an ordinary or extraordinary general meeting. If a company has adopted the registered capital system, its board of directors may effect a share capital increase and restrict shareholders' pre-emption rights by means of a board resolution, without requiring a shareholders' resolution by virtue of the provisions of the articles of association. The board of directors must treat shareholders equally when restricting the pre-emption rights.

In compliance with the CML, our articles of association empower the board of directors to increase the capital up to the registered capital ceiling, restrict the shareholders' right to acquire new shares and issue shares with a premium over their nominal value. Per our articles of association, the new shares shall be issued as Class C registered shares if existing shareholders' pre-emption rights are restricted.

To the extent that pre-emption rights of the existing shareholders are not restricted, US holders of Class C Shares may not be able to exercise these rights for Class C Shares unless a related registration statement under the Securities Act is effective or an exemption from the registration requirements thereunder is available. We cannot assure you that any registration statement would be filed in such case. See "*Risk Factors—Risks Related to the Class C Shares and the Global Offering—The pre-emption rights granted to holders of our Class C Shares may be unavailable to United States holders of our Class C Shares*."

Under Turkish law, bonus issues may be undertaken in order to convert all or a portion of the revaluation fund, reserves and distributable profits of a company into share capital. Class C Shares issued pursuant to a bonus issue are distributed free of charge to the relevant shareholders. Shareholders' rights to receive bonus shares may not be restricted.

Liquidation Rights

Pursuant to the Turkish Commercial Code, shareholders of a joint stock company have a right to receive a *pro rata* share of any proceeds arising from a liquidation of the company. The articles of association, however, may restrict this right of the shareholders. Currently, there are no such restrictions in our articles of association and no privileged rights with regard to any surplus in case of liquidation have been granted to any of our shareholders.

Shareholders' Meetings

Pursuant to our articles of association, shareholders' meetings are to be held at our head office in İstanbul or at another location in İstanbul selected by the board of directors. We are required by the Turkish Commercial Code to hold our annual shareholders meeting within three months of the end of the preceding financial year, which in our case means that annual shareholders' meetings must be held by March 31. Extraordinary shareholders' meetings may be convened by our board of directors, upon the request of our shareholders representing at least 5% of our share capital, or upon the request of our statutory auditors.

The following matters are required by the Turkish Commercial Code to be included on the agenda of each of our annual shareholders' meetings:

- review of the annual reports of our board of directors and the auditors;
- the approval, amendment or rejection of the balance sheet and profit and loss account prepared for the preceding financial year, the release of the members of our board of directors and statutory auditors from liability in respect of actions taken by them in the preceding financial year and the proposals of our board of directors for the allocation and distribution of any of our net profits;
- the approval of the remuneration of the directors and the statutory auditors; and
- the re-election or replacement of directors and/or statutory auditors whose terms of office have expired.

Shareholders representing at least 5% of our share capital may, by written notice, require any additional matters to be included on the agenda for discussions at any of our shareholders' meetings.

Notices of shareholders' meetings (including postponements and rescheduling), which include the agenda of such shareholders' meetings, must be published in the Turkish Trade Registry Gazette and a Turkish newspaper published in İstanbul determined by us, at least two weeks before the date fixed for the meeting. The Turkish Commercial Code requires us to send notice of any general meeting by registered mail to each person registered in our share register as a holder of our shares and to those shareholders who have deposited at least one share certificate representing shares with us and have indicated a notice address.

Any holder of bearer shares, not registered in our share book, wishing to attend our shareholders' meetings in person must deposit his share certificate at our head office or submit a blockage letter issued by the Central Registry to us not less than one week before the date of the meeting in order to obtain an entry permit for that meeting. Persons registered in our share book as owners of registered shares need not comply with such requirement in order to attend a general meeting of shareholders. Any shareholders not wishing to attend any such meeting in person may appoint another person as a proxy. Under Turkish law, proxies for representation in a shareholders meeting can be granted only to individuals and cannot be granted to the board of directors of the company.

Following the global offering, our Class C Shares will be maintained in the Central Registry's book-entry system, and the Class C Shares owned by the shareholders wishing to attend a general meeting will be blocked in the accounts maintained by the Central Registry. The Central Registry will prepare a list indicating those shareholders wishing to attend the shareholders' meeting. On the first business day following the general meeting of shareholders, the Central Registry will automatically release the Class C Shares blocked in such manner.

Following the global offering, resolutions of our meetings of shareholders relating to amendments to our articles of association (excluding changing our jurisdiction, nationality and any mandatory increase in the commitments of our shareholders) must be passed at a meeting attended in person or by proxy of shareholders (or their proxies) representing at least 25% of the share capital. If such quorum is not present when such meeting is convened, the meeting shall be adjourned and reconvened, in which case there will be no applicable quorum requirement. Except as otherwise required by law, all actions of the shareholders must be taken by affirmative vote of a simple majority of the shareholders present in the meeting.

Notwithstanding the foregoing, a meeting called to consider any of the following matters requires the meeting quorum indicated:

- Change in jurisdiction or increase in the obligations of the shareholders to 100%.
- Dissolution—attendance of shareholders or proxies representing 66.6% of the share capital is required. If the first attempt to reach a quorum fails, then the meeting quorum falls to 50% for the second attempt.
- Issuing debt securities—attendance of shareholders or proxies representing 50% of the share capital is required. If the first attempt to reach a quorum fails, then the meeting quorum falls to 33.3% for the second attempt. Issuing debt securities requires a shareholders' vote unless the articles of association explicitly give this authority to the board of directors our articles of association do provide for such authority.
- Approving the sale of all of the assets during a liquidation and other changes to the articles of association—attendance of shareholders or proxies representing 50% of the share capital is required, if the first attempt to reach a quorum fails, then the meeting quorum falls to 33.3% for the second attempt.

Voting Rights

Holders of all of our shares are all entitled to one vote per share on all matters submitted to a shareholder vote. Votes at shareholders meetings are taken by a show of hands. However, shareholders holding 5% or more of our share capital may demand a secret ballot.

Board of Directors

Pursuant to the Turkish Commercial Code and our articles of association, our board of directors is responsible for our management. Our articles of association require that our board of directors consist of seven members, including two independent board members. Two of the board members must be appointed by the holders of our Class A Shares, two must be appointed by the holders of our Class B Shares, and the remaining three members must be elected from among the persons nominated by the shareholders' meeting.

Aziz Torun currently owns substantially all of our Class A Shares and Mehmet Torun currently owns substantially all of our Class B Shares; therefore they are able to control the appointment of four directors through their privileged shares. Immediately following the global offering, Aziz Torun and Mehmet Torun will beneficially own 70.0% of our issued and outstanding capital stock (assuming the Additional Shares are sold), which will allow them to continue to control the nomination of the remaining three directors who are to be appointed by our shareholders' meeting, including the independent directors. As a result, Aziz Torun and Mehmet Torun will be able to control all matters requiring shareholder approval, including electing directors, approving significant transactions, making payments of dividends and restricting the pre-emption rights of shareholders.

All directors are elected for a term of one year and they may be re-elected. Vacancies may be filled by the remaining members of the board of directors from among the nominees designated by the same class of shareholders who nominated the departing members. The replacement member shall serve until the next general shareholders' meeting. If the appointment of the replacement member is approved in the next general shareholders' meeting, such member shall serve until the departing member's term is set to expire.

Pursuant to our articles of association and the CMB regulations, one-third of the members of our board of directors must be independent board members as defined under the CMB's Corporate Governance Principles. The CMB requires independent board members to have the ability to execute their duties without being influenced under any circumstances. According to the Corporate Governance Principles, to qualify as an independent board member:

- a board member, his or her spouse or other relative may not have had any direct or indirect relationship with or employment or commercial interest in a company, its subsidiaries, affiliates or any other group company within the last two years;
- a board member may not have been previously elected to the board of directors as a representative of a certain group of shareholders;
- a board member may not be employed by, or be a member of the management within the past two years in, a separate company, particularly an audit or consultancy firm, under contract with the company or employed by a firm providing significant services to the public company;
- a board member may not have been employed by the external auditor of the company or have been included in the external audit process within the last two years;
- a board member, his or her spouse or other relative may not be a controlling shareholder or a shareholder holding more than 10% of the total share capital of the company; and
- a board member may not receive any compensation other than board membership compensation including for attendance and may not hold a shareholding greater than 1% (excluding preferred shares) if such board member is a shareholder only for the purposes of performing duties as a director.

Under Turkish law, directors are required to own at least one share in order to serve on the board of directors. However, if a director is elected to the board of directors as a representative of a legal entity shareholder, such requirement does not apply.

Under Turkish law, directors cannot attend negotiations or vote on matters in which the directors themselves, their spouses or their relatives (up to and including their cousins) have an interest. According to the Turkish Commercial Code, members of our board of directors cannot enter into commercial relationships with us or engage in any competing activities, unless permitted by the shareholders' meeting.

Transfer of Shares

Our articles of association provide that if Class A and Class B shareholders wish to sell Class A Shares or Class B Shares, they must first notify their sale intention to the shareholders of such class of shares via registered mail. In this written notification, the share amount subject to sale and sale price must be indicated. If the shareholders receiving the notification do not notify their purchase intention to the other party within seven days via registered mail, the seller shall notify its sale intention via registered mail to the shareholders in the other privileged share class, stating the share amount and sale price. If the shareholders receiving the notification do not notify their purchase intention to the other party within seven days via registered mail, the seller may sell its shares to a third party under conditions not more favorable than the conditions proposed to the shareholders. Any share transfers made in violation of this provision will not be registered in the share ledger by the board.

Holders of our Class C Shares may transfer any of their Class C Shares by endorsement and delivery of the share certificates or by means of book-entry registration with accounts maintained by the Central Registry. Our shareholders have no pre-emption rights in respect of the transfer of Class C Shares. Our articles of association do not contain any restrictions on the transfer of our Class C Shares.

Turkish law requires non-resident investors to trade Turkish equity securities through a licensed Turkish bank or a licensed brokerage firm and transfer the sums and income generated thereof through a Turkish bank. In addition, the CMB regulations require banks or brokerage firms to trade shares of a company quoted on a Turkish stock exchange exclusively on such exchange. Accordingly, following the global offering, non-resident investors may transfer the Class C Shares only on the ISE, through a licensed Turkish bank or a licensed brokerage firm.

Mandatory Offer

If any party or parties acting together acquire management control, such party or parties are required to make an offer to the other shareholders to buy their shares. Acquisition of management control occurs when a person individually or acting together with others, owns, directly or indirectly, at least 50% of the share capital and voting rights of a company, or, regardless of share capital and voting rights owned, acquires privileged shares which grant the power to elect directors constituting the simple majority of the board of directors or to nominate such number of directors for election at the shareholders' meeting. Certain share acquisitions are not deemed to result in the acquisition of management control, such as when management control is shared equally between the acquirers and the previous holders of management control, or when shares are transferred within a group of companies controlled by the same person. The CMB may grant an exemption from the mandatory offer obligation under certain circumstances.

Protection of Minority Shareholders

A minority shareholder of a public company is defined by Turkish law as a shareholder or group of shareholders who hold 5% or more of the company's outstanding share capital.

Under Turkish law, minority shareholders have the right, among others, to request our board of directors:

- to convene an extraordinary shareholders' meeting;
- to include a matter on the agenda at both annual and extraordinary shareholders' meetings;
- to request the appointment of special statutory auditors; and
- to require that the company take action against directors who have violated the Turkish Commercial Code or the articles of association of the company or who have otherwise failed to perform their duties.

In 2003, the CMB issued a communiqué regarding cumulative voting principles in shareholders' meetings of public companies. The objective of this communiqué is to enable minority shareholders to elect a representative to the board of directors and as one of the statutory auditors of their companies. Under normal voting principles, a shareholder is entitled to one vote per share for each director to be elected, and may use that vote only to vote for or against the particular director. Under the principle of cumulative voting, a shareholder may use all the votes to which it is entitled to vote for any one (or more) of the directors. For example, if five directors are to be elected, each shareholder will be entitled to five votes per share. Under normal voting principles the shareholder may only cast one vote for (or against) each of the five directors. Under cumulative voting principles, the shareholder may cast all five votes for a single director or may split the five votes among as many of the five directors as it chooses. As a result, such shareholder would have a better chance to have a candidate elected to the relevant board membership. According to CMB regulations, the articles of association of the company must contain a clear provision allowing for cumulative voting for the provisions of this communiqué to apply at the shareholders' meetings of such company. Currently, our articles of association do not provide for cumulative voting in shareholders' meetings.

Proposed Amendments to the Turkish Commercial Code

A revised draft of the Turkish Commercial Code is currently awaiting inclusion on the agenda of the GNA. The new draft includes several amendments which, if adopted, would significantly impact the rights and obligations of shareholders of joint stock companies and change the management structure of Turkish companies. The objective of the revised draft is to improve corporate governance practices of Turkish corporations, to improve transparency and to ensure that Turkish legislation does not conflict with any relevant EU legislation. Certain key portions of the proposed amended Turkish Commercial Code include, among other things, (i) permitting corporate entities to serve as board members; (ii) single shareholder companies, (iii) increased squeeze-out rights for majority shareholders, (iv) increased minority shareholder rights, such as improved information rights, (v) exit rights in the event of mergers or other corporate restructurings, (vi) rights to initiate actions against spin-offs, (vii) rights to redeem shares for companies to avoid losses up to a certain limit, (viii) the right to appoint independent or institutional representatives as a proxy at the shareholders' meeting and (ix) extensive new requirements for mandatory annual audit reports and selection of audit firms. The GNA is expected to vote on the amended draft Turkish Commercial Code during 2010.

Dividends

In accordance with Turkish law, the distribution of profits and the payment of any annual dividend in respect of the preceding financial year will be recommended by our board of directors each year for shareholders' approval at the annual shareholders' meeting, which must be held within three months following the end of the preceding financial year. Dividends are payable on a date determined at the annual shareholders' meeting. Listed companies are permitted to distribute their dividends in the form of cash or bonus shares or by distributing a combination of cash and bonus shares. According to the requirements of the CMB, listed companies are obliged to distribute dividends by the end of the fifth month following the end of the preceding financial year if the dividends will be distributed in cash. If the dividends will be distributed as bonus shares, issuance of these new shares and application to the CMB for the registration of these shares shall be completed by the end of the fifth month and the distribution of dividends shall be completed by the end of the sixth month following the end of the preceding financial year. If dividends will be distributed both as cash and bonus shares, the respective time limits described above must be observed. Each share entitles its holder to the amount of dividend corresponding to its shareholding.

The CMB annually determines the mandatory rate of dividends to be distributed by companies listed on the ISE. This rate is set as a percentage of distributable profit based on each company's financial statements prepared in accordance with applicable CMB regulations. For example, the CMB resolved in its resolution dated February 8, 2008 numbered 4/138 that, as of January 1, 2008, listed companies were required to distribute at least 20% of their net distributable profit as a first dividend calculated based on the framework set forth in the relevant CMB communiqué. However, for dividends pertaining to the financial year 2009, the CMB resolved in its recent resolution dated January 27, 2010 numbered 02/51 that listed companies are not required to distribute their net distributable profit as a first dividend. The CMB may, from time to time, introduce, abrogate or postpone the dividend distribution requirement imposed on public companies.

Net profits are calculated and distributed in accordance with our articles of association (after deducting all expenses, depreciation, taxes, similar payments, statutory reserves and previous year losses, if any, from the revenues determined at the end of the fiscal year as prescribed by the Turkish Commercial Code) in the following required order:

- 5% of the net profit is allocated to a first legal reserve until the first legal reserve reaches 20% of our paid-in share capital;
- a first dividend is paid to shareholders in the amount specified by the CMB;
- the remainder of the net profit is set aside or distributed in full or in part to the shareholders as a second dividend or set aside as extraordinary reserves as determined by a resolution of the shareholders; and

- after deducting an amount equal to 5% of the paid-in share capital from the portion to be distributed to the shareholders as dividends, 10% of the remaining amount is set aside as a second reserve.

Unless the mandatory legal reserves are set aside and the first dividends set forth in the articles of association are distributed, no dividend can be distributed to the members of the board of directors, officers, employees or any charitable foundations, nor can any legal reserve be set aside or profit be transferred to the following year.

Subject to certain criteria, the CML permits public companies to distribute interim dividends, and our articles of association allow us to distribute interim dividend payments to our shareholders. Public companies are able to distribute interim dividends in accordance with the following criteria:

- interim dividends must be based on quarterly reviewed financial statements prepared by independent auditors in accordance with CMB requirements;
- interim dividends cannot exceed 50% of the net profits for the relevant interim period;
- the aggregate amount of interim dividends in any given fiscal year cannot exceed the lesser of (i) 50% of distributable profits for the previous fiscal year and (ii) the extraordinary reserves approved by the shareholders' meeting;
- any interim dividends previously paid must be deducted from the amounts used to calculate any subsequent interim dividend payments within the same fiscal year;
- our articles of association must permit the distribution of interim dividends and the shareholders' meeting must authorize the board of directors to declare such distributions, limited to the relevant year; and holders of privileged classes of shares; and
- any non-shareholders entitled to receive dividends are not allowed to receive interim dividends.

Under Turkish law, the statute of limitations in respect of dividend payments is five years following the date of the shareholders' meeting that approved the distribution, after which time uncollected dividends are transferred to the Treasury.

For a discussion of our dividend history and policy, see "*Dividend Policy*."

Auditors

Pursuant to our articles of association and the Turkish Commercial Code, the shareholders' meeting may elect two statutory auditors for a maximum term of one year.

The Corporate Governance Principles of the CMB allow appointment of the same external audit firm for seven fiscal years, at the end of which the same external audit firm cannot be appointed for two consecutive fiscal years. For fiscal years ending after January 1, 2011, this requirement will not apply to larger audit firms which fulfill, among other criteria, the conditions of employing at least 75 auditors, 25 of whom must be partners. However, in any case, the same audit partner is not permitted to carry out audit services for the same client company for more than seven consecutive fiscal years, upon the expiry of which another audit partner must be appointed for at least two fiscal years.

Reports to Shareholders

As a public company, we will produce an annual report, including audited accounts prepared in accordance with CMB accounting principles. We are not obliged to send copies of such reports to each registered shareholder. Pursuant to the provisions of the Turkish Commercial Code, the balance sheet, the statement of comprehensive income, the annual report and proposals regarding the distribution of profits, as well as the statutory auditors' report, are made available to the shareholders at our head office at least 15 days in advance of a shareholders' meeting. Among these documents, the balance sheet, the statement of comprehensive income and the annual report are to be kept at the disposal of the shareholders for a period of one year from the date of such shareholders' general meeting. Any shareholder is entitled to a copy of the profit and loss account and of the balance sheet at our expense.

Furthermore, any shareholder is entitled to request and receive, at our expense, a copy of the quarterly portfolio and activity reports, to be prepared pursuant to the REIC Communiqué. See "*Regulatory Framework—Regulation of REICs—Reporting Requirements*" and "*Turkish Securities Market—Disclosure Requirements*."

Reporting Obligations

In addition to being subject to the general reporting and disclosure requirements of the CMB, we must prepare statements regarding the assets in our portfolios, including the costs and market values of such assets as indicated in the most recent expert valuation reports, and submit such statements to the CMB and the ISE within six business days following the end of each quarter. We must also prepare quarterly reports summarizing the developments that took place during the quarter. The quarterly report must be submitted to the CMB within six weeks following the end of the relevant quarter and must also be made available at our headquarters and posted on our website for review by investors. We are required to send this report to our shareholders upon their request. The reports are required to be prepared in accordance with the principles determined by the CMB and kept for at least 10 years.

Furthermore, we are required to submit the following information and documents to the CMB, in addition to any other information the CMB may request:

- mandatory or voluntary valuation reports;
- adoption of resolutions regarding the purchase or sale of assets, the total value of which exceeds 10% of our company's portfolio value;
- insurance policies;
- annual activity reports;
- independent audit reports and financial statements prepared in accordance with CMB principles;
- a copy of each announcement and advertisement published by us;
- valuation reports and documents evidencing the receipt of all required legal approvals, feasibility reports, planned expenditure amounts and payment schedules relating to projects to be included in our portfolio; and
- if applicable, reasons for the failure of real estate, real estate backed rights and real estate projects to represent at least 50% of the asset portfolio, and any steps to be implemented in order to correct this failure;
- first options, rights of redemption and real estate promise to sell agreements, contracts for construction in return of flats, revenue sharing agreements, right for settlement of pledged receivables, and lease agreements in which we are the lessee; and
- if a mortgage exists over land on which a project is planned to be developed, the information on the ratio of the value of the mortgage to the value of the land according to the last valuation report and the net asset value according to the last disclosed quarterly report.

Persons who become direct or indirect holders of 5%, 10%, 15%, 20%, 25%, 33⅓%, 50%, 66⅔% or 75% or more of the issued share capital or voting rights of a public company in Turkey are required to notify the ISE of the acquisition and, thereafter, to notify the ISE of their transactions in the shares or voting rights of the public company when the total number of the shares or voting rights traded falls below or exceeds these thresholds. The names of and the number of shares or voting rights purchased by such persons should be included in a notice sent to the ISE, along with other information relating to the transaction which is required disclosure. The ISE publicly discloses the information on the Public Disclosure Platform (*Kamuyu Aydınlatma Platformu*) with the identity of the person subject to disclosure information.

Disclosure of Special Events

On February 6, 2009, the CMB published a new communiqué numbered VIII/54 on the principles regulating public disclosure of special events (the "Disclosure Communiqué"). The Disclosure Communiqué regulates disclosure requirements for publicly traded companies. With the Disclosure

Communiqué, the CMB makes a distinction between "inside information" and "continuous information." Rather than identifying each special event requiring disclosure in the Disclosure Communiqué, the CMB left specific disclosure decisions regarding inside information to the companies' individual discretion on a case-by-case basis. To aid publicly traded companies in applying the new disclosure requirements, the CMB published a supplementary guideline (the "Guideline"), which defines and discusses the disclosure requirements in detail and provides various illustrative examples.

Inside Information

The Disclosure Communiqué requires publicly traded companies to disclose inside information, which is defined as information that: (i) is related to a specific event; (ii) may be considered significant or important by an investor in making an investment decision; (iii) is related to events not disclosed to the public; (iv) would provide holders of such information an advantage over others in the sale and purchase of the company's capital markets instruments; and (v) may influence the value of the relevant capital markets instrument or the investment decisions of the company's investors. Examples of inside information provided by the Guideline include, among others:

(i) material administrative or legal proceedings;

(ii) extraordinary income and profit;

(iii) mergers and acquisitions;

(iv) material changes in the company's financial position;

(v) material changes related to financial assets such as acquisition or disposal of 10% or more of another company's shares or total voting rights, or addition of profits to the share capital of the company following sale of financial assets;

(vi) acquisition of shares by non-shareholders or shareholders without management control over the company in a manner which would give them management control; and

(vii) change of independent auditors.

Publicly traded companies may suspend the disclosure of inside information by taking full responsibility for any non-disclosure in order to protect its legitimate interests, provided that: (i) such suspension is not misleading; and (ii) the company is able to keep any related inside information confidential. Inside information must be publicly disclosed if its confidentiality cannot be preserved.

Continuous Information

The following changes in share ownership or management control in a company must be publicly disclosed under the Disclosure Communiqué by persons conducting the relevant transactions:

- any direct or indirect acquisition of 5%, 10%, 15%, 20%, 25%, 50% or 75% or more of the issued share capital or voting rights of the company by a person or persons acting together, and thereafter of their transactions in the shares or voting rights of the company when their total number of shares or voting rights of the company falls below such thresholds; and
- any direct or indirect acquisition of 5%, 10%, 15%, 20%, 25%, 50% or 75% or more of the issued share capital or voting rights of the company by investment funds belonging to a founding shareholder, and thereafter of those transactions in the shares or voting rights of the company that cause their total number of shares or voting rights of the company to fall below such thresholds; and
- persons with managerial responsibility in a publicly traded company or persons with close relations to any such persons must publicly disclose their transactions relating to the shares or other capital markets instruments of such company as of the date when the aggregate value of the transactions performed by such persons reach TL10,000 over a 12-month period.
- any direct or indirect acquisition of securities that grant a right to acquire traded shares provided that the voting right of such shares reaches, exceeds or falls below 5%, 10%, 15%, 20%, 25% 33⅓%, 50%, 66⅔% or 75% of the total voting rights;
- any direct or indirect reacquisition of 1% or more of the company's shares;

- any change in the total voting rights and total capital of the company;
- any change in the rights granted to different class of shares;
- any insider information acquired by the company or any change in the insider information that was previously disclosed by the company; or any insider information that is acquired by shareholders holding a substantial proportion of the shares outside the company's knowledge;
- the list of persons that have access to insider information;
- any extraordinary price movements relating to the traded shares of the company;
- the confirmation of any news or rumors that may affect investors' decisions or the value of securities; and
- any transactions over the shares of the company by the persons who have administrative powers in the company or related parties of such persons, if the total amount of such transactions within the last 12 months is greater than TL10,000.

In addition, companies must publicly disclose the changes in their total number of voting rights or their amount of share capital on the first business day of the month following the change.

Timing of Disclosures

Disclosures regarding: (i) changes related to ownership structure and management control; (ii) capital markets instruments attached to shares; and (iii) a company's acquisition of its own shares must be made no later than 9:00 on the third business day following the occurrence of the event triggering the disclosure requirement. Disclosures regarding other events (including the disclosure of inside information) must be made immediately upon the occurrence or discovery of the relevant event.

TURKISH SECURITIES MARKET

The following information has been derived from publicly available information and has not been independently verified by us, the Selling Shareholders or the Managers.

Introduction

There has been an organized securities market in Turkey since 1866, although by the late 1970s the markets had been substantially dormant for many years. The CML, enacted in 1981, established the CMB as the main regulatory body with responsibility for supervision and regulation of the Turkish securities markets. The ISE was re-established in 1985 and recommenced operations in early 1986.

The Capital Markets Board

The principal function of the CMB is to take such measures as are necessary to foster the development of the securities markets in Turkey, thereby contributing to the efficient allocation of financial resources in the Turkish economy, and to ensure adequate protection for investors. The CMB supervises and regulates, among others, public companies, banks and other financial intermediaries, mutual funds, investment corporations, investment consultancy firms, audit firms and rating firms which offer their services to institutions operating in the capital markets.

The CMB performs its regulatory role through promulgation of regulations and communiqués defining the capital markets and the rules which participants in such markets are required to observe. CMB regulations require all securities which are publicly offered in Turkey as well as certain private placements to be registered with the CMB. A prospectus filed with the CMB for registration must include such information as is reasonably necessary to enable a prospective investor to assess the merits of the issuer and the proposed investment. The CMB may refuse registration in the event that it is not satisfied with the quality of the issuer or the level of disclosure in the prospectus. The type and scope of information required to be disclosed to the public under the CMB regulations and communiqués is considerably less detailed than disclosure requirements of more developed markets such as the United States of America or the United Kingdom.

In connection with its supervisory role, the CMB requires companies subject to its regulation to prepare and publish balance sheets, income statements and annual reports, all of which must be prepared in accordance with accounting principles and standards laid down by the CMB. In addition, unaudited quarterly reports must be filed in respect of each financial period ending in March and September, and a semi-annual report, subject to limited review of the independent auditors, must be filed with the CMB in respect of the first six months of each year. In the event of any special circumstances, such as a merger or acquisition, the CMB may require that additional information be disclosed by a public company or by directors or major shareholders of a public company in order to protect the interests of minority investors. Furthermore, each situation which may have material effect on the operations and the financial situation of a company participating in the capital markets must be immediately disclosed to the CMB.

The board of the CMB is composed of seven members, one of which is the president and one of which is the vice-president of the CMB. The term of office of the members of the CMB is six years. The members whose terms have expired can be re-appointed.

The meeting quorum for the meetings of the CMB is five, including the chairman, and resolutions can be adopted in such meeting with the affirmative votes of the majority of the members present at the meeting.

The headquarters of the CMB are located in Ankara, the capital of the Republic of Turkey, and the CMB has offices in İstanbul.

The İstanbul Stock Exchange

Governance

The ISE is governed by an executive council (the "Executive Council") composed of five members. The president of the ISE is nominated by the CMB and appointed by the Government. The president also acts as the chief executive officer of the Executive Council. Four other members of the Executive Council are appointed by the ISE general assembly and represent the four categories of ISE members: investment and development banks, corporate banks and brokerage houses. The ISE is the only stock exchange in Turkey.

Trading and Settlement

In December 1993, the ISE launched a computerized trading system known as Electronic Purchase and Sale System ("EPSS"). Although the EPSS was used initially for 50 stocks that were not the subject of heaving trading, in December 1994 the ISE fully converted to EPSS. The ISE operates two computer dealing rooms at its premises and approximately 665 brokers are eligible to trade through the auspices of the ISE. The brokers, after receiving orders by telephone, enter positions and transact sales by computer, just as would be done in the treasury departments of most investment banks. Since December 2001, ISE members are able to route their orders directly to the ISE automated trading system through interface software, called Ex-API. Through Ex-API, members route the orders (either collected or derived by their own back office systems) directly to the ISE automated trading system and instantaneously receive order and trade confirmations. The electronic communication acts as a sales contract. At the end of each trading session the ISE gives all brokers a breakdown of all the transactions that they have completed. Updated trading prices for stocks traded on the ISE are conveyed in real time to data vendors such as Bloomberg and Reuters for international dissemination. After each trading session, the ISE publishes a daily bulletin, which sets out for each security, among other information, the highest and lowest sales price, the closing sales price, trading volume and weighted average sales price. The information contained in the bulletin is customarily extracted and published on the following day in major newspapers in Turkey. All transactions are on a cash basis and settlement must take place on the second business day after the execution of a trade. Most equity securities traded on the ISE are in bearer form. In practice, shares in registered form which are traded on the ISE are represented by share certificates endorsed in blank, enabling such shares to be transferred as if they were in bearer form.

Trading on the ISE is conducted on each business day in Turkey, with the morning session taking place from 9:30 a.m. to 12:30 p.m., and the afternoon session taking place from 2:00 p.m. to 5:30 p.m. İstanbul time.

There are currently eight stock markets on the ISE. The first is the National Market, which includes all the companies that comply with the listing requirements previously set by the ISE. Shares of 100 companies chosen from this market form the ISE National 100 index. The second market is the Second National Market, which has been formed to provide capital to companies that cannot meet the quotation conditions set by the ISE and to small and medium sized companies with growth potential. The third market is the New Economy Market, which has been formed in order to allow companies in telecommunications, information, electronics, Internet, computers and other technology sectors to raise capital. The fourth market is the Watch List Companies Market, which is for companies under special surveillance and investigation due to extraordinary situations with respect to stock transactions on the ISE. The fifth market is the Wholesale Market permitting the block sale of stocks, which are traded on the National Market and the Second National Market as well as those which are not traded on the ISE, through capital increase or sale of shares held by existing shareholders to predetermined and/or unidentified buyers. In the Wholesale Market, the session takes place on each business day between 11:00 a.m. and noon. The sixth market is the Primary Market which includes the shares of companies being publicly offered and trading for the first time on the ISE as well as additional shares offered in rights offerings conducted by companies trading on the ISE. The seventh market is the Collective Products Market where the participation notes of investment funds and the shares of venture capital investment companies, real estate investment companies and securities investment companies are traded. The final market is the Funds Market where Stock Exchange Investment Funds and Type A Investment Fund Participation Certificates are traded. An additional market called the Developing Businesses Market has been established by the ISE. This market has more flexible quotation conditions than the National Market and provides financing to the companies having growth potential with fewer costs.

The ISE closed on December 30, 2004 and December 31, 2004 in order to enable its members to carry out necessary preparations relating to the introduction of the New Turkish Lira. Based on an ISE decision, in line with the implementation of the New Turkish Lira, all arrangements based on TL1,000,000 (nominal) = 1,000 shares = 1 lot were amended to TL 1.00 (nominal) = 1 share = 1 lot.

Turkish capital markets legislation requires shares of a company listed on a Turkish securities exchange to be traded exclusively on that exchange. The CMB has announced that this requirement applies only to brokerage firms licensed to trade on the stock exchange and to orders placed with them by investors; transfers between principals that do not involve a public offering may be transacted outside a stock exchange. However, as Turkish foreign exchange legislation requires foreign investors to execute their trades in listed securities through a duly licensed brokerage firm or a bank trades by foreign investors on the exchange, the exemption may be limited in scope as a practical matter.

Dematerialization of Class C Shares and the Central Registry

Since November 2005, shares traded on the ISE and physically held by İMKB Takas ve Saklama Bankası A.Ş., the central securities depositary of Turkey, have been dematerialized in their entirety and are now held through the Central Registry, a private entity owned by various market participants and regulated by the CMB. All rights and obligations attached to shares are no longer provided in physical form but rather are entered into the book-entry records of the Central Registry.

Trading Prices and Fluctuations

Trading prices for securities listed on the ISE are generally limited to a daily range established by the ISE. Accordingly, traders are not permitted to place orders at prices which are 10% higher or 10% lower than the base price of the relevant security for the preceding trading session. The base price is the price that is taken as the basis for determining the highest and lowest price limits within which the stock may be traded in one trading session. The base price is determined by rounding to the nearest price step the average weighted price at which trades were realized and recorded in the immediately preceding trading session. The stock market director, however, may double, and the Chairman of the ISE may lift, the limits for a particular trading session either *ex officio* or upon application by a certain number of exchange members. In the absence of such actions by the ISE officials, price fluctuations of stocks traded on the ISE must be within the range established for each session. If required by extraordinary adverse circumstances, the Chairman of the ISE may suspend trading in any listed security for up to seven days and suspend operations of the ISE entirely for a period of up to three days. The CMB may suspend the operations of the ISE for a period of up to 15 days upon the request of the Executive Council and the relevant Minister of State may order a suspension of up to one month upon the request of the CMB. Only the Council of Ministers of Turkey may suspend the operations of the ISE for a period exceeding one month. Since the ISE recommenced operations in 1986, its operations have been suspended four times: due to the 1999 earthquake, for six working days (August 17, 1999 to August 24, 1999); after the terrorist attacks of September 11, 2001, for one day; following the terrorist bomb attacks in İstanbul on November 11, 2003, for two days, and for preparations relating to the introduction of New Turkish Lira on December 30, 2004, for two days.

Listing Requirements

The ISE requires that a company meet certain criteria involving profitability, market value of the shares offered to the public, amount of shares offered to the public as a percentage of the share capital of the company, and shareholders' equity. Accordingly, a company must satisfy the conditions of one of the groups set forth below.

	Group 1	Group 2	Group 3
Minimum market value of the shares offered to public	TL 100 million	TL 50 million	TL 25 million
Realization of profit before tax	Minimum of one year within the previous two years	Minimum of one year within the previous two years	Last two years
Minimum ratio of the shares offered to public as a percentage of the share capital	—	5%	25%
Minimum shareholders' equity	TL 25 million	TL 16 million	TL 10 million

The following conditions also apply to companies seeking to list on the ISE:

- Annual financial statements presented within the domestic prospectus prepared in accordance with CMB Principles must be presented to the ISE.

- A minimum of three calendar years must have elapsed since the company's incorporation and the financial statements for the last three calendar years must be available.
- The Executive Council must have had the company's financial situation examined and accepted its ability to continue as a going concern.
- The articles of association should not include any provision limiting the transfer and trading of the security or any provision preventing a shareholder from using its rights.
- There should not be any material legal dispute which will affect the production and activity of the company.
- The company should not have stopped production for more than three months within the last year for reasons other than those that are found acceptable by the Executive Council of the ISE and there should not be any requests or proceedings for the liquidation or bankruptcy of the company or any other related process identified by the ISE.
- The securities must comply with the Executive Council's criteria for current and possible trading volume in the market.
- It must be documented that the establishment and activities of the company and the legal status of the share certificates comply with the legislation to which they are subject.

For the initial listing of investment companies (including REICs), the following conditions are also required:

- The issued capital and the ratio of the nominal value of the publicly offered shares to the paid or issued capital must be at least equal to such amounts and ratios specified in the relevant communiqués of the CMB.
- The articles of association must not include any provisions restricting the transfer and circulation of the securities to be traded on the Stock Exchange or prevent the shareholders from exercising their rights;
- Compliance with the respective legislation as to the legal status of incorporation and activities, and as to the legal status of the shares must be documented.

Disclosure Requirements

In addition to the reporting requirements of the CMB, companies whose shares are listed on the ISE are required to comply with the information and disclosure requirements of the CMB. There are two types of disclosure requirements, one relating to financial statements and the other relating to special situations.

The CMB has issued the Communiqué on the Basics of Financial Reporting No. XI-29 ("Communiqué No. XI-29") which stipulates that IFRS and IAC standards as approved by the European Union will be applied by the companies until the Turkish Accounting Standards Board issues the Turkish Accounting Standards and Turkish Financial Reporting Standards which will reflect the amendments of EU to the original IFRS standards.

As per Communiqué No. XI-29, the scope of disclosure requirements regarding financial statements is broadened. The financial reports that will be disclosed to the public comprise the following: (i) financial statements including a balance sheet, income statement, cash flow statement and statement of changes in equity; (ii) board of directors' activity report which explains the policies, risk factors and key issues pertaining to the company; and (iii) liability declarations which state that the financial statements are reviewed by the responsible officer (for example, a general manager or relevant board member who is responsible for the preparation of financial statements) of the company and which confirms the accurateness of such financial statements.

Disclosure requirements regarding financial reports are set out below:

- Financial reports must be presented on a quarterly basis according to IFRS standards.
- Audited year-end financial reports prepared in accordance with IFRS standards must be submitted to the ISE within a period of ten weeks following the end of the accounting period (if

companies are required to submit consolidated financial statements, the period extends to 14 weeks following the end of the accounting period).

- Reviewed six-month financial reports that are subject to limited review must be submitted to the ISE within six weeks following the end of the accounting period (if companies are required to submit consolidated financial statements, the period is extended to eight weeks following the end of the accounting period).
- Unaudited first quarter and third quarter financial reports must be submitted within four weeks (six weeks for banks and companies preparing consolidated financial statements) following the end of the accounting period. If the first and third quarter financial statements are independently audited, then such financial statements must be submitted within six weeks and eight weeks, respectively, for companies preparing unconsolidated and consolidated financial statements.

Insider Trading

Insider trading is defined in the CML as benefiting from, or permitting others to benefit from, or avoiding losses through, or enabling others to avoid losses through, the use of non-public information that may affect the value of securities. Insider trading violations are punishable by prison terms of two to five years and by judicial monetary fines of 5,000 days to 10,000 days which correspond to a monetary fine ranging from TL 100,000 to TL 1 million. However, the minimum monetary fine imposed should be at least three times the monetary benefit obtained through such actions without any upper limit. Additionally, the CMB may prescribe administrative fines in amounts ranging from TL 17,170 to TL 114,464. For an act to constitute an insider trading violation, the information must be utilized in a manner that provides an unfair advantage over other investors. Activities such as market manipulation, disseminating misleading information and engaging in capital market activities without proper authorization obtained from the CMB are also punishable by the same penalties applicable to insider trading. Notwithstanding these sanctions, the effectiveness of this legislation depends largely on the extent to which its provisions are observed by intermediaries and investors and enforced by the CMB. To the extent these provisions are not observed or enforced, prices of securities traded on the ISE may be affected by trading based on material non-public information. Recently, a number of court decisions have imposed insider trading sanctions.

Market Volatility

The ISE can be a highly volatile market, and the ISE-100 index has fluctuated between US$0.64 and US$3.47 from January 1, 2003 to June 30, 2010. Trading on the ISE has traditionally been characterized by a high degree of short-term speculative trading, which is at least partially attributable to the relatively underdeveloped institutional investor base in Turkey and to the relatively small (but growing) size of the retail investor base. The average daily trading volume in the shares of the ten most traded companies on the ISE was TL 556 billion during 2006, TL 725 billion during 2007, TL 805 billion during 2008, TL 824 billion during 2009 and TL 807 billion for the first half of 2010.

As of June 30, 2010, 341 Turkish companies were listed on the ISE and a total of 348 classes of shares of those companies were regularly traded (seven of these companies and classes of shares have been suspended from trading). As of June 30, 2010, the total market capitalization of all companies with equity securities regularly traded on the ISE was approximately TL 388 billion. The average daily trading value of the stocks of all companies whose shares were listed on the ISE was approximately TL 1,490.6 million in 2007 and TL 1,277.8 million in 2008 and TL 1,812.9 million in 2009, and TL 2,389.3 million in the first half of 2010. The free float of shares listed on the ISE as of June 30, 2010 was approximately TL 133.9 billion, with approximately 66% of this amount held by foreigners. A disproportionately large percentage of the market capitalization and trading value of the ISE is represented by a small number of listed companies that are mainly listed on the ISE-30 index. The total market capitalization of the companies trading on the ISE-30 as of June 30, 2010 was TL 250.2 billion (US$158.9 billion), representing approximately 64% of the market capitalization of all companies regularly trading on the ISE as of such date. As of June 30, 2010, the combined market capitalization of the ten companies with the greatest market capitalizations whose shares regularly trade on the ISE was approximately TL 188.3 billion (US$119.6 billion), which represented approximately 49% of the market capitalization of all companies regularly trading on the ISE as of such date.

In 1997, the ISE began to calculate a new series of stock market indices. Today, there are, among others, 14 main indices:

- the National-All Shares Index, which is composed of all National Market companies except investment trusts;
- the ISE National-30, which is composed of the 30 largest National Market companies based, in part, on market and trading values;
- the ISE National-100, which has been calculated since the inception of the ISE and is composed of the 100 largest National Market companies in terms of market and trading values;
- the ISE National-Industrials Index, which is a sectorial index composed of food, beverage, textile, leather, wood, paper, printing, chemicals, petroleum, plastic, non-metal mineral products, basic metals, metal products and machinery manufacturers;
- the ISE National-Services Index, which is a sectorial index composed of electricity, transportation, tourism, wholesale and retail trade, telecommunication and sports companies;
- the ISE National-Financials Index, which is a sectorial index composed of banks, insurance, leasing, factoring and holding and investment companies;
- the ISE Investment Trusts Index, which is composed of investment trusts traded on the National Market;
- the ISE National-50 Index, which is composed of the 50 largest National Market companies based, in part, on market and trading values except investment trusts;
- the ISE National Technology Index, which is a sectorial index composed of technology companies;
- the ISE Second National Index, which is composed of shares trading in the Second National Market;
- the ISE New Economy Index, which is composed of shares trading in the New Economy market;
- the Corporate Governance Index, which is composed of companies complying with the Corporate Governance Principles of the CMB;
- ISE 10 Banks Index, which is composed of the ten bank stocks with the highest liquidity and market capitalization; and
- ISE City Indices, which are categorized by the city where the main production premises or registered office is located, these indexes are comprised of the stock traded on the National Market, Second National Market and New Economy Market. City Indices are calculated for nine cities.

All of the indices are weighted by the publicly-held portion of each constituent company and, for the convenience of foreign investors, are also computed and maintained in US dollar terms. The composition of the ISE National-30 and the ISE National-100 are adjusted quarterly, on the first trading day of January, April, July and October. In order to be included in the ISE National-30, at the end of the evaluation period, the market value of a stock must be greater than the median market value of all stocks traded on the National Market (among the top 75% in the case of the ISE National-100), and the daily average traded value of the stock, excluding primary, special and block sales, must be greater than the median daily average traded value of the National Market (among the top 75% in the case of the ISE National-100). The ISE indices are displayed on the screens of various domestic and international data vendors.

The following table sets out, for each period indicated, the number of trading days on the ISE during such period, the total trading value during such period in US dollars and the average daily trading value during such period, in both nominal Turkish Lira and US dollars.

	Total Trading Value		Average Daily Trading Value	
	Number of Trading Days	US$ millions	TL millions	US$ millions
2007				
1st quarter	62	62,427	1,415	1,009
2nd quarter	64	63,610	1,328	995
3rd quarter	64	90,040	1,794	1,405
4th quarter	62	84,765	1,604	1,354
2008				
1st quarter	64	80,737	1,509	1,260
2nd quarter	63	63,266	1,262	1,004
3rd quarter	64	69,400	1,283	1,066
4th quarter	59	47,871	1,230	808
2009				
1st quarter	63	42,501	1,107	673
2nd quarter	62	86,286	2,181	1,400
3rd quarter	64	91,552	2,134	1,434
4th quarter	63	95,988	2,253	1,525
2010				
1st quarter	63	117,179	2,802	1,872
2nd quarter	63	100,211	2,438	1,600
3rd quarter (through August 31)	43	50,177	1,768	1,166

Source: İstanbul Stock Exchange.

The table below sets out the movement of the ISE National-100 Index and the ISE REIC Index. The highs and lows are for the period indicated.

	ISE National-100 Index			ISE REIC Index		
	First business day of quarter	Low during quarter	High during quarter	First business day of quarter	Low during quarter	High during quarter
2007						
1st quarter	39,006	36,344	44,616	32,087	29,799	36,759
2nd quarter	43,542	43,116	48,570	36,343	32,780	39,240
3rd quarter	47,731	43,291	56,310	35,050	28,671	38,036
4th quarter	54,198	50,940	58,864	36,814	33,819	39,116
2008						
1st quarter	54,708	38,174	55,538	34,399	22,342	34,732
2nd quarter	40,674	34,879	43,996	23,683	21,340	25,481
3rd quarter	33,208	30,971	43,602	20,732	16,750	24,099
4th quarter	34,553	20,912	36,051	17,133	10,054	17,783
2009						
1st quarter	27,006	22,583	28,733	12,116	11,192	13,750
2nd quarter	25,944	25,558	37,719	13,748	13,549	20,460
3rd quarter	37,246	36,262	48,990	19,753	19,358	28,545
4th quarter	47,804	44,679	53,155	27,511	24,706	30,061
2010						
1st quarter	53,368	48,080	57,645	28,859	26,894	35,289
2nd quarter	57,708	51,757	59,772	34,967	28,552	35,381
3rd quarter	54,534	53,911	66,122	28,588	28,112	32,958

Source: İstanbul Stock Exchange.

FOREIGN INVESTMENT AND EXCHANGE CONTROLS

The following is a summary of the relevant Turkish laws in force as of the date of this offering memorandum. This summary does not purport to be a comprehensive description of all the foreign investment and exchange control considerations that may be relevant to your decision to subscribe for or purchase the Class C Shares.

Until the promulgation of Decrees 28 and 30 on the Protection of the Value of the Turkish Currency in 1983, which granted Turkish citizens limited rights to hold and trade foreign currencies, Turkish exchange regulations strictly controlled exchange movements. After the establishment of a foreign exchange market in August 1988, the exchange rate of the Turkish Lira began to be determined by market forces, and today banks in Turkey set their own foreign exchange rates independently of those announced by the Central Bank. Pursuant to Decree 32, issued in August 1989, the Government abolished restrictions on the convertibility of the Turkish Lira by facilitating exchange of the proceeds of transactions in Turkish securities by foreign investors, enabling Turkish citizens to purchase securities on foreign securities exchanges, permitting residents and non-residents to buy foreign exchange without limitation and to transfer such foreign exchange abroad, and permitting Turkish companies to invest abroad without ministerial approval. Decree 32 provides that persons not resident in Turkey may purchase and sell shares of Turkish companies, provided that such transactions are effected through a Turkish bank or broker which are duly authorized under applicable market legislation. Decree 32 further provides that a non-resident person may freely repatriate dividends received and proceeds of their sale in respect of such securities and other capital market instruments and that the relevant transfer should be made through banks.

Law No. 4875 on Direct Foreign Investments, which replaced Law No. 6224 on June 17, 2003, defines foreign direct investment as, among other things, share acquisitions outside the stock exchange or through a stock exchange where the foreign investor owns 10% or more of the shares or voting power. Pursuant to Law No. 4875, foreign investment in Turkey is no longer subject to prior approval. As a result of the adoption of Law No. 4875, and subject to the provisions of Decree 32, foreign investors are now subject to the same requirements as a domestic investor when investing in a Turkish company.

The Regulation on the Application of Direct Foreign Investments Law requires a public Turkish company to notify the Foreign Investment General Directorate within one month, in the event a non-resident holder acquires 10% or more of the share capital or voting rights of such public company.

TAXATION

The following discussion is a summary of certain Turkish tax and US federal income tax considerations relating to an investment in the Class C Shares. The discussion is based on current law and is for general information only. The discussion below is not intended to constitute a complete analysis of all tax consequences relating to ownership of the Class C Shares. You should consult your own tax advisors concerning the tax consequences of your particular situation. The discussion is based upon laws and relevant interpretations thereof in effect as of the date of this offering memorandum, all of which are subject to change, possibly with retroactive effect.

Turkey

Tax Status of Shareholders

Turkish income tax laws impose two different types of income tax liability. Those who are resident in Turkey ("Residents") are liable for Turkish income taxation on their worldwide income and those who are not resident in Turkey ("Non-Residents") are subject to Turkish income taxation on their Turkish source income only.

Real persons are considered Residents in Turkey, if (i) they are domiciled in Turkey in accordance with the Turkish Civil Code, or (ii) they stay in Turkey for more than six months within a calendar year. Real persons are considered Non-Residents if they are not Residents.

Legal persons are treated as Residents in Turkey if they are incorporated in Turkey under relevant Turkish laws or, if their effective place of management is in Turkey even if they are incorporated outside Turkey. Legal persons are considered Non-Residents if they are neither incorporated in Turkey nor have any effective place of management in Turkey.

Dividend income is considered Turkish source income where the capital is invested in Turkey. As for capital gains, they are treated as Turkish source income if the transaction leading to the gains is concluded in Turkey, the payment is made in Turkey or the payment is accounted for in Turkey even if the payment is made outside Turkey.

Dividends, if any, to be paid to holders of Class C Shares and capital gains to arise upon disposal of any Class C Shares on the ISE will be considered as Turkish source income.

Taxation of Turkish Real Estate Investment Corporations

Corporate Income Taxation

As a Turkish corporation, a REIC is subject to Turkish income tax regulations. However, all profits of a REIC become exempt from Turkish corporate income tax under the Turkish Corporate Tax Law ("Law 5520") once it is recognized as REIC under the CML and rules introduced by the CMB, and remain exempt as long as the REIC status is maintained.

Internal Withholding Taxation

Although all profits of a REIC are exempt from corporate income taxation, under Law 5520 the profits exempted from corporate tax are subject to a 15% internal withholding tax, regardless of whether or not the profits of the REIC are distributed. As of the date of this offering memorandum, the rate of internal withholding tax is 0%.

Dividend Distribution

Dividend distributions by a Turkish corporation are generally subject to a 15% withholding tax at source, except for Resident corporate taxpayers and Non-Resident corporations which hold the shares through a permanent establishment/representative in Turkey. However, since the profits of a REIC are subject to an internal withholding tax regardless of whether such profits are distributed or not, if dividends are paid from profits which are exempt from corporate income tax, no further dividend withholding tax is applied on such dividends under Law 5520, as opposed to the regular withholding tax regime applied to dividends distributed by a Turkish corporation.

Taxation of Dividends

Resident Shareholders—Real Persons

Half of the dividends received from a Turkish resident corporation are exempt from Turkish individual income taxation in accordance with Turkish Income Tax Law 193 (“Law 193”). Where the taxable dividends in a year exceed a ceiling, which is set at TL 22,000 for 2010, an annual income tax return is required to be filed for all taxable dividends.

Individual income tax rates vary from 15% to 35%, based on a progressive income tax tariff. Income tax rates for income received by individuals are set forth below.

Minimum	Maximum	Tax Rate
TL 0	TL 8,800	15%
TL 8,800	TL 22,000	20% on amounts exceeding TL 8,800 plus a flat tax in the amount of TL 1,320
TL 22,000	TL 50,000	27% on amounts exceeding TL 22,000 plus a flat tax in the amount of TL 3,960
TL 50,000	—	35% on amounts exceeding TL 50,000 plus a flat tax in the amount of TL 11,520

Bonus shares issued by a Turkish corporation in connection with an increase of share capital by using profits retained by such corporation, are not considered earned dividend income and therefore they are not subject to filing requirements.

Resident Shareholders—Corporate Taxpayers

Dividends received from another Turkish resident corporation are exempt from Turkish corporate income taxation in the hands of the recipient shareholder under Law 5520. However, the dividends received from a REIC are not eligible for this exemption. Therefore, dividends from a REIC are subject to regular rules governing the corporate income taxation of profits of a resident corporation.

Non-Resident Shareholders

Withholding tax applied at the source on income from movable capital invested into Turkey (i.e. interest, dividends, and alike) is normally a final Turkish tax for non-residents. Turkish source income which has not been taxed as such is subject to taxation in Turkey through filing by non-residents.

Where the shares of a Turkish corporation are held by a non-resident corporation through a permanent establishment in Turkey, taxation of dividends paid by such Turkish corporation is subject to the same rules governing the taxation of Turkish resident corporations.

Taxation of Capital Gains

Until the end of 2015, taxation of the capital gains arising from the disposal of shares traded on the ISE will be governed by Temporary Article 67 of the Law 193 (“Temporary Article 67”).

Temporary Article 67 envisages a withholding tax mechanism whereby intermediary banks and brokerage firms operating in Turkey are held responsible for implementing the withholding tax on the capital gains arising from sale of shares through those banks and brokerage firms. For Non-Resident investors of our shares, their custodians in Turkey will normally be responsible for the collection of the withholding tax.

The statutory withholding tax rate of capital gains is set at 15%. However, as of the date of this offering memorandum, the rate of withholding tax on the capital gains arising from the disposal of shares traded on the ISE is 0% for all Resident and Non-Resident investors, regardless of whether they are real persons or legal entities. The rate of withholding tax on capital gains of Turkish securities investment funds, pension funds, and Turkish securities investment corporations is also 0%.

The withholding tax paid, albeit at 0%, at the level of intermediary banks or brokerage houses, including the custodians in Turkey, is a final Turkish tax for Non-Residents, provided that the gains are not related to shares that are held through their permanent establishments in Turkey. The withholding tax is also a final tax for individual investors who are Residents in Turkey.

Where the shares are held as a business asset by individual investors resident in Turkey, any interest income or capital gains will be subject to full Turkish income taxation through annual filing with a tax credit for the withholding tax.

Corporate taxpayers who are Residents in Turkey will be subject to corporate income taxation, for any capital gains arising from the disposal of shares with a tax credit for the withholding tax. The same treatment will be valid for Non-Resident corporate taxpayers who hold and sell the shares through their permanent establishments in Turkey.

The Government is authorized to regulate and amend the rates applicable under Temporary Article 67 at any time. Therefore, there can be no guarantee that the 0% withholding tax will be maintained in the future.

If the withholding tax rate is increased from 0% in the future, Non-Resident real persons may voluntarily file a special tax return on annual basis to offset capital losses arising from the sale of capital market instruments against capital gains from another sale, provided that the assets sold are in the same category for that purpose (e.g., fixed income securities, variable income securities). Capital losses may not be carried forward to future tax years.

Taxation of Investment and Mutual Funds

Non-resident investment funds will be subject to same taxation principles as other Non-Resident entities.

Stamp Taxes

According to the Turkish Stamp Tax Law (Law No. 488), all agreements and documents including a monetary amount are subject to a 0.825% stamp tax on an aggregated basis. Among other things, loan agreements executed with banks and foreign credit institutions (whether on a cash or non-cash basis), company establishments, and capital increases are exempt from stamp tax. The amount of stamp tax per document may not exceed a maximum of TL1,161,915.90 for 2010. According to Article 1(a) of the Council of Ministers Decree No. 94/6035, the stamp tax rate is 0% for underwriting agreements to be executed between local brokerage houses or banks and issuers or selling shareholders according to the CMB regulation. Any such agreement or document executed outside of Turkey is not subject to Turkish stamp tax unless it is presented as evidence before a Turkish court or a government authority, benefits of its provisions are realized in Turkey or it is considered out of the scope of the above tax exemption by the Turkish tax authorities.

Turkish Tax Treaties

Turkey has double taxation treaties in effect with certain countries. Many of these treaties provide, subject to a one-year holding period, for non-taxation in Turkey of capital gains on Class C Shares. Additionally, some treaties provide an exemption regardless of the length of the holding period for capital gains derived by residents of these countries as a result of sale of the shares of a Turkish corporation to a Turkish resident, provided that the shares are quoted on the ISE.

As of September 2010, Turkey has relevant double taxation treaties in effect with the following countries:

Albania	Iran	Romania
Algeria	Israel	Russian Federation
Austria	Italy	Saudi Arabia
Azerbaijan	Japan	Serbia and Montenegro
Bangladesh	Jordan	Singapore
Belarus	Kazakhstan	Slovakia
Belgium	Kuwait	Slovenia
Bosnia and Herzegovina	Kyrgyzstan	South Africa
Bulgaria	Latvia	Spain
China	Lebanon	South Korea
Croatia	Lithuania	Sudan
Czech Republic	Luxembourg	Sweden
Denmark	Macedonia	Syria
Estonia	Malaysia	Tajikistan
Ethiopia	Moldova	Thailand
Egypt	Mongolia	Tunisia
Finland	Morocco	Turkmenistan
France	Netherlands	Turkish Republic of Northern Cyprus
Germany	Norway	Ukraine
Greece	Pakistan	United Arab Emirates
Hungary	Poland	United Kingdom
India	Portugal	United States of America
Indonesia	Qatar	Uzbekistan

Source: Presidency of Revenues Administration.

US Federal Income Taxation

The following is a discussion of certain US federal income tax considerations relating to the purchase, ownership and disposition of Class C Shares by US Holders (as defined below) that purchase Class C Shares pursuant to the international offering and hold such Class C Shares as capital assets. This discussion is based on the US Internal Revenue Code of 1986, as amended (the "Code"), US Treasury regulations promulgated or proposed thereunder and administrative and judicial interpretations thereof and the Turkey US Treaty, all as in effect on the date hereof and all of which are subject to change, possibly with retroactive effect, or to different interpretation. This discussion does not address all of the US federal income tax considerations that may be relevant to specific US Holders in light of their particular circumstances or to US Holders subject to special treatment under US federal income tax law (such as banks, insurance companies, dealers in securities or other US Holders that generally mark their securities to market for US federal income tax purposes, tax-exempt entities, retirement plans, regulated investment companies, real estate investment trusts, certain former citizens or residents of the United States, US Holders that hold Class C Shares as part of a straddle, hedge, conversion or other integrated transaction, US Holders that have a "functional currency" other than the US dollar, or US Holders that own (or are deemed to own) 10% or more (by voting power) of the Company's stock). This discussion does not address any US state or local or non-US tax considerations or any US federal estate, gift or alternative minimum tax considerations.

As used in this discussion, the term "US Holder" means a beneficial owner of a Class C Share that is for US federal income tax purposes (i) an individual who is a citizen or resident of the United States, (ii) a corporation created or organized in or under the laws of the United States, any state thereof, or the District of Columbia, (iii) an estate the income of which is subject to US federal income tax regardless of its source or (iv) a trust (x) with respect to which a court within the United States is able to exercise primary supervision over its administration and one or more US persons have the authority to control all of its substantial decisions or (y) that has in effect a valid election under applicable US Treasury regulations to be treated as a US person.

If an entity treated as a partnership for US federal income tax purposes invests in Class C Shares, the US federal income tax considerations relating to such investment will depend in part upon the status and activities of such entity and the particular partner. Any such entity should consult its own tax advisor regarding the US federal income tax considerations applicable to it and its partners relating to the purchase, ownership and disposition of Class C Shares.

PERSONS CONSIDERING AN INVESTMENT IN CLASS C SHARES SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSIDERATIONS APPLICABLE TO THEM RELATING TO THE PURCHASE, OWNERSHIP AND DISPOSITION OF CLASS C SHARES, INCLUDING THE APPLICABILITY OF US FEDERAL, STATE AND LOCAL TAX LAWS AND NON-US TAX LAWS. IN PARTICULAR, IT IS LIKELY THAT WE WILL BE TREATED AS A PASSIVE FOREIGN INVESTMENT COMPANY FOR US FEDERAL INCOME TAX PURPOSES FOR OUR 2010 TAXABLE YEAR, AND THERE IS A SUBSTANTIAL RISK THAT WE WILL BE SO TREATED FOR OUR SUBSEQUENT TAXABLE YEARS. CONSEQUENTLY, PERSONS CONSIDERING AN INVESTMENT IN CLASS C SHARES SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE TAX CONSIDERATIONS RELATING TO THE PURCHASE, OWNERSHIP AND DISPOSITION OF AN INVESTMENT IN A PASSIVE FOREIGN INVESTMENT COMPANY.

EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF US FEDERAL TAX ISSUES IN THIS OFFERING MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER, FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER UNDER US FEDERAL TAX LAW; (B) ANY SUCH DISCUSSION IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

Passive Foreign Investment Company

In general, a corporation organized outside the United States will be treated as a “passive foreign investment company” (“PFIC”) for US federal income tax purposes in any taxable year in which either (i) at least 75% of its gross income is “passive income” or (ii) on average at least 50% of the value of its assets is attributable to assets that produce passive income or are held for the production of passive income. Passive income for this purpose generally includes, among other things, dividends, interest, royalties, rents, and gains from commodities transactions and from the sale or exchange of property that gives rise to passive income. In determining whether a non-US corporation is a PFIC, a *pro rata* portion of the income and assets of each corporation in which it owns, directly or indirectly, at least a 25% interest (by value) is taken into account.

Although it is not entirely certain, based on our current and projected income, assets and activities, it is likely that we will be treated as a PFIC for US federal income tax purposes for our 2010 taxable year, and there is a substantial risk that we will be treated as a PFIC for our subsequent taxable years. Because the determination of whether a company is a PFIC is made annually at the end of each taxable year and is dependent upon a number of factors, including the value of the company’s assets and the amount and type of its income, no assurance can be given as to our current or future PFIC status. If we are treated as a PFIC for our 2010 taxable year and cease to be a PFIC for a subsequent taxable year, the tax consequences of investment in a PFIC described below generally will continue to apply to a US Holder that holds Class C Shares unless such US Holder has made a timely mark-to-market election as discussed below or, in the case of a US Holder that has not made a timely mark-to-market election, such US Holder validly makes a “deemed sale election” as described in applicable US Treasury regulations with respect to us. As discussed below, a qualified electing fund election with respect to us will not be available.

The remainder of this discussion assumes that we will be treated as a PFIC for our 2010 taxable year and continue to be treated as a PFIC for our subsequent taxable years. Persons considering an investment in Class C Shares should consult their own tax advisors regarding the US federal income tax considerations relating to the purchase, ownership and disposition of an investment in a PFIC and such tax considerations in the event that we are not treated as a PFIC in any taxable year, including the availability and tax consequences of a “deemed sale election.”

Distributions

A distribution on a Class C Share to a US Holder during a taxable year (without reduction for any Turkish income tax withheld from such distribution) generally will be treated as an "excess distribution" to the extent of the ratable portion of the excess of all distributions to such US Holder on such Class C Share during such taxable year over 125 percent of the average annual distributions to such US Holder on such Class C Share during the preceding three taxable years (or shorter period during which such US Holder held such Class C Share). An excess distribution with respect to a Class C Share will be allocated ratably to each day of such US Holder's holding period for such Class C Share. The amount of excess distribution allocated to the taxable year of such distribution or to any portion of the US Holder's holding period prior to the first taxable year for which we were a PFIC will be taxed as ordinary income for the taxable year of such distribution. The amount of excess distribution allocated to any other period included in such US Holder's holding period cannot be offset by any net operating losses of such US Holder and will be taxed at the highest marginal rates applicable to ordinary income for each such period and, in addition, an interest charge will be imposed on the amount of tax so derived for each such period.

To the extent a distribution on a Class C Share is not treated as an excess distribution to a US Holder, such US Holder generally will be required to include the amount of such distribution in gross income as a dividend to the extent of our current or accumulated earnings and profits (as determined for US federal income tax purposes) that are not allocated to excess distributions. To the extent the amount of such distribution exceeds such current and accumulated earnings and profits, it will be treated first as a non-taxable return of capital to the extent of such US Holder's adjusted tax basis in such Class C Share and thereafter will be treated as gain from the sale or exchange of such Class C Share (which gain should be treated as an excess distribution and be subject to tax consequences relating to an excess distribution described above). We have not maintained and do not plan to maintain calculations of earnings and profits for US federal income tax purposes. As a result, a US Holder may need to include the amount of such distribution in income as a dividend.

The amount of any cash distribution on Class C Shares made in non-US currency generally should be calculated by reference to the exchange rate between the US dollar and such non-US currency in effect on the date of actual or constructive receipt of such distribution by the US Holder, regardless of whether the non-US currency so received is in fact converted into US dollars. If the non-US currency so received is converted into US dollars on the date of receipt, such US Holder generally should not recognize foreign currency gain or loss on such conversion. If the non-US currency so received is not converted into US dollars on the date of receipt, such US Holder generally will have a basis in such non-US currency equal to the US dollar value of such non-US currency on the date of receipt. Any gain or loss on a subsequent conversion or other disposition of such non-US currency by such US Holder generally will be treated as ordinary income or loss and generally will be income or loss from sources within the United States. The amount of any distribution of property other than cash will be, in general, the fair market value of such property as of the date of distribution.

Distributions on Class C Shares that are treated as dividends generally will constitute income from sources outside the United States and generally will be categorized for US foreign tax credit purposes as "passive category income" or, in the case of some US Holders, as "general category income." Such dividends will not be eligible for the "dividends received" deduction generally allowed to corporate shareholders with respect to dividends received from US corporations or for the reduced tax rate applicable to "qualified dividend income" received by certain non-corporate taxpayers through taxable years beginning on or before December 31, 2010. A US Holder may be eligible to elect to claim a US foreign tax credit against its US federal income tax liability, subject to applicable limitations and holding period requirements, for Turkish income tax withheld, if any, from distributions received in respect of Class C Shares. A US Holder that does not elect to claim a US foreign tax credit for Turkish income tax withheld may instead claim a deduction for such withheld tax, but only for a taxable year in which the US Holder elects to do so with respect to all non-US income taxes paid or accrued in such taxable year. The rules relating to US foreign tax credits are very complex, and persons considering an investment in Class C Shares should consult their own tax advisors regarding the application of such rules.

Sale, Exchange or Other Disposition of Class C Shares

A US Holder generally will recognize gain or loss for US federal income tax purposes upon the sale, exchange or other disposition (including, without limitation, gain with respect to certain transfers upon death, gifts and pledges) of a Class C Share in an amount equal to the difference, if any, between the amount realized on the sale, exchange or other disposition and such US Holder's adjusted tax basis in such Class C Share. Any such gain generally will be treated as an excess distribution subject to the tax consequences relating to an excess distribution described above under "*—Distributions*." Any such loss generally will be treated as a capital loss. The deductibility of capital losses is subject to limitations. Such gain or loss to the extent taken into account in determining the taxable income for the taxable year of such sale, exchange or disposition generally will be sourced within the United States.

A US Holder that receives non-US currency from the sale, exchange or other disposition of Class C Shares generally will realize an amount equal to the US dollar value of such non-US currency on the settlement date of such sale, exchange or other disposition if (i) such US Holder is a cash basis or electing accrual basis taxpayer and Class C Shares are treated as being "traded on an established securities market" for this purpose or (ii) such settlement date is also the date of such sale, exchange or other disposition. If such non-US currency so received is converted into US dollars on the settlement date, such US Holder generally should not recognize foreign currency gain or loss on such conversion. If such non-US currency so received is not converted into US dollars on the settlement date, such US Holder generally will have a basis in such non-US currency equal to the US dollar value of such non-US currency on the settlement date. Any gain or loss on a subsequent conversion or other disposition of such non-US currency by such US Holder generally will be treated as ordinary income or loss and generally will be income or loss from sources within the United States. Persons considering an investment in Class C Shares should consult their own tax advisors regarding the US federal income tax consequences of receiving non-US currency from the sale, exchange or other disposition of Class C Shares in cases not described in the first sentence of this paragraph.

Indirect Investments in PFICs

We may hold, directly or indirectly, equity interests in other entities that are PFICs ("lower-tier PFICs"). The rules relating to an excess distribution described above under "*—Distributions*" and "*—Sale, Exchange or Other Disposition of Class C Shares*" generally will apply to direct and indirect dispositions of our equity interests in such other entities (including dispositions by a US Holder and dispositions by us of our equity interests in such entities) and distributions by such entities. Persons considering an investment in Class C Shares should consult their own tax advisors regarding the tax consequences to them of our direct or indirect investment in other PFICs.

Mark-To-Market Election

The tax consequences relating to an excess distribution described above under "*—Distributions*" and "*—Sale, Exchange or Other Disposition of Class C Shares*" generally will not apply if a mark-to-market election is available and a US Holder validly makes such an election as of the beginning of such US Holder's holding period for Class C Shares. Instead, such US Holder generally would be required to take into account the difference, if any, between the fair market value of, and its adjusted tax basis in, Class C Shares at the end of each taxable year in which we are a PFIC as ordinary income or, to the extent of any net mark-to-market gains previously included in income, ordinary loss, and to make corresponding adjustments to the tax basis in such Class C Shares. In addition, any gain from a sale, exchange or other disposition of Class C Shares in a taxable year in which we are a PFIC would be treated as ordinary income, and any loss from such sale, exchange or other disposition would be treated as ordinary loss to the extent of any net mark-to-market gains previously included in income. A mark-to-market election is available to a US Holder only if Class C Shares are considered "marketable stock." Generally, stock will be considered marketable stock if it is "regularly traded" on a "qualified exchange" within the meaning of applicable US Treasury regulations. A class of stock is regularly traded for any calendar year during which such class of stock is traded, other than in *de minimis* quantities, on at least 15 days during each calendar quarter. Pursuant to a special rule that applies to a company that initiates a public offering of a class of stock during the fourth quarter of the calendar year, the Class C Shares will be treated as "regularly traded" for the 2010 calendar year if the Class C Shares are traded on a qualified exchange, other than in *de minimis* quantities, on the greater of ⅙ of the days remaining in the quarter in which the global offering occurs, or five days. A non-US securities exchange constitutes a qualified exchange if it is regulated or supervised by a governmental authority of the country in which the securities exchange is located and meets certain trading, listing, financial disclosure and other requirements set forth in US Treasury regulations. No assurance can be given whether Class C Shares will constitute marketable stock for this purpose. In addition, it is not clear whether a mark-to-market election made with respect to us will apply to any equity interests in lower-tier PFICs that we own. Therefore, even if a US Holder makes a valid mark-to-market election with respect to us, such US Holder may continue to be subject to the PFIC rules described above under "*—Distributions*," "*—Sale, Exchange or Other Disposition of Class C Shares*" and "*—Indirect Investments in PFICs*" with respect to its indirect interest in any lower-tier PFICs that we own. Persons considering an investment in Class C Shares should consult their own tax advisors with respect to the availability and tax consequences of a mark-to-market election with respect to Class C Shares, including our equity interests in lower-tier PFICs.

Qualified Electing Fund Election

The tax consequences relating to an excess distribution described above under "*—Distributions*," "*—Sale, Exchange or Other Disposition of Class C Shares*" and "*—Indirect Investments in PFICs*" generally would not apply if a "qualified electing fund" ("QEF") election were available and a US Holder had validly made such an election as of the beginning of such US Holder's holding period for Class C Shares. In order for the QEF election to also apply to lower-tier PFICs that we own, a separate QEF election would have to be made for each such lower-tier PFIC. In such event, such US Holder generally would be required to include in income on a current basis its *pro rata* share of our (and our lower-tier PFICs with respect to which a QEF election is made) ordinary income and net capital gains in each taxable year in which we were a PFIC.

We currently do not intend to provide US Holders with the annual information statement required for a US Holder to make a QEF election with respect to us or any lower-tier PFICs. Therefore, US Holders should assume that a QEF election is not available.

PFIC Information Reporting

If we are a PFIC, a US Holder may be subject to additional information reporting requirements with respect to its investment in Class C Shares. Under recently enacted legislation, US persons who are shareholders of a PFIC generally will be required to file annual statements with their US federal income tax returns with respect to such investment. Such legislation does not describe what information will be required to be included in the additional annual filing, but rather grants the Secretary of the US Treasury authority to decide what information must be included in such annual filing. Under such legislation, the period of limitations on assessment and collection of US federal income taxes may be extended in the event of a failure to comply with such annual filing. Persons considering an investment in Class C Shares should consult their own tax advisors as to the possible application to them of PFIC information reporting requirements.

Information Reporting and Backup Withholding

Information reporting and backup withholding requirements may apply to certain payments to certain holders of stock. Information reporting generally will apply to payments of dividends on, and to proceeds from the sale, exchange or other disposition of, Class C Shares made within the United States, or by a US payor or US middleman, to a US Holder unless such US Holder is an entity that is exempt from information reporting and, when required, demonstrates this fact. Any such payments or proceeds to a US Holder that are subject to information reporting generally will also be subject to backup withholding unless such US Holder provides the appropriate documentation to the applicable withholding agent certifying that, among other things, its taxpayer identification number is correct, or otherwise establishes an exemption.

Any amounts withheld under the backup withholding rules generally will be allowed as a refund or a credit against a US Holder's US federal income tax liability if the required information is furnished by the US Holder on a timely basis to the US Internal Revenue Service (the "IRS").

Reportable Transactions

A US Holder that participates in any "reportable transaction" (as defined in US Treasury regulations) must attach to its US federal income tax return a disclosure statement on IRS Form 8886. Persons considering an investment in Class C Shares should consult their own tax advisors as to the possible obligation to file IRS Form 8886 with respect to the sale, exchange or other disposition of any non-US currency received as a dividend on, or as proceeds from the sale, exchange or other disposition of, Class C Shares.

Disclosure Requirements for Specified Foreign Financial Assets

Under recent legislation, individual US Holders (and certain US entities specified in IRS guidance) who, during any taxable year, hold any interest in any "specified foreign financial asset" generally will be required to file with their US federal income tax returns a statement setting forth certain information if the aggregate value of all such assets exceeds US$50,000. "Specified foreign financial asset" generally includes any financial account maintained with a non-US financial institution and may also include Class C Shares if they are not held in an account maintained with a US financial institution. Substantial penalties may be imposed, and the period of limitations on assessment and collection of US federal income taxes may be extended, in the event of a failure to comply. Persons considering an investment in Class C Shares should consult their own tax advisors as to the possible application to them of this filing requirement.

CERTAIN ERISA CONSIDERATIONS

ERISA and the rules and regulations of the US Department of Labor (“DOL”) under ERISA govern the investment of the assets of ERISA Plans (as defined below). DOL regulations on the subject of whether investment by an ERISA Plan in our Class C Shares may result in our assets being deemed plan assets contain a general rule that, when an ERISA Plan invests in an equity interest of an entity such as us, and when the interest acquired by the ERISA Plan is neither a publicly offered security registered under the US securities laws, nor a security issued by an investment company registered under the Investment Company Act of 1940, the ERISA plan’s assets may include both the equity interest and an undivided interest in each of the underlying assets of the entity, unless the aggregate equity participation in the entity by benefit plan investors is not “significant” (as more fully described below). The term “Benefit Plan Investor” means (i) any “employee benefit plan” (as defined in section 3(3) of ERISA), subject to the fiduciary responsibility provisions of Title I of ERISA, (ii) any “plan” to which section 4975 of the United States Internal Revenue Code (the “Code”) applies (the entities described in clauses (i) and (ii) being referred to herein as “ERISA Plans”), and (iii) any entity whose underlying assets include plan assets by reason of an ERISA Plan’s investment in that entity, but only to the extent of the percentage of the equity interests in such entity that are held by Benefit Plan Investors.

Under the DOL regulations as modified by Section 3(42) of ERISA, equity participation in an entity by benefit plan investors is “significant” on any date if, immediately after the most recent acquisition of any equity interest in the entity, 25.0% or more of the total value of any class of equity interest in the entity is held by Benefit Plan Investors. For purposes of this determination, the value of equity interests held by a person (other than a Benefit Plan Investor) that has discretionary authority or control with respect to the assets of the entity or that provides investment advice for a fee (direct or indirect) with respect to such assets (or any affiliate of any such person) is disregarded.

We intend to prohibit Benefit Plan Investors from acquiring or holding our Class C Shares. Because our Class C Shares are traded on the İstanbul Stock Exchange and therefore difficult to monitor, there can be no assurance that such shares would not be acquired by Benefit Plan Investors and therefore may cause our assets to be deemed plan assets that are subject to ERISA or Section 4975 of the Code. By its purchase and holding of any Class C Shares, the purchaser thereof will be deemed to make the representations and agreements concerning its status as a Benefit Plan Investor or other employee benefit plan as set forth herein under “Transfer and Selling Restrictions.”

The discussion of ERISA and Section 4975 of the Code contained in this offering memorandum should not be construed as legal advice and is, of necessity, general, and does not purport to be complete. Moreover, the provisions of ERISA and Section 4975 of the Code are subject to extensive and continuing administrative and judicial interpretation and review. Therefore, the matters discussed above may be affected by future regulations, rulings and court decisions, some of which may have retroactive application and effect.

PLAN OF DISTRIBUTION

The Global Offering

The Company and the Selling Shareholders are offering 56,352,942 Class C Shares in the global offering, which consists of (i) a public offering of 11,270,590 Class C Shares to retail and institutional investors in Turkey (the "domestic offering") in reliance on Regulation S and (ii) an offering of 45,082,352 Class C Shares outside of the United States and Turkey to certain institutional investors in offshore transactions in reliance on Regulation S and in the United States only to QIBs in reliance on Rule 144A (the "international offering" and, together with the domestic offering, the "global offering"). The allocation of Class C Shares between the domestic offering and the international offering is subject to change.

Subject to the terms and conditions set out in the international underwriting agreement expected to be executed on or about the date of this offering memorandum (the "Underwriting Agreement") among the Company, the Selling Shareholders and J.P. Morgan Securities Ltd. (the "Global Coordinator"), the Company and the Selling Shareholders will agree to issue or sell, as the case may be, and deliver to the Global Coordinator, and the Global Coordinator will agree to procure purchasers for, or, failing which, to purchase from the Company and the Selling Shareholders, the Class C Shares to be sold in the international offering.

Concurrently with the international offering, the Company and the Selling Shareholders are offering Class C Shares in the domestic offering pursuant to a Turkish language offering memorandum that has been or will be registered with, and approved by, the CMB. The domestic offering is being made pursuant to an underwriting and consortium agreement with a syndicate of Turkish financial institutions led by İş Yatırım (the "Domestic Underwriting Syndicate").

The following table sets forth the number of Class C Shares (not including the Additional Shares) that the Global Coordinator and the Domestic Underwriting Syndicate have agreed to severally, and not jointly, procure purchasers for, or, failing which, to purchase themselves, in the global offering pursuant to the underwriting agreements described above:

Manager	Number of Class C Shares
J.P. Morgan Securities Ltd.	[•]
Domestic Underwriting Syndicate (led by İş Yatırım Menkul Değerler A.Ş.)	[•]
Total	[•]

The Class C Shares are proposed to be sold at the offer price set forth on the cover page of this offering memorandum. Prior to the global offering, there has been no public market for our securities. No assurance can be given as to the liquidity of the trading market for the Class C Shares. See "*Risk Factors—Risks Related to the Class C Shares and the Global Offering—There has been no prior public market for our Class C Shares and our Class C Shares may experience price and volume fluctuations*" and "*—The İstanbul Stock Exchange is less liquid than major global exchanges and may be more volatile, which may adversely affect your ability to trade Class C Shares purchased in the global offering.*"

The Managers will receive a combined management, underwriting and selling commission of 1.17% of the gross proceeds from the sale of the Class C Shares in the global offering, including the sale of any Additional Shares.

The Company has agreed to pay certain out-of-pocket expenses of the Managers, the Company and Selling Shareholders associated with the global offering.

The Global Coordinator has the right to terminate the Underwriting Agreement in certain circumstances on or prior to the Closing Date. The Underwriting Agreement provides that the Global Coordinator's obligations are subject to the approval of certain legal matters by counsel and to other conditions precedent.

The Company and the Selling Shareholders have agreed to indemnify the Global Coordinator against certain liabilities arising out of or in connection with the offer and sale of the Class C Shares, or to contribute to payments that the Global Coordinator may be required to make because of any of those liabilities.

The Global Coordinator proposes to resell Class C Shares in the United States to QIBs in reliance on Rule 144A. Any offer or sale of Class C Shares in reliance on Rule 144A will be made by broker-dealers who are registered as such under the Exchange Act.

İş Yatırım has performed investment banking and advisory services for us from time to time for which they have received customary fees and expenses. In addition, we have in the past entered, and expect to continue to enter, into commercial banking transactions with affiliates of İş Yatırım. See "*Operating and Financial Review—Liquidity and Capital Resources—Financing Agreements—İş Bankası*." The Managers may, from time to time, engage in other transactions with us in the ordinary course of their business.

Over-allotment and Stabilization

In connection with the global offering, up to 8,452,942 additional Class C Shares (the "Additional Shares") may be sold by Aziz Torun and Mehmet Torun (4,226,471 Class C Shares each) on the Closing Date for the purpose of covering over-allotments.

It has been agreed that Aziz Torun and Mehmet Torun will allocate the proceeds from the sale of the Additional Shares or, if the Additional Shares are not sold, that the Selling Shareholders will allocate funds (calculated to be an amount equal to 15% of the gross proceeds of the global offering) (in either case, the "Stabilization Funds") to İş Yatırım, as stabilization manager (the "Stabilization Manager"), to conduct price stabilization activities. On or prior to the Closing Date, the relevant Selling Shareholders will deposit the Stabilization Funds in a special investment account at İş Yatırım and grant to the Stabilization Manager exclusive discretionary authority to undertake stabilization activities with the Stabilization Funds.

The Stabilization Manager may, after consultation with J.P. Morgan, use the Stabilization Funds to effect transactions with a view to supporting the market price of the Class C Shares on the ISE at levels higher than those which might otherwise prevail for a limited period after the offer price is announced. In accordance with the regulations of the CMB, stabilizing activities may be carried on for a maximum period of 30 days following the commencement of trading of the Class C Shares on the ISE (the "Stabilization Period") and may be effected only on the ISE. Orders can be given only to stop a decline in the share price, may not be given at prices above the offer price and must otherwise comply with the regulations of the CMB and the ISE. Such transactions must be brought to an end at the expiry of the Stabilization Period or, if earlier, once the Stabilization Funds have been fully utilized. No representation is made as to the magnitude or effect of any such stabilizing or other transactions and any such activities or transactions would not constitute a guarantee of any share price. The Stabilization Manager is not obliged to engage in stabilization activities and may, upon public disclosure, discontinue any of these activities at any time.

Following the Stabilization Period, the Stabilization Manager will transfer to the Selling Shareholders who provided Stabilization Funds (i) if no stabilization activities were conducted, the total amount of Stabilization Funds, or (ii) if stabilization activities were conducted, the Class C Shares purchased through stabilization activities together with the remaining amount of Stabilization Funds.

Subscription, Settlement and Trading

A subscription form required by Turkish capital markets regulations must be completed in order to subscribe for Class C Shares. The subscription form provided by the Global Coordinator must be returned in electronic form at the time the order is placed and in no event later than 5:30 p.m. GMT on October 15, 2010. The original executed form also must be returned by post or courier to the Global Coordinator by October 19, 2010.

Payment for the Class C Shares is expected to be in Turkish Lira in same-day funds. If you do not maintain a custody account in Turkey, you are required to open a custody account with a recognized Turkish depositary, and provide details of such custody accounts to the Global Coordinator, in order to make payments of Turkish Lira and receive Class C Shares. You must provide details of such custody accounts to the Global Coordinator no later than October 19, 2010. The Class C Shares will be delivered to your Turkish custody account on or about the Closing Date by means of book-entry registration, subject to timely and satisfactory provision of account details.

Lock-up Arrangements

We, our officers and directors and the Selling Shareholders have agreed that, subject to certain exceptions, neither we nor they, nor any affiliates of the Selling Shareholders, nor any person acting on our or their behalf will, during a period from the date of the Underwriting Agreement to and including 360 days from the Closing Date, without the prior written consent of the Global Coordinator, (i) directly or indirectly, issue, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of any Class C Shares (including any Class C Shares acquired in the global offering or after the global offering) or our other shares, or any securities convertible into or exercisable or exchangeable for Class C Shares or our other shares, or file any registration statement under the Securities Act or any similar document with any other securities regulator, stock exchange, or listing authority with respect to any of the foregoing, or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Class C Shares (including any Class C Shares acquired in the global offering or after the global offering) or our other shares, whether any such transaction described in (i) or (ii) is to be settled by delivery of Class C Shares or other securities, in cash or otherwise, or (iii) publicly announce such an intention to effect any such transaction. With respect to the Company and its affiliates, the foregoing restriction does not apply to the issuance of Class C Shares in the global offering. With respect to the Selling Shareholders and their affiliates, the foregoing restriction does not apply to (i) the sale of Class C Shares in the global offering or (ii) any inter-company transfers of Class C Shares between the Selling Shareholders and companies that are their affiliates, provided that any such transferee would also be subject to the restrictions described above and provided further that any such inter-company transfer is performed on terms and conditions that do not conflict with the global offering. The foregoing restrictions shall also apply to Class C Shares which are acquired or agreed to be acquired by the persons subject to the lock-up agreements from the date of the Underwriting Agreement until the expiration of the 360-day period.

Selling Restrictions

No action has been or will be taken in any jurisdiction other than Turkey that would permit a public offering of our Class C Shares, or the possession, circulation or distribution of this offering memorandum or any other material relating to us or our Class C Shares in any jurisdiction where action for that purpose is required.

Each purchaser of Class C Shares will be deemed to have made certain acknowledgements, representations and agreements as described under "*Transfer Restrictions*."

Dubai International Financial Centre

The Class C Shares have not been and will not be offered, sold or publicly promoted or advertised in the Dubai International Financial Centre (the "DIFC") other than in compliance with laws applicable in the DIFC governing the issue, offering or the sale of securities.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") an offer to the public of any Class C Shares which are the subject of the offering contemplated by this offering memorandum may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any Class C Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;

(c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Global Coordinator for any such offer; or

(d) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Class C Shares shall result in a requirement for the publication by us, the Selling Shareholders or the Global Coordinator of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any Class C Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Class C Shares to be offered so as to enable an investor to decide to purchase any Class C Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/7I/EC and includes any relevant implementing measure in each Relevant Member State.

Each purchaser of Shares in the offering contemplated by this offering memorandum located within a Relevant Member State will be deemed to have represented, acknowledged and agreed that is a qualified investor within the meaning of Article 2(1)(e) of the Prospectus Directive. In the case of any Class C Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Class C Shares acquired by it in the offering contemplated by this offering memorandum have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Class C Shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the Global Coordinator has been obtained to each such proposed offer or resale. The Company, the Selling Shareholders, the Global Coordinator and its affiliates and others will rely (and the Company and the Selling Shareholders acknowledge that the Global Coordinator and its affiliates and others will rely) upon the truth and accuracy of the foregoing representations, acknowledgements and agreements. Notwithstanding the above, a person who is not a qualified investor and who has notified the Global Coordinator of such fact in writing may, with the consent of the Global Coordinator, be permitted to purchase Class C Shares in the offering contemplated by this offering memorandum.

Turkey

The domestic offering has been or will be registered with the CMB pursuant to the provisions of the CML. Such registration does not constitute a guarantee by the CMB or any other public authority with respect to the Class C Shares or us. Neither this offering memorandum nor any other offering material related to the international offering may be used in connection with the general offering to the public in Turkey for the purpose of the sale of Class C Shares without the prior approval of the CMB.

United Arab Emirates

The Class C Shares may not be, have not been and are not being sold, subscribed for, transferred or delivered in the United Arab Emirates other than in compliance with the laws of the United Arab Emirates governing the sale, subscription for, transfer and delivery of securities.

United Kingdom

This offering memorandum and any other material in relation to the Class C Shares described herein is only being distributed to, and is only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospective Directive ("qualified investors") that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000

(Financial Promotion) Order 2005 (the "Order"); or (ii) high net worth entities or other persons falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). The Class C Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Class C Shares will be engaged in only with, relevant persons. This offering memorandum and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

United States

The Class C Shares have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States, except in transactions exempt from, or not subject to, the registration requirements of the Securities Act.

The Class C Shares are proposed to be sold within the United States to QIBs in reliance on Rule 144A and outside the United States in reliance on Regulation S.

TRANSFER RESTRICTIONS

As a result of the following restrictions, we advise you to contact legal counsel prior to making any resale pledge or transfer of the Class C Shares.

The global offering is being made in reliance on Rule 144A and Regulation S. The Class C Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction and, accordingly, may not be offered or sold within the United States, except to QIBs in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A and outside the United States in accordance with Regulation S. Terms used in this paragraph that are defined in Rule 144A or Regulation S are used herein as so defined.

Regulation S

Each purchaser of the Class C Shares outside the United States, by accepting delivery of this offering memorandum, will be deemed to have represented, agreed and acknowledged as follows:

(1) It (a) is aware that the sale of the Class C Shares to it is being made pursuant to and in accordance with Rule 903 or 904 of Regulation S; (b) is, or at the time such Class C Shares are purchased will be, the beneficial owner of those Class C Shares; and (c) is located outside the United States (within the meaning of Regulation S) and it is purchasing the Class C Shares in an offshore transaction meeting the requirements of Regulation S.

(2) It is not our or the Selling Shareholders' affiliate or a person acting on behalf of such an affiliate.

(3) It understands that the Class C Shares have not been and will not be registered under the Securities Act and may not be offered, resold, pledged or otherwise transferred except (a) in an offshore transaction in accordance with Rule 903 or 904 of Regulation S; or (b) to a person whom the seller and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, in each case in accordance with any applicable securities laws of any state of the United States.

(4) It acknowledges that we, the Selling Shareholders, J.P. Morgan and our respective affiliates will rely upon the truth and accuracy of the acknowledgements, representations and agreements in the foregoing paragraphs.

We will not recognize any resale or other transfer, or attempted resale or other transfer, in respect of the Class C Shares made other than in compliance with the above-stated restrictions.

Rule 144A

Each purchaser of the Class C Shares within the United States, by accepting delivery of this offering memorandum, will be deemed to have represented, agreed and acknowledged as follows:

(1) It acknowledges that the Class C Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and are subject to significant restrictions on transfer.

(2) It is:

  (i) a QIB;

  (ii) aware, and each beneficial owner of such Class C Shares has been advised, that the sale to it is being made in reliance on Rule 144A; and

  (iii) acquiring such Class C Shares for its own account or for the account of a QIB.

(3) It agrees (or if it is acting for the account of another person, such person, has confirmed to it that such person agrees) that it (or such person) will not offer, resell, pledge or otherwise transfer those Class C Shares except (a) to a person whom it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A; (b) in an offshore transaction in accordance with Rule 903 or 904 of Regulation S; or (c) in accordance with Rule 144 under the Securities Act (if available), in each case in accordance with any applicable securities laws of any state of the

United States. The purchaser will, and each subsequent holder is required to, notify any subsequent purchaser from it of those Class C Shares of the resale restrictions referred to in (a), (b) and (c) above. No representation can be made as to the availability of the exemption provided by Rule 144 for resale of the Class C Shares.

(4) Notwithstanding anything to the contrary in the foregoing paragraphs, the Class C Shares may not be deposited into any unrestricted depositary facility established or maintained by a depositary bank, unless and until such time as those shares are no longer "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act.

(5) If it is acquiring Class C Shares for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

(6) It acknowledges that we, the Selling Shareholders, J.P. Morgan and our respective affiliates will reply upon the truth and accuracy of the acknowledgements, representations and agreements in the foregoing paragraphs.

ERISA

Each purchaser and transferee of the Class C Shares will represent, agree and acknowledge, as applicable:

(a) that (I) either (A) it is not, and is not acting on behalf of (and for so long as it holds the Class C Shares, or any interest therein, will not be, and will not be acting on behalf of), an employee benefit plan, as defined in Section 3(3) of the United States Employee Retirement Income Security Act of 1974, as amended ("ERISA"), that is subject to the provisions of part 4 of subtitle B of Title I of ERISA, a plan to which subject to Section 4975 of the United States Internal Revenue Code of 1986, as amended ("Code"), applies, or an entity whose underlying assets include plan assets by reason of such an employee benefit plan's or plan's investment in such entity (each, a "Benefit Plan Investor"), or a governmental, church or non-US plan which is subject to any federal, state, local or non-US law that is substantially similar to the fiduciary responsibility or prohibited transaction provisions of ERISA or Section 4975 of the Code ("Similar Law"), and/or laws or regulations that provide that the assets of the Company could be deemed to include "plan assets" of such plan, and no part of the assets to be used by it to purchase or hold the Class C Shares, or any interest therein, constitutes the assets of any Benefit Plan Investor or such a plan, or (B) it is, or is acting on behalf of, such a governmental, church or non-US plan, and such purchase, holding and/or disposition of the Shares does not and will not violate any Similar Law and will not subject the Company to any laws, rules or regulations applicable to such plan as a result of the investment in the Company by such plan, and (II) it understands and agrees that no purchase by or transfer to any Benefit Plan Investor of the Class C Shares, or any interest therein, will be effective, and neither the Company nor J.P. Morgan will recognize any such purchase or transfer; and (III) it will not sell or otherwise transfer the Class C Shares, or any interest therein, otherwise than to a purchaser or transferee that makes or is deemed to make these same representations, warranties and agreements with respect to its purchase, holding and disposition of those Class C Shares;

(b) that the Company and J.P. Morgan and their respective affiliates, shall be entitled to conclusively rely upon the truth and accuracy of the foregoing representations and agreements without further inquiry;

(c) the purchaser and any fiduciary causing it to acquire an interest in any Class C Shares agree to indemnify and hold harmless the Company and J.P. Morgan and their respective affiliates, from and against any cost, damage or loss incurred by any of them as a result of any of the foregoing representations and agreements of such acquirer being or becoming false in any material respect; and

(d) that any purported acquisition or transfer of any Class C Share or interest therein to an acquirer or transferee that does not comply with the requirements of this paragraph shall be null and void *ab initio*.

We will not recognize any resale or other transfer, or attempted resale or other transfer, in respect of the Class C Shares made other than in compliance with the above-stated restrictions.

Prospective purchasers are hereby notified that sellers of our shares may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Class C Shares

Subject to the limitations described herein, the Class C Shares may be sold and transferred by means of book-entry registration with accounts maintained with the Central Registry.

Turkish law requires non-resident investors to trade Turkish equity securities through a licensed Turkish bank or a brokerage firm. In addition, the CMB regulations require banks or brokerage firms to trade shares of a company quoted on a Turkish stock exchange exclusively on such exchange. The CMB has indicated that this requirement applies only to intermediary institutions (banks or brokers) licensed for trading on the stock exchange and to trade orders placed with them by investors. Accordingly, following the global offering, our shareholders that are not resident in Turkey may transfer the Class C Shares only on the ISE, through a bank or a brokerage firm.

The Class C Shares being offered in the global offering will be registered with the CMB under the provisions of the CML. This registration does not constitute a guarantee by the CMB or any other public authority with respect to the Class C Shares or us, as a public company. Neither this offering memorandum nor any other offering material related to the global offering may be utilized in connection with any general offering of Class C Shares to the public within the Republic of Turkey without prior approval of the CMB.

ENFORCEABILITY OF CIVIL JUDGMENTS

We are a joint stock company organized under the laws of Turkey. Following the offering, all of our directors, principal shareholders and executive officers will reside outside the United States, and substantially all of the assets of such persons are, and all of our assets are, located outside the United States. As a result, it may not be possible for a shareholder to effect service of process within the United States upon us or such persons.

The courts of Turkey will not enforce a judgment obtained in a court established in a country other than Turkey unless:

- there is in effect a treaty between such country and Turkey providing for reciprocal enforcement of court judgments;
- there is "de facto" enforcement in such country of judgments rendered by Turkish courts; or
- there is a provision in the laws of such country that provides for the enforcement of judgments of the Turkish courts.

There is no treaty between the United States and Turkey or the United Kingdom and Turkey providing for reciprocal enforcement of judgments. Turkish courts rendered at least one judgment in the past confirming de facto reciprocity between Turkey and the United Kingdom. However, since de facto reciprocity is decided by the relevant court on a case-by-case basis, there is uncertainty as to the enforceability in Turkish courts of judgments obtained in United States and English courts. Moreover, there is uncertainty as to the ability of a shareholder to bring an original action in Turkey based on the United States federal securities laws.

In addition, the courts of Turkey will not enforce any judgment obtained in a court established in a country other than Turkey if:

- the defendant was not duly summoned or represented or the defendant's fundamental procedural rights were not observed and the defendant appeals before a Turkish court against the request for enforcement on either of these grounds;
- the judgment in question was rendered with respect to a matter within the exclusive jurisdiction of the courts of Turkey;
- The judgment in question was rendered by a foreign court which assumed jurisdiction even though such court has no relation with respect to the disputed matter or to parties thereof, provided that the defendant has raised an objection to that extent;
- the judgment is incompatible with a judgment of a court in Turkey between the same parties and relating to the same issues or, as the case may be, with an earlier foreign judgment on the same issue and enforceable in Turkey;
- the judgment is not of a civil nature;
- the judgment is clearly against public policy rules of Turkey; or
- the judgment is not final and binding with no further recourse for appeal under the laws of the country where the judgment has been rendered.

As a result, it may not be possible to:

- effect service of process within the United States upon any of the directors and executive officers named in this offering memorandum; or
- enforce, in Turkey, court judgments obtained in courts of the United States against the Company or any of the directors and executive officers named in this offering memorandum in any action, including actions under the civil liability provisions of federal securities laws of the United States.

In addition, it may be difficult to enforce, in original actions brought in courts in jurisdictions located outside the United States, liabilities predicated upon United States securities laws.

LEGAL MATTERS

Certain legal matters will be passed upon for us and the Selling Shareholders by Norton Rose LLP, our US and English law legal advisors, and by YükselKarkınKüçük, our Turkish law legal advisors.

Certain legal matters will be passed upon for the Managers by White & Case LLP, US and English law legal advisors to the Managers, and by Akol Avukatlık Bürosu, Turkish law legal advisors to the Managers.

INDEPENDENT ACCOUNTANTS

Our financial statements as of and for the years ended December 31, 2009, 2008 and 2007 and as of June 30, 2010 and for the six months ended June 30, 2010 and 2009, included in this offering memorandum, have been audited by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., İstanbul, Turkey, a member of PricewaterhouseCoopers, independent accountants, as stated in their reports appearing herein.

VALUATION REPORT

We have attached as Annex A to this offering memorandum the DTZ Report, a valuation report regarding the Property Portfolio as of June 30, 2010 that was commissioned by us from DTZ, international property advisers, and issued by DTZ Pamir & Soyuer.

Neither DTZ nor DTZ Pamir & Soyuer has any significant economic interest in Torunlar, nor association of any kind with Torunlar, beyond a strictly professional capacity in respect of the provision of real estate valuation services.

In 2010 to date, we have incurred fees payable to DTZ and/or DTZ Pamir & Soyuer of €80,000 (exclusive of VAT), representing fees payable for preparing and delivering the DTZ Report and the underlying valuations to the DTZ Report. We did not incur expenses for services rendered to us by DTZ or DTZ Pamir & Soyuer in 2009, 2008 or 2007.

The DTZ Report is included in this offering memorandum with the express consent of DTZ and DTZ Pamir & Soyuer.

TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2010, 31 DECEMBER 2009, 2008 AND 2007 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

PRICEWATERHOUSECOOPERS

Başaran Nas Bağımsız Denetim ve
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INDEPENDENT AUDITOR'S REPORT

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

1. We have audited the accompanying consolidated financial statements of Torunlar Gayrimenkul Yatırım Ortaklığı A.Ş. and its subsidiary and joint venture (the "Group") which comprise the consolidated balance sheets as of 30 June 2010, 31 December 2009, 2008 and 2007 and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the six months periods ended 30 June 2010 and 2009 and for the years ended 31 December 2009, 2008 and 2007 and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated financial statements

2. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

   An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

4. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial positions of the Group as of 30 June 2010, 31 December 2009, 2008 and 2007, and its financial performances and its cash flows for the six months periods ended 30 June 2010 and 2009 and for the years ended 31 December 2009, 2008 and 2007 in accordance with International Financial Reporting Standards.

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

Haluk Yalçın, SMMM
Partner

İstanbul, 20 August 2010

TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONSOLIDATED BALANCE SHEETS
AT 30 JUNE AND 31 DECEMBER

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

	Notes	30 June 2010	31 December 2009	31 December 2008	31 December 2007	31 December 2006
ASSETS						
Current assets		**444,960**	**250,631**	**208,846**	**220,490**	**42,159**
Cash and cash equivalents	4	262,288	72,639	80,168	137,441	14
Trade receivables	7	51,398	74,668	51,598	19,150	27,648
Inventories	9	126,454	101,648	72,626	62,315	6,139
Other current assets	11	4,820	1,676	4,454	1,584	8,358
Non-current assets		**2,427,599**	**2,259,156**	**1,719,189**	**1,461,352**	**704,798**
Trade receivables	7	3,613	7,469	1,787	4,791	7,141
Investments in associates	12	121,745	115,478	112,774	100,986	19,825
Investment property	8	2,261,731	2,096,430	1,557,584	1,308,832	645,481
Property, plant and equipment	10	655	407	629	1,831	587
Inventories	9	—	—	—	13,090	23,880
Goodwill	13	8,250	8,250	8,250	—	—
Other non-current assets	11	31,605	31,122	38,165	31,822	7,884
Total assets		**2,872,559**	**2,509,787**	**1,928,035**	**1,681,842**	**746,957**
LIABILITIES AND EQUITY						
Current liabilities		**289,539**	**241,733**	**292,672**	**379,303**	**88,183**
Financial liabilities		130,692	157,676	272,170	315,507	62,950
—Bank borrowings	5	130,692	155,694	266,637	240,839	62,950
—Due to related parties	23	—	1,982	5,533	74,668	—
Finance lease liabilities	5	297	1,639	2,745	1,985	—
Other financial liabilities	6	6,151	4,846	—	—	—
Trade payables	7	24,565	10,934	15,196	15,435	23,580
Deferred tax liabilities	22	—	—	—	—	309
Other current liabilities	11	127,834	66,638	2,561	46,376	1,344
Non-current liabilities		**629,949**	**462,886**	**349,062**	**158,975**	**38,352**
Financial liabilities	5	629,930	462,858	331,566	134,107	1,139
Finance lease liabilities	5	7	23	1,604	3,129	—
Provision for employment termination benefits		12	5	17	139	110
Other non-current liabilities	11	—	—	15,875	21,600	37,103
Total equity		**1,953,071**	**1,805,168**	**1,286,301**	**1,143,564**	**620,422**
Share capital	15	176,100	176,100	176,100	100,000	100,000
Legal reserves	15	7,279	7,279	7,279	5,288	801
Retained earnings	15	1,769,692	1,621,789	1,102,922	1,038,276	519,621
Total liabilities and equity		**2,872,559**	**2,509,787**	**1,928,035**	**1,681,842**	**746,957**

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

TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS AND YEARS ENDED 30 JUNE AND 31 DECEMBER

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

	Notes	30 June 2010	30 June 2009	31 December 2009	31 December 2008	31 December 2007
Net revenues	16	49,856	72,223	120,158	134,794	43,109
Cost of revenues (−)	16	(16,061)	(27,923)	(45,183)	(68,218)	(25,041)
Gross profit		**33,795**	**44,300**	**74,975**	**66,576**	**18,068**
General administrative expenses (−)	17	(7,491)	(2,161)	(3,577)	(4,360)	(7,741)
Marketing, selling and distribution expenses (−)	17	(1,687)	(3,278)	(4,437)	(3,306)	(4,756)
Net gain/(loss) from fair value adjustments on investment property	19	114,740	(4,734)	471,385	126,504	449,514
Other income	19	184	181	274	525	1,263
Other expenses (−)	19	(831)	(763)	(266)	(698)	(2,001)
Operating profit		**138,710**	**33,545**	**538,354**	**185,241**	**454,347**
Share of profit of associates	12	11,011	2,066	7,240	15,428	62,202
Financial income	20	30,211	4,746	13,595	17,428	20,670
Financial expenses (−)	20	(31,560)	(19,912)	(40,322)	(148,596)	(13,934)
Profit before tax from continuing operations		**148,372**	**20,445**	**518,867**	**69,501**	**523,285**
Tax expense from continuing operations	22	(469)	—	—	—	(143)
Profit for the year from continuing operations		**147,903**	**20,445**	**518,867**	**69,501**	**523,142**
Other comprehensive income		—	—	—	—	—
Total comprehensive income		**147,903**	**20,445**	**518,867**	**69,501**	**523,142**
Earnings per share in full TL	21	**0.84**	**0.12**	**2.95**	**0.67**	**5.09**

The consolidated financial statements as at and for the period ended 30 June 2010 have been approved for issue by the Board of Directors on 20 August 2010 and signed on its behalf by Aziz Torun, Chairman and Chief Executive Officer.

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

TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER

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

	Notes	Share capital	Legal reserves	Retained earnings	Net income for the year	Total shareholders' equity
1 January 2007		**100,000**	**801**	**519,621**	**—**	**620,422**
Transfers			4,487	(4,487)	—	—
Total comprehensive income		—	—	—	523,142	523,142
31 December 2007		**100,000**	**5,288**	**515,134**	**523,142**	**1,143,564**
1 January 2008		**100,000**	**5,288**	**515,134**	**523,142**	**1,143,564**
Capital increase	15	76,100	—	(2,864)	—	73,236
Transfers		—	1,991	521,151	(523,142)	—
Total comprehensive income		—	—	—	69,501	69,501
31 December 2008		**176,100**	**7,279**	**1,033,421**	**69,501**	**1,286,301**
1 January 2009		**176,100**	**7,279**	**1,033,421**	**69,501**	**1,286,301**
Transfers		—	—	69,501	(69,501)	—
Total comprehensive income		—	—	—	518,867	518,867
31 December 2009		**176,100**	**7,279**	**1,102,922**	**518,867**	**1,805,168**

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

TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED 30 JUNE

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

	Notes	Share capital	Legal reserves	Retained earnings	Net income for the year	Total shareholders' equity
1 January 2009		**176,100**	**7,279**	**1,033,421**	**69,501**	**1,286,301**
Transfers		—	—	69,501	(69,501)	—
Total comprehensive income		—	—	—	20,445	20,445
30 June 2009		**176,100**	**7,279**	**1,102,922**	**20,445**	**1,306,746**
1 January 2010		**176,100**	**7,279**	**1,102,922**	**518,867**	**1,805,168**
Transfers		—	—	518,867	(518,867)	—
Total comprehensive income		—	—	—	147,903	147,903
30 June 2010		**176,100**	**7,279**	**1,621,789**	**147,903**	**1,953,071**

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

TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS AND YEARS ENDED 30 JUNE AND 31 DECEMBER
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Notes	1 January - 30 June 2010	1 January - 30 June 2009	1 January - 31 December 2009	1 January - 31 December 2008	1 January - 31 December 2007
Cash flows from operating activities:						
Total comprehensive income		147,903	20,445	518,867	69,501	523,142
Adjustments to reconcile net cash generated from operating activities to income before tax:						
Taxation	22	469	—	—	—	143
Net gain from fair value adjustment on investment property	8	(114,740)	4,734	(471,385)	(126,504)	(449,514)
Foreign exchange losses	20	(23,922)	3,234	2,251	103,434	(13,607)
Interest income	20	(6,056)	(3,595)	(7,792)	(16,731)	(5,423)
Interest expense	20	30,255	16,678	33,225	44,097	13,934
Depreciation	10	188	173	195	335	367
Provision for employment termination benefits		7	(12)	(12)	(122)	28
Income from sale of property, plant and equipment		—	(193)	(81)	(213)	(107)
Other financial income/(expenses)	20	(233)	(1,151)	(1,476)	368	1,640
Share of profit of associates	12	(11,011)	(2,066)	(7,240)	(15,428)	(62,202)
Gain on disposal of associate	20	—	—	(4,327)	—	—
Provision expense for doubtful receivables	7	255	—	—	—	1,837
Loss on derivative financial instruments	20	1,305	—	4,846	—	—
Net cash before changes in assets and liabilities:		**24,420**	**38,247**	**67,071**	**58,737**	**10,238**
Changes in working capital						
Change in trade receivables		27,104	(31,742)	(27,276)	(27,556)	7,371
Change in trade payables		11,649	3,762	(4,262)	(239)	(8,145)
Change in inventories		(24,806)	(19,941)	(29,022)	2,779	(45,386)
Change in other assets		(3,627)	15,334	9,821	(9,213)	(12,667)
Change in other liabilities		56,470	10,313	44,444	(54,879)	26,669
Net cash used in operating activities		**91,210**	**15,973**	**60,776**	**(30,371)**	**(21,920)**
Purchase of investment property	8	(50,561)	(21,893)	(67,461)	(68,080)	(214,323)
Disposal of investment property	8	—	—	—	690	486
Purchase of property, plant and equipment	10	(436)	(400)	(400)	(30)	(1,611)
Cash provided from sale of property, plant and equipment		—	585	508	1,110	108
Dividends received from associates	12	4,744	4,536	4,536	3,640	3,356
Additions to goodwill	13	—	—	—	(8,250)	—
Acquisition of associate shares	12	—	—	—	—	(22,315)
Cash provided from disposal of associate	12	—	—	4,327	—	—
Net cash used in investing activities		**(46,253)**	**(17,172)**	**(58,490)**	**(70,920)**	**(234,299)**
Interest paid		(19,942)	(146)	(21,675)	(22,027)	(6,103)
Increase in bank borrowings		199,143	68,745	275,184	418,590	370,537
(Decrease)/increase in due to related parties		—	—	(3,551)	(69,135)	74,668
Bank borrowings paid		(34,669)	(49,812)	(259,562)	(305,942)	(46,586)
Capital increase	15	—	—	—	18,378	—
Net cash (used in)/generated from financing activities		**144,532**	**18,787**	**(9,604)**	**39,864**	**392,516**
Net (decrease)/increase in cash and cash equivalents		**189,489**	**17,588**	**(7,318)**	**(61,427)**	**136,297**
Cash and cash equivalents at beginning of the year	4	72,639	80,168	80,168	137,441	14
Exchange losses on cash and cash equivalents		160	77	(211)	4,154	1,130
Cash and cash equivalents at end of the period	4	**262,288**	**97,833**	**72,639**	**80,168**	**137,441**

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

TORUNLAR GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2010 AND 31 DECEMBER 2009, 2008, 2007 AND 2006

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

NOTE 1—COMPANY'S ORGANISATION AND NATURE OF OPERATIONS

Torunlar Gayrimenkul Yatırım Ortaklığı Anonim Şirketi ("Torunlar REIC" or "the Company") has been incorporated on 20 September 1996, which was registered as Toray İnşaat Sanayi ve Ticaret A.Ş. in İstanbul, Turkey. With a change in the Articles of Association published on Trade Registry Gazette on 25 January 2008, the Company has been converted into Real Estate Investment Company ("REIC") with the trade name Torunlar Gayrimenkul Yatırım Ortaklığı A.Ş. and was registered on 21 January 2008. As of 30 June 2010, the total number of employees of Torunlar REIC, its Subsidiaries, Joint Ventures and Associates (together referred as the "Group") is 157. Total number of employees of Torunlar REIC is 36 and the ultimate shareholders of Torunlar REIC are the Torun family members (Note 15).

The Company is registered in İstanbul Trade Registry Office in Turkey in the below address:

Rüzgarlıbahçe 95. Sokak No:6
Kavacık 34805 İstanbul/Türkiye

As per Articles of Association, the Company shall operate within the scope of the Company's real estate portfolio, make changes in the portfolio when necessary, minimize investment risk through diversifying the Company's portfolio, monitor developments related to real estate, transactions based on real estate and securities, take necessary precautions for portfolio management, conduct research for preserving and increasing the portfolio value, as per the REIC Communique published by the Capital Markets Board of Turkey ("CMB").

Subsidiaries

The Subsidiaries of Torunlar REIC operate in Turkey and the nature of its business is as follows (Note 2):

Subsidiary	Nature of business
Toray İnşaat Danış Yapı Adi Ortaklığı ("Toray Danış")	Construction/Subcontractor
TRN Alışveriş Merkezleri Yatırım ve Yönetim A.Ş. ("TRN")	Real Estate Project Development and Management

Toray Danış

The Subsidiary has been incorporated as an ordinary partnership between Torunlar REIC and Danış Yapı Madencilik Nakliyat Petrol Gıda Oto Tamiri ve Yedek Parça Sanayi ve Ticaret Ltd. Şti.. On 9 October 2007 for the use of land situated in İstanbul Küçükçekmece Kayabaşı, which has been awarded by a tender of the Housing Development Administration of Turkey ("TOKİ") to the ordinary partnership for the use of the land as the excavation molding area. As of the balance sheet date, the aforementioned land is leased by Torun Yapı Sanayi ve Ticaret A.Ş. ("Torun Yapı")—a related party—for the excavation works of Mall of İstanbul project.

TRN

In accordance with the Extraordinary General Assembly Meeting held on 9 March 2010, the Company has transferred Antalya Deepo AVM located in Antalya City, Centre County, Koyunlar Village which was unfavourable to retain in investment portfolio with respect to its current situation, to a newly incorporated subsidiary of the Company, TRN Alışveriş Merkezleri Yatırım ve Yönetim A.Ş. ("TRN") by "partial split". Additionally, the immovables located in Antalya city Koyunlar village, which are not included in the shopping mall concept, however considered to be useful to conserve the integrity of the concept and to

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

NOTE 1—COMPANY'S ORGANISATION AND NATURE OF OPERATIONS (Continued)

enable utilising additional projects related with future potential parcellation plan are also transferred to TRN.

The incorporation of TRN was approved by İstanbul Commercial Department as at 31 March 2010.

Joint Ventures

The joint ventures of Torunlar REIC operate in Turkey and the nature of their business, the business segment and joint venture partners are as follows (Note 2):

Joint venture	Nature of business	Joint venture partner
Torunlar Özyazıcı Proje Ortaklığı ("Torunlar Özyazıcı")	Real estate projects	Özyazıcı İnşaat Elektrik, Makine, Müşavirlik ve Taah. Ltd. Şti.
TTA Gayrimenkul Yatırım Geliştirme ve Yönetim A.Ş.("TTA")	Shopping mall and hotel project	Turkmall Gayrimenkul Geliştirme Yönetim ve Yatırım A.Ş. Turkmall Market Yatırım İnşaat ve Ticaret A.Ş.

Torunlar Özyazıcı

Torunlar Özyazıcı has been incorporated as an ordinary partnership with a joint venture agreement on 26 January 2009. The subject of the joint venture is to conduct construction and sales of the housing development project Nishistanbul in Yenibosna İstanbul. This project includes 63 offices, 585 residences and 52 shops in 4 blocks with 17 storeys. The expected delivery date of the planned project is in 2010. As of 30 June 2010, the completion rate of the construction is 90% (31 December 2009: %63) and preliminary sales contracts have been signed for 520 residences.

In accordance with the revenue sharing agreement signed between Torunlar Özyazıcı and land owner of the project, 31% of total project revenues will be distributed to the land owner and the remaining 69% portion will be divided to the joint venturers as 60% Torunlar REIC and 40% Özyazıcı İnşaat Elektrik, Makine, Müşavirlik ve Taah. Ltd. Şti..

TTA

TTA Gayrimenkul Yatırım ve Yönetim A.Ş. has been incorporated at 7 January 2010 following the win of the tender related with the old cigarette factory and its auxiliary buildings which are located in Samsun, İlkadım district, 205 lot, 2,8,9,10,11,12,13,14 parcels and 376 lot, 1 parcel and 377 lot, 5 parcel whose ownership is registered to Samsun Metropolitan Municipality. The project includes by the approval of Samsun Cultural and Natural Heritage Protection Regional Committee; the renovation as shopping mall and/or hotel; constructing two storey underground car park and facilitating the right of operation to Samsun Metropolitan Municipality; operating for 30 years with a limited incorporeal right (permanent and individual usufruct right) on land registry by the same term and providing a certain share of the revenue of shopping mall and/or hotel to Samsun Metropolitan Municipality; delivering the project to Samsun Metropolitan Municipality at the end of the 30 year term.

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

NOTE 1—COMPANY'S ORGANISATION AND NATURE OF OPERATIONS (Continued)

The shareholding structure of TTA is as 40% of Torunlar GYO, 5% Torunlar Gıda Sanayi Ticaret A.Ş., 5% Torun Family, 34% Turkmall Gayrimenkul Geliştirme Yönetim ve Yatırım A.Ş., 11% Turkmall Market Yatırım İnşaat ve Ticaret A.Ş. and 5% Ahmet Demir.

NOTE 2—BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

Associates

The Associates of Torunlar REIC are incorporated in Turkey and their primary operations and nature of businesses are stated below:

Associate	Nature of business
Yeni Gimat İşyerleri İşletmesi A.Ş. ("Yeni Gimat")	Owner of Ankamall Shopping Mall and Crowne Plaza Hotel
Netsel Turizm Yatırımları A.Ş. ("Netsel")	Management of Marmaris Marina
Nokta İnşaat Yatırım Turizm Sanayi ve Ticaret A.Ş. ("Nokta İnşaat")	Construction/Subcontractor owns land for development in İzmir

Yeni Gimat has been incorporated by participation of 1,050 individual shareholders as founding members on 30 July 1999. The entity owns Ankamall Shopping Mall since 2006 and Ankara Crowne Plaza Hotel since 2007. The number of shareholders of Yeni Gimat is 1,073 as of 30 June 2010. The Company owns 14.83% (31 December 2009: 14.83%; 31 December 2008: 14.83%; 31 December 2007: 14.83%; 31 December 2006: 5.00%) of Yeni Gimat shares and is the only shareholder of Yeni Gimat with more than 10% ownership since 15 January 2007 when the Company acquired 9.83% of Yeni Gimat from other Torunlar Group companies together with Torun family members who also own another 5% of Yeni Gimat and as a result the Company has significant influence on Yeni Gimat and is also represented on Board of Directors. The investment in Yeni Gimat is accounted for by equity method of accounting in the consolidated financial statements.

Netsel has been incorporated by Net Turizm Ticaret and Sanayi A.Ş. and Yüksel İnşaat A.Ş. on 6 October 1987. The coastal property operated by Netsel, has been leased from Ministry of Culture and Tourism for 49 years on 22 December 1988. Net Turizm sold its shares to Marmara Bank on 1992 and Yüksel İnşaat sold its shares to Çukurova Group in 1994. Following the liquidation process of Marmara Bank, 45% of Netsel has been sold to Torunlar REIC in accordance with share transfer agreements on 31 May 2005 and 7 June 2005 respectively and 55% of Netsel has been transferred to Tek-Art Kalamış and Fenerbahçe Marmara Turizm Tesisleri A.Ş. (a subsidiary of Koç Holding A.Ş.) in accordance with share transfer agreement on 22 August 2005 as a privatisation transaction.

Nokta İnşaat has been incorporated on 22 February 1983, and registered as Hasel Özden Halı Ticaret A.Ş. It changed its commercial title to "Hayat İnşaat Yatırım A.Ş." in 1995 and to "Hayat İnşaat Yatırım ve Taahhüt A.Ş." in 2006 respectively and finally on 21 May 2007, to "Nokta İnşaat Yatırım Turizm Sanayi ve Ticaret A.Ş.". Torunlar REIC has a participation rate of 40% in the entity since May 2007. Core business activity of Nokta İnşaat is construction and it also owns a land parcel for development, previously owned by Türk Henkel in Turan District, Bayraklı/İzmir. Due to legal matters on the zoning status of the aforementioned land, it became unfavourable to retain the real estate in investment portfolio. Thus, all shares of Nokta İnşaat have been sold for 4,327 TL to Torunlar Gıda Sanayi Ticaret A.Ş. ("Torunlar

NOTE 2—BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Gıda"), a related party of the Company, on 31 December 2009. Gain on sale of Nokta İnşaat, which had been accounted for by the equity method of accounting until the date of sale is 4,327 TL (Note 12).

2.1 Basis of preparation

Financial reporting standards

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS"). IFRS 1, First-time Adoption of International Financial Reporting Standards, has been applied in preparing these financial statements. These consolidated financial statements are the first financial statements of the Group to be prepared in accordance with IFRS.

The policies set out below have been consistently applied to all the years presented. Consolidated financial statements of the Group has been prepared since 1 January 2004 in accordance with the financial reporting standards endorsed by the Capital Markets Board of Turkey ("CMB"). These standards differ in certain respects from IFRS. When preparing 2009 CMB consolidated financial statements of the Group, management has amended certain accounting, valuation and consolidation methods applied in the CMB financial statements and comparative figures in respect of 2008 and 2007 were restated to reflect these corrections.

Furthermore, consolidated financial statements of the Group prepared in accordance with CMB financial reporting standards, did not contain an explicit and unreserved statement for compliance with IFRS, thus the accompanying consolidated financial statements are the first IFRS financial statements of the Group.

CMB regulates the principles and procedures of preparation, presentation and announcement of financial statements prepared by the entities subject to CMB regulations. In compliance with the standard presentation formats of the CMB, entities subject to CMB regulations shall also prepare their financial statements in accordance with International Financial Reporting Standards ("IAS/IFRS") as endorsed by the European Union and as translated by the Turkish Accounting Standards Board ("TASB"). Until the differences of the IAS/IFRS as endorsed by the European Union from the ones issued by the International Accounting Standards Board ("IASB") are announced by the TASB, Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS") issued by the TASB which are in line with the IAS/IFRSs shall be considered for CMB reporting purposes.

The CMB reporting standards explained above differ from IFRS issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period between 1 January—31 December 2005. With the decision taken on 17 March 2005, the CMB has announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey. However for IFRS reporting purposes Turkey has been considered a hyperinflationary economy until 31 December 2005 and IAS 29 "Financial Reporting in Hyperinflationary Economies" issued by IASB has not been applied starting from 1 January 2006. However the impact of applying hyperinflationary accounting for the period between 1 January—31 December 2005 is not significant for the consolidated financial statements of the Group.

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

NOTE 2—BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Transition to IFRS

The Group first adopted IFRSs in 2009, with a date of transition to IFRSs of 1 January 2007. Its last financial statements in accordance with previous GAAP were for the year ended 31 December 2009. The Group's first IFRS financial statements include the reconciliations and related notes shown below.

Reconciliation of equity at 1 January 2007 (date of transition to IFRSs)

	1 January 2007		
	IFRS	Effect of transition to IFRS	Previous GAAP CMB
Cash and cash equivalents	14	—	14
Trade receivables	27,648	—	27,648
Inventories	6,139	—	6,139
Other current assets	8,358	—	8,358
Current assets	**42,159**	**—**	**42,159**
Trade receivables	7,141	—	7,141
Investments in associates	19,825	—	19,825
Investment property(*)	645,481	368,480	277,001
Property, plant and equipment	587	—	587
Inventories	23,880	—	23,880
Other non-current assets	7,884	—	7,884
Non-current assets	**704,798**	**368,480**	**336,318**
Total assets	**746,957**	**368,480**	**378,477**
Financial liabilities	62,950	—	62,950
Trade payables	23,580	—	23,580
Deferred tax liabilities	309	—	309
Other current liabilities	1,344	—	1,344
Current liabilities	**88,183**	**—**	**88,183**
Financial liabilities	1,139	—	1,139
Provision for employment termination benefits	110	—	110
Other non-current liabilities	37,103	—	37,103
Total liabilities	**38,352**	**—**	**38,352**
Share capital	100,000	—	100,000
Legal reserves	801	—	801
Retained earnings	519,621	368,480	151,141
Total equity	**620,422**	**368,480**	**251,942**
Total liabilities and equity	**746,957**	**368,480**	**378,477**

(*) The difference amounting to 368,480 TL at investment property is related with the fair valuation of Bursa Korupark Shopping Mall. In accordance with IFRS 1 "First-time Adoption of International Financial Reporting Standards" paragraph 7 "An entity shall use the same accounting policies in its opening IFRS statement of financial position and throughout all periods presented in its first IFRS financial statements. Those accounting policies shall comply with each IFRS effective at the end of its first IFRS reporting period." Hence as from 1 January 2009, in line with the amendment in IAS 40

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

NOTE 2—BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

investment property shall also include properties that are being constructed or developed for future use as investment property. The amendment in IAS 40 has been applied for all periods presented, that is fair value model is also applied to investment properties under construction before 1 January 2009 provided that the fair values of such investment properties under construction were determined at those dates.

Reconciliation of equity at 31 December 2009 (last period presented in accordance with CMB)

	31 December 2009		
	IFRS	Effect of transition to IFRS	Previous GAAP CMB
Cash and cash equivalents	72,639	—	72,639
Trade receivables	74,668	—	74,668
Inventories	101,648	—	101,648
Other current assets	1,676	—	1,676
Current assets	**250,631**	**—**	**250,631**
Trade receivables	7,469		7,469
Investments in associates	115,478	—	115,478
Investment property	2,096,430	—	2,096,430
Property, plant and equipment	407	—	407
Goodwill	8,250	—	8,250
Other non-current assets	31,122	—	31,122
Non-current assets	**2,259,156**	**—**	**2,259,156**
Total assets	**2,509,787**	**—**	**2,509,787**
Financial liabilities	155,694	—	155,694
Finance lease liabilities	1,639	—	1,639
Other financial liabilities	4,846	—	4,846
Trade payables	12,916	—	12,916
Other current liabilities	66,638	—	66,638
Current liabilities	**241,733**	**—**	**241,733**
Financial liabilities	462,858	—	462,858
Finance lease liabilities	23	—	23
Provision for employment termination benefits	5	—	5
Total liabilities	**462,886**	**—**	**462,886**
Share capital	176,100	—	176,100
Legal reserves	7,279	—	7,279
Retained earnings	1,621,789	—	1,621,789
Total equity	**1,805,168**	**—**	**1,805,168**
Total liabilities and equity	**2,509,787**	**—**	**2,509,787**

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

NOTE 2—BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Reconciliation of total comprehensive income for 2009

	31 December 2009		
	IFRS	**Effect of transition to IFRS**	**Previous GAAP CMB**
Net revenues	120,158	—	120,158
Cost of revenues (−)	(45,183)	—	(45,183)
Gross profit	**74,975**	**—**	**74,975**
General administrative expenses (−)	(3,577)		(3,577)
Marketing, selling and distribution expenses (−)	(4,437)	—	(4,437)
Net gain from fair value adjustments on investment property(*)	471,385	(16,774)	488,159
Other income	274	—	274
Other expenses (−)	(266)	—	(266)
Operating profit	**538,354**	**(16,774)**	**555,128**
Share of profit of associates	7,240	—	7,240
Financial income	13,595	—	13,595
Financial expenses (−)	(40,322)	—	(40,322)
Profit before tax from continuing operations	**518,867**	**(16,774)**	**535,641**
Tax expense from continuing operations	—	—	—
Profit for the year from continuing operations	**518,867**	**(16,774)**	**535,641**
Other comprehensive income	—	—	—
Total comprehensive income	**518,867**	**(16,774)**	**535,641**

(*) The difference amounting to 16,774 TL at investment property is related with the fair valuation of Torium land. In accordance with IFRS 1 "First-time Adoption of International Financial Reporting Standards" paragraph 7 "An entity shall use the same accounting policies in its opening IFRS statement of financial position and throughout all periods presented in its first IFRS financial statements. Those accounting policies shall comply with each IFRS effective at the end of its first IFRS reporting period." Hence as from 1 January 2009, in line with the amendment in IAS 40 investment property shall also include properties that are being constructed or developed for future use as investment property. The amendment in IAS 40 has been applied for all periods presented, that is fair value model is also applied to investment properties under construction before 1 January 2009 provided that the fair values of such investment properties under construction were determined at those dates.

Explanation of material adjustments to the consolidated statement of cash flows for 2009:

Net gain from fair value adjustment on investment property have decreased by 16,774 TL in accordance with IFRSs due to early application of the amendments made to IAS 40 effective from 1 January 2009. There are no other material differences between the consolidated statement of cash flows presented in accordance with IFRSs and the consolidated statement of cash flows presented in accordance with previous GAAP.

NOTE 2—BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Functional and presentation currency

Financial statements are prepared in thousands of TL, based on historical cost method except for investment properties where fair value can be measured reliably and financial assets and liabilities that are recognized at fair value.

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

Consolidation principles

(a) The consolidated financial statements include the accounts of the parent company, Torunlar REIC, and its subsidiary, Joint Venture and Associates on the basis set out in sections (b) to (e) below. The financial statements of the companies included in the scope of consolidation are based on the statutory records which are maintained under historical cost conversion, with adjustments and reclassifications, for the purpose of fair presentations in accordance with IFRS and application of uniform accounting policies and presentation.

(b) Subsidiaries are entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases. The Company has the power to govern the financial and operating policies of its Subsidiary for the benefit of the Company through the power to exercise more than 50% of the voting rights relating its shares in the Subsidiary.

(c) The Company consolidates its Subsidiary from the date of establishment of the Subsidiary by the Group. Where necessary, accounting policies for the Subsidiary have been changed to ensure consistency with the policies adopted by the Company. The balance sheet, statement of comprehensive income and the statement of cash flows of the Subsidiary are consolidated on a line-by-line basis. Intercompany transactions and balances between the Company and the Subsidiary are eliminated on consolidation. The cost of, and the dividends arising from, shares held by the Company in its Subsidiary are eliminated from shareholders' equity and statement of comprehensive income for the year, respectively. As of 30 June 2010, 31 December 2009, 2008 and 2007 the effective controlling interest of Torunlar REIC in the Subsidiaries is as follows:

	30 June 2010	31 December 2009	31 December 2008	31 December 2007
Toray Danış	99.99	99.99	99.99	99.99
TRN	99.99	—	—	—

(d) The Company's interest in its Joint Venture is accounted for by proportionate consolidation method effective from the date of joint control. Accordingly, the Company includes its share of assets,

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

NOTE 2—BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

liabilities, income and expenses of the Joint Venture in proportion with it shareholding percentage. As of 30 June 2010 and December 2009 Torunlar REIC’s share in the Joint Ventures is a follows:

	30 June 2010	31 December 2009
Torunlar Özyazıcı	60.00	60.00
TTA	40.00	—

The Torunlar Özyazıcı and TTA Joint Ventures have been incorporated on 26 January 2009 and 7 January 2010, respectively. All transactions after this date has been proportionally consolidated by the Group. Current assets, non-current assets, current liabilities and net income of the Joint Ventures have been proportionally consolidated in the consolidated financial statements on a line by line basis. The summary of these amounts are shown below:

Interest in Joint Ventures(*)

	30 June 2010	31 December 2009
Current assets	215,315	125,538
Non-current assets	33,164	8,113
Total assets	**248,479**	**133,651**
Current liabilities	209,506	111,506
Non-current liabilities	13	—
Shareholders’ equity	38,960	22,145
Total liabilities and shareholders’ equity	**248,479**	**133,651**
Net income for the period	16,709	(2,631)

(*) Interest in Joint Venture represents the balances of the Joint Venture’s own standalone financial statements which is proportionately consolidated before the intercompany eliminations, reclassifications and adjustments.

(e) Investments in Associates, over which the Group has significant influence, but which it does not control, are accounted for by the equity method of accounting. The Group’s share of its associates’ post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group’s interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Associates’ accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

NOTE 2—BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Torunlar REIC’s effective ownership interests in its associates are as follows as at 30 June 2010, 31 December 2009, 2008, 2007 and 2006 (%):

	30 June 2010	31 December 2009	31 December 2008	31 December 2007	31 December 2006
Yeni Gimat	14.83	14.83	14.83	14.83	5.00
Netsel	44.60	44.60	44.60	44.60	44.60
Nokta İnşaat(*)	—	—	40.00	40.00	—

(*) All shares of Nokta İnşaat have been sold to Torunlar Gıda, which is a related party of the Company, on 31 December 2009 with an amount of 4,327 TL.

Interest in Yeni Gimat

	30 June 2010	31 December 2009	31 December 2008	31 December 2007	31 December 2006
Total assets	968,135	895,240	883,827	773,227	336,899
Total liabilities	203,303	182,789	201,785	178,397	122,287
Net income for the period	70,406	46,292	101,331	392,866	

(*) Interest in Yeni Gimat has increased to 14.83% at 14 January 2007 with transfer of shares of other Torunlar group companies.

Interest in other associates on combined basis(*)

	30 June 2010	31 December 2009	31 December 2008	31 December 2007	31 December 2006
Total assets	25,042	28,986	102,448	87,771	25,180
Total liabilities	6,387	6,965	75,938	58,199	4,788
Net income for the period	1,261	4,672	406	2,387	

(*) These combined balances represent amounts presented in the separate financial statements of associates after adjustments for Group accounting policies but before the intercompany eliminations.

Offsetting

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

Going concern

The Group’s consolidated financial statements are prepared under the going concern assumption.

NOTE 2—BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 Changes in accounting policies

Changes in standards and interpretations

Application of new or amended standards and interpretations effective for annual periods beginning on or after 1 January 2010

The Group has applied all standards, amendments and interpretations published by the IASB and International Financial Reporting Interpretation Committee (“IFRIC”) effective as at the date of these financial statements that is effective for annual accounting periods beginning on or after 1 January 2010, in consideration of IFRS 1. Consequently applying all recent amendments to IAS/IFRSs in these consolidated financial statements resulted in further differences with the previously issued CMB financial statements.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the group

IFRS 9, ‘Financial instruments’, issued in December 2009. This addresses the classification and measurement of financial assets and is likely to affect the Group’s accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The Group is yet to assess IFRS 9’s full impact. However, initial indications are that it may affect the Group’s accounting for its available-for-sale financial assets, as IFRS 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. The Group has not yet decided when to adopt IFRS 9.

Revised IAS 24, ‘Related party disclosures’, issued in November 2009. It supersedes IAS 24, ‘Related party disclosures’, issued in 2003. The revised IAS 24 is required to be applied from 1 January 2011.

IAS 32 (amendment) ‘Classification of rights issues’, issued in October 2009. For rights issues offered for a fixed amount of foreign currency, current practice appears to require such issues to be accounted for as derivative liabilities. The amendment states that if such rights are issued pro rata to all the entity’s existing shareholders in the same class for a fixed amount of currency, they should be classified as equity regardless of the currency in which the exercise price is denominated. The amendment should be applied for annual periods beginning on or after 1 February 2010.

IFRIC 14 (amendment), ‘Prepayments of a minimum funding requirement’, issued in November 2009. The amendments correct an unintended consequence of IFRIC 14, ‘IAS 19—The limit on a defined benefit asset, minimum funding requirements and their interaction’. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct the problem. The amendments are effective for annual periods beginning 1 January 2011. Earlier application is permitted. The amendments should be applied retrospectively to the earliest comparative period presented.

IFRIC 19, ‘Extinguishing financial liabilities with equity instruments’. This clarifies the requirements of IFRSs when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity’s shares or other equity instruments to settle the financial liability fully or partially. The interpretation is effective for annual periods beginning on or after 1 July 2010.

NOTE 2—BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies

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

Cash and cash equivalents

Cash and cash equivalents are carried at cost in the balance sheet. Cash and cash equivalents comprise cash in hand, bank deposits and highly liquid investments, whose maturity at the time of purchase is less than three months and conversion risk on value at the date of sale is immaterial (Note 4).

Related parties

For the purpose of the consolidated financial statements, shareholders, key management personnel and Board members, in each case together with their families and companies controlled by or affiliated with them, Associates and Joint Ventures and companies controlled by the Torun Family are considered and referred to as related parties. A number of transactions are entered into with related parties in the normal course of business (Note 23).

Foreign currency transactions

The foreign exchange transactions that take place during the period were translated into TL using the exchange rates on transaction dates of the operation dates. Foreign currency denominated monetary assets and liabilities are translated into TL with the exchange rates prevailing on the balance sheet dates. The foreign currency exchange gain and losses that were arisen by the exchange rate change based on monetary assets and liabilities were presented in the consolidate statement of income.

Financial assets

Classification

The financial assets of the Group consist of receivables and cash and cash equivalents. Management determines the classification of its financial assets at initial recognition.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables comprise of “trade and other receivables”.

Trade receivables generally consist of receivables from sales on credit terms based on preliminary sale agreements and rent receivables from shopping malls.

(b) Derivative financial instruments

The Group has an interest rate swap transaction as of 30 June 2010. This derivative instrument provides an economic hedge of the Group’s cash flow risks arising from its borrowings. However documentation requirements for hedge accounting were not met and the instrument has been accounted for at fair value through profit or loss under the “Other financial liabilities” account balance.

NOTE 2—BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date—the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets except for these that are carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated statement of comprehensive income.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Derivative financial instruments are initially recognized at cost and subsequently re-measured at fair value. Unrealized gains and losses arising from the changes in the fair values of these instruments are accounted in the consolidated statement of comprehensive income.

Trade receivables and payables

Trade receivables of the Group are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method. Short term receivables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest is significant (Note 7).

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

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

Trade payables consist of payables to suppliers for purchases of goods and services. Trade payables and other financial liabilites are accounted for at amortized cost.

Advances received

Advances received comprise of amounts received from customers who entered into preliminary sales contracts with the Group for its housing projects. These advances are deferred revenues in nature and considered non-monetary items. Therefore, these amounts have been classified as short and long term based on the estimated delivery date of the underlying housing units.

Financial liabilities and borrowing costs

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method in consolidated financial statements. IAS 23, (Revised) "Borrowing Costs" IAS 23 (revised) requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as

NOTE 2—BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

part of the cost of that asset, removing the option of immediately expensing borrowing costs. The Group has applied "allowed alternative treatment" in accordance with the previous IAS 23 and IFRS 1 for periods before 1 January 2009 and started to apply IAS 23 revised for periods starting 1 January 2009. The Group has only Torun Tower as a new qualifying asset where construction has started after 1 January 2009 which has started in 2010.

Financial leases

The Group as the lessee

Finance leases

The Group leases certain equipment. Leases of equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the consolidated statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Equipment acquired via finance leases are installed in investment properties (elavators, escalators etc) and therefore considered an integral part of these investment properties. These investment properties are carried at fair value in the financial statements and therefore the cost of these equipment is not accounted for separately. Obligations under finance leases are accounted for under the "Financial liabilities" account balance on the balance sheet (Note 5).

Operational leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

The Group as the lessor

Operational leases

Properties leased out under operating leases are included in investment property in the consolidated balance sheets. The Group makes payments to agents for services in connection with negotiating lease contracts with the Group's tenants. The letting fees are capitalised within the carrying amount of the related investment property and amortised over the lease term. Lease incentives are recognised as a reduction of rental income on a straight-line basis over the lease term.

Revenue includes rental income, and service charges and management charges from properties. Rental income from operating leases is recognised on a straight-line basis over the lease term. When the Group provides incentives to its tenants, the cost of incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income only when such incentives are for the acquisition of new tenants. Rent discounts in various forms granted to existing tenants are deducted from revenue in the

NOTE 2—BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

period in which such discounts are given. Service and management charges are recognised in the accounting period in which the services are rendered (Note 16).

Current and deferred income taxes

The Company is exempt from corporate income taxes in accordance with paragraph 4-d of Article 8 of the Corporate Income Tax Law since its legal status has changed to a REIC in 2008. In accordance with paragraph 6-a of Article 94 of the Income Tax Law, the earnings of the real estate investment trusts are subject to withholding taxes, with Council of Ministers decision No, 93/5148, the withholding rate is determined as "0", Therefore, the Company has no tax obligation due to the earnings of the Company for the related period (Note 22).

Both the subsidiary and the joint venture of the Group are ordinary partnership in legal form. Ordinary partnerships do not have a corporate income tax liability as separate legal entities. However partners of ordinary partnerships are liable for corporate income taxes regarding their share in the partnership income. Since the Company itself is exempt from corporate income taxes, its share in these partnerships income is also exempt from Corporate Income Taxes.

Deferred income taxes are provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. Currently enacted tax rates are used to determine deferred income tax at the balance sheet date (Note 22). As the Company is exempt from corporate income taxes based on the current tax legislation, no deferred income tax asset or liability has been calculated on temporary taxable and deductible differences in these consolidated financial statements. The corporate tax expense of the Group is related with the newly incorporated subsidiary TRN.

Employment termination benefits

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 2,427.04 in full TL amount as of 30 June 2010 (31 December 2009: 2,365.16; 31 December 2008: 2,173.19; 31 December 2007: 2,030.19; 31 December 2006: 1,857,44).

The employment termination benefit obligation as explained above is considered as a defined benefit plan under IFRS. IFRS, 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 semi-annually by the authorities, the

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

NOTE 2—BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

maximum amount of 2,517.01 in full TL which is effective from 1 July 2010 has been taken into consideration when calculating the liability (1 January 2010: 2,427.04; 1 January 2009: 2,260.05; 1 January 2008: 2,087.92; 1 January 2007: 1,960.69).

Payments made for the employer's contribution related with the Social Security Law are considered as defined benefits and expensed as incurred in the related period (30 June 2010: 19 TL; 30 June 2009: 13 TL; 31 December 2009: 25 TL; 31 December 2008: 26 TL; 31 December 2007: 64 TL).

Provisions, contingent assets and liabilities

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

Contingent assets or contingent obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in financial statements and are treated as contingent assets or liabilities (Note 11).

Inventories

Inventories are valued at the lower of cost or net realisable value. Inventories comprise of construction costs of housing units (completed and in-progress) and the cost of land used for to these housing projects. Land held for future development of housing projects are also classified as inventory. Cost elements included in inventory are purchase costs, conversion costs and other costs necessary to prepare the asset for its intended use. Unit costs of the inventories are valued at the lower of cost or net realisable value. Housing units which are completed and ready for delivery to customers together with work-in progress costs for housing units which will be completed within a year, are classified as short term inventories in the consolidated financial statements. Because construction of ongoing projects has started before 1 January 2009 or such projects are already financed with up-front advances from customers, the Group did not capitalize borrowing costs (Note 9).

Property, plant and equipment and related depreciation

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

Depreciation is calculated over of the cost of property and equipment using the straight-line method based on expected useful lives (Note 10). The expected useful lives are stated below:

	Years
Motor vehicles	5
Furniture and fixtures	4-5

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 Group and the cost of the item can be measured reliably. All other repairs and

NOTE 2—BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

maintenance are charged to the consolidated statement of comprehensive 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 consolidated statement of comprehensive 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.

Construction contracts

The Group does not have any activities where IAS 11 “Construction Contracts” is applicable. The Group’s activities in housing development projects are accounted for under IAS 18 “Revenue” and IAS 2 “Inventories”.

Non-current assets held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell and no depreciation is calculated, if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

The Group does not have any non-current assets that meet the criteria for asset held for sale as of 30 June 2010 (31 December 2009: None; 31 December 2008: None; 31 December 2007: None; 31 December 2006: None).

Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property. Investment property is measured initially at cost, including related transaction costs. After initial recognition, investment properties are carried at fair value. Fair value is based on active market prices where available and adjusted when necessary, for any difference in the nature, location or condition of the specific asset, as well as the use of other approaches where considered more appropriate. For the valuation of shopping malls of the Group and development projects models based on discounted cash flows are considered more appropriate and thus the income approach is used. Valuations are performed as of the balance sheet date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value (Note 8).

As from 1 January 2009, in line with the amendment in IAS 40 investment property shall also include properties that are being constructed or developed for future use as investment property. Since the Group is applying IFRS 1, the amendment in IAS 40 has been applied for all periods presented, that is fair value

NOTE 2—BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

model is also applied to investment properties under construction before 1 January 2009 provided that the fair values of such investment properties under construction were determined at those dates.

Fair value measurement on investment properties under construction is only applied when the fair value is considered to be reliably measurable. The Group obtains expert valuation reports for all investment properties. It may sometimes be difficult to determine reliably the fair value of an investment property under construction and such properties under construction where an expert report could not be obtained, has been accounted for at cost until the construction is completed or a reliable measurement method could be applied (Note 8).

The fair value of investment properties do not reflect future capital expenditure that will improve or enhance the property and do not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

Changes in fair values are recognised in the consolidated statement of comprehensive income. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Where the Group disposes of a property at fair value in an arm’s length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the consolidated statement of comprehensive income within net gain from fair value adjustment on investment property.

Goodwill

Goodwill is not amortised, instead it is tested for impairment annually (at year-ends), or more frequently if events or changes in circumstances indicate that it might be impaired, (Note 13). Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. For the purpose of impairment testing goodwill is allocated to the cash-generating units. Goodwill of the Group arose during the formation of the Torunlar Özyazıcı Joint Venture. Annually the Group asks for valuation of its investment properties as well as subsidiaries, associates, joint ventures and inventories for CMB reporting purposes. Based on the valuation performed as at 30 June 2010 there is no impairment.

Impairment of assets

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

NOTE 2—BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors (Note 3).

Revenue recognition

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

Rent income obtained from investment properties

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

Common area charges, service and management fee

Rental income includes service charges and management fees from properties. Common area charges, service and management fees are recognised as income in the accounting period in which the services are rendered in accordance with the individual provisions of rental contracts entered into with tenants.

Sale of real estate

Income is recognised when the risk and rewards of the real estate (residential and office units classified as inventories) is transferred to the buyer and when it is possible to measure the income reliably. Transfer of title generally coincides with the final acceptance by the customers of the residential or office units sold and that is when the risk and rewards of ownership is considered to have passed to the customer.

Interest

To the extent there is no impairment, interest income is recognized on an accrual basis using the effective interest rate method.

Interest income and expense

Interest income is accounted for using the effective interest rate method. Interest income comprises mostly interest income from time deposits (Note 20).

Interest expenses incurred from borrowings, are calculated using the effective interest rate method and transaction costs are considered part of the amortized cost of borrowings and included in interest expense over the period of the borrowings (Note 20).

NOTE 2—BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Paid-in capital

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

Share premium

Share Premium represents the positive difference between the nominal value of issued shares and proceeds for such shares issued.

Earnings per share

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

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

Reporting of cash flows

Consolidated statement of cash flows includes cash and cash equivalents, cash with original maturity periods of less than three months and bank deposits (Note 4).

Subsequent events

Subsequent events cover any events which arise between the reporting date and the balance sheet date, even if they occurred after any declaration of the net profit for the period or specific financial information publicly disclosed. The Company adjusts its financial statements if such subsequent events arise which require an adjustment to the financial statements (Note 26).

2.5 Critical accounting estimates, assumptions and judgements

The preparation of consolidated financial statements 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 estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below:

Fair valuation of investment properties:

In the consolidated financial statement, investment properties are carried at fair values. Fair values are determined by independent valuation experts (30 June 2010: Prime Gayrimenkul Değerleme ve Danışmanlık A.Ş.; 31 December 2009: Prime Gayrimenkul Değerleme ve Danışmanlık A.Ş.; 31 December

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

NOTE 2—BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2008: Elit Gayrimenkul Değerleme A.Ş.; 31 December 2007: Elit Gayrimenkul Değerleme A.Ş.; 31 December 2006: Group's Management and Elit Gayrimenkul Değerleme A.Ş.). The following assumptions used by valuation experts, that is the selection of the valuation method, the discount rate, the rent increase per annum, the capitalisation rate (which is the discount rate used to determine the terminal value) and determination of the market comparable m^2 values are considered critical and thus disclosed below in tabular format.

30 June 2010	Valuation method	Discount rate(*)	Rent increase rate p.a.	Capitalisation rate	Market Comparable m^2 value in full TL
İstanbul Başakşehir land ("Mall of İstanbul land")	Discounted cash flow	10.50-11.00%	3.00%	7.00%	—
	Sale comparison	—	—	—	1,000
Bursa Korupark Shopping Mall	Discounted cash flow	8.50%	3.00%	5.50%	—
İstanbul Esenyurt arsa ("Torium land")	Discounted cash flow	11.50%	3.00%	7.00%	—
İstanbul Esentepe land ("Torun Tower land")	Discounted cash flow	12.00%	3.00%	7.00%	—
Bursa Zafer Plaza Shopping Mall	Discounted cash flow	10.00%	3.00%	5.00%	—
Antalya Deepo Shopping Mall	Discounted cash flow	10.00%	3.00%	7.00%	—
Antalya Koyunlar land	Sale comparison	—	—	—	60-400
İstanbul İkitelli Küçükçekmece Kayabaşı land	Sale comparison	—	—	—	256
İstanbul Beyoğlu Kemankeş building	Sale comparison	—	—	—	3,029
Bursa Korupark separate units	Discounted cash flow	9.50-10.00%	3.00%	6.50-7.00%	—
Nishistanbul retail units	Sale comparison	—	—	—	3,550-3,600

(*) 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.

31 December 2009	Valuation method	Discount rate	Rent increase rate p.a.	Capitalisation rate	Market Comparable m^2 value in full TL
Mall of İstanbul land	Discounted cash flow	10.50-11.00%	3.00%	6.00-7..00%	—
	Sale comparison	—	—	—	1,000
Bursa Korupark Shopping Mall	Discounted cash flow	8.50%	3.00%	5.50%	—
Torium land	Discounted cash flow	11.50%	3.00%	8.50%	—
Torun Tower land	Discounted cash flow	12.00%	3.00%	7.00%	—
Bursa Zafer Plaza Shopping Mall	Discounted cash flow	8.50%	3.00%	5.00%	—
Antalya Deepo Shopping Mall	Discounted cash flow	9.00%	3.00%	6.00%	—
Antalya Koyunlar land	Sale comparison	—	—	—	50-225
İstanbul İkitelli Küçükçekmece Kayabaşı land	Discounted cash flow	7.50%	3.00%	8.00%	—
	Sale comparison	—	—	—	184
İstanbul Beyoğlu Kemankeş building	Discounted cash flow	12.00%	—	7.50%	—
	Sale comparison	—	—	—	2,200
Bursa Korupark separate units	Discounted cash flow	9.50%	—	7.50%	—

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

NOTE 2—BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31 December 2008	Valuation method	Discount rate	Rent increase rate p.a.	Capitalisation rate	Market Comparable m^2 value in full TL
Bursa Korupark Shopping Mall	Discounted cash flow	6.50-8.00%	3.00%	—	—
Mall of İstanbul land	Discounted cash flow	8.00-10.00%	3.00%	—	—
	Sale comparison	—	—	—	2,000
Bursa Zafer Plaza Shopping Mall	Discounted cash flow	8.00-10.00%	5.00%	—	—
Torun Tower land	Sale comparison	—	—	—	10,000
Torium land	Sale comparison	—	—	—	1,800
Antalya Deepo Shopping Mall	Discounted cash flow	8.00-10.00%	4.00%	—	—
Antalya Koyunlar land	Sale comparison	—	—	—	290-310
İstanbul İkitelli Küçükçekmece land	Sale comparison	—	—	—	1,050
İstanbul İkitelli Küçükçekmece Kayabaşı land	Sale comparison	—	—	—	200
İstanbul Beyoğlu Kemankeş building	Sale comparison	—	—	—	2,750
Bursa Korupark separate units	Sale comparison	—	—	—	320-850

31 December 2007	Valuation method	Discount rate	Rent increase rate p.a.	Capitalisation rate	Market Comparable m^2 value in full TL
Bursa Korupark Shopping Mall	Discounted cash flow	8.00-10.00%	5.00%	—	—
	Cost method	—	—	—	—
Mall of İstanbul land	Discounted cash flow	8.00-10.00%	3.00%	—	—
Bursa Zafer Plaza Shopping Mall	Discounted cash flow	8.00-10.00%	5.00%	—	—
Antalya Deepo Shopping Mall	Sale comparison	—	—	—	150-160
Torun Tower land	Sale comparison	—	—	—	4,750
İstanbul Beyoğlu Kemankeş building	Sale comparison	—	—	—	2,500
Antalya Koyunlar land	Sale comparison	—	—	—	140-150

31 December 2006	Valuation method	Discount rate	Rent increase rate p.a.	Capitalisation rate	Market Comparable m^2 value in full TL
Bursa Zafer Plaza Shopping Mall(*)	Discounted cash flow	7.50-9.00%	3.00%	—	—
Antalya Deepo Shopping Mall(*)	Discounted cash flow	7.50-9.00%	3.00%	—	—
Torun Tower land(**)	—	—	—	—	—
İstanbul Beyoğlu Kemankeş building(**)	Transaction cost	—	—	—	2,500
Bursa Korupark Shopping Mall(***)	Discounted cash flow	11.00-13.00%	3.00%	2%	—

(*) As at 31 December 2006 the Company did not obtain full valuation reports in CMB required formats. For Bursa Zafer Plaza and Antalya Deepo such valuation exercises are carried out by Elit Gayrimenkul Değerleme A.Ş..

(**) İstanbul Beyoğlu Kemankeş building and Torun Tower land has been acquired during 2006 and carried at cost which is considered to approximate the fair value as at 31 December 2006.

(***) As of 31 December 2006 the Company did not obtain full valuation reports in CMB required formats. For Bursa Korupark Shopping Mall is measured at management’s best estimate for fair value of the shopping mall.

NOTE 2—BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

i. As at 30 June 2010, 122,860 m^2 of land located in İstanbul—Başakşehir İkitelli—2 district is classified under investment properties. In accordance with the construction zoning laws in Turkey, up to 40% of a land will be allocated for public use by the responsible municipalities before construction starts. Thus as part of the regular zoning procedures applicable in Turkey some portion of the aforementioned land has been given to the municipality for public use, decreasing the size from 212,079 m^2 in 2008 to 122,860 m^2 in 2009. The Group is planning to build a multipurpose project called Mall of İstanbul Project on this land, which will include a shopping mall, a hotel and residence and office spaces. At this stage the Group is holding this land for capital appreciation while considering the best future use for this land. Based on Prime Gayrimenkul Değerleme ve Danışmanlık A.Ş.’s valuation report, as at 30 June 2010 the aforementioned property’s fair value is 628,845 TL (31 December 2009: 619,419 TL; 31 December 2008: 414,070 TL; 31 December 2007: 406,300 TL; 31 December 2006: Not applicable). These amounts represent the share of the Company on the mentioned property.

ii. As at 30 June 2010 Bursa Korupark Shopping Mall located in Bursa—Osmangazi Emek district is classified under investment properties. Construction of Bursa Korupark Shopping Mall finished during 2007 and on May 2007 the shopping mall has opened. Management of the Mall conducted by Torun Alışveriş Merkezleri Yatırım ve Yönetim A.Ş. (“Torun AVM”)—a related party of the Group. Based on Prime Gayrimenkul Değerleme ve Danışmanlık A.Ş.’s valuation report, as at 30 June 2010 the aforementioned property’s fair value is 533,591 TL (31 December 2009: 590,042 TL;31 December 2008: 563,634 TL; 31 December 2007: 628,925 TL; 31 December 2006: 407,408 TL).

iii. On the 44,571 m^2 of land located in İstanbul—Büyükçekmece Esenyurt district—which is classified under investment property as of 30 June 2010 in the consolidated financial statements the Company develops Torium Project. The project includes a shopping mall and residences. The start of the project is May 2008 with an estimated completion date in late 2010.

Based on Prime Gayrimenkul Değerleme ve Danışmanlık A.Ş.’s valuation report, as at 30 June 2010 the aforementioned property’s fair value is 455,574 TL. (31 December 2009: 399,617 TL; 31 December 2008: 110,159 TL). These amounts represent the share of the Company on the mentioned property.

iv. On the 14,992 m^2 land located in İstanbul—Şişli 2nd District—which is classified under investment property as of 30 June 2010 in the consolidated financial statements the Company develops Torun Tower Project. The mentioned project is planned to include residence and offices.

Based on Prime Gayrimenkul Değerleme ve Danışmanlık A.Ş.’s valuation report, as at 30 June 2010 the aforementioned property’s fair value is 238,960 TL (31 December 2009: 167,656 TL; 31 December 2008: 149,915 TL; 31 December 2007: 71,210 TL; 31 December 2006: 45,925 TL).

v. Bursa Zafer Plaza located on the 9,622 m^2 land in Bursa—Osmangazi Şehreküstü District—which is classified under investment property as of 30 June 2010 in the consolidated financial statements has been opened in October 1999. Management of the Mall is conducted by Zafer Plaza İşletmecilik A.Ş. a related party of the Group.

Based on Prime Gayrimenkul Değerleme ve Danışmanlık A.Ş.’s valuation report, as at 30 June 2010 the aforementioned property’s fair value is 141,978 TL (31 December 2009: 149,201 TL; 31 December 2008: 156,045 TL; 31 December 2007: 97,551 TL; 31 December 2006: 96,376 TL). These amounts represent the share of the Company on the mentioned property.

vi. Antalya Deepo Shopping Mall located on 9,500 m^2 land in Antalya—City Centre Koyunlar District—which is classified under investment property as of 30 June 2010 in the consolidated financial

NOTE 2—BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

statements has been opened in October 2004. Management of the Mall is conducted by Torun Alışveriş Merkezleri Yatırım ve Yönetim A.Ş. a related party of the Group.

Based on Prime Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report, as at 30 June 2010 the aforementioned property's fair value is 175,834 TL (31 December 2009: 124,981 TL; 31 December 2008: 100,675 TL; 31 December 2007: 85,149 TL; 31 December 2006: 79,717 TL).

According to the appraisal report obtained from Prime Gayrimenkul Değerleme ve Danışmanlık A.Ş., for the related property to be included in the REIC portfolio, 1/1000 scale Implementation Zoning Plan shall be approved by the Kepez Municipality Zoning Directorate and Antalya Metropolitan Municipality Zoning Directorate and subsequently all related legal permits for the shopping mall shall be obtained. In accordance with the Extraordinary General Assembly Meeting held on 9 March 2010, the Company has transferred Antalya Deepo AVM, which was unfavourable to retain in investment portfolio with respect to its current situation, to a newly incorporated subsidiary of the Company, TRN Alışveriş Merkezleri Yatırım ve Yönetim A.Ş. ("TRN") by "partial split". The related transfer has been performed as of 31 March.

vii. The Company owns 73,122 m^2 land located in Antalya—City Centre Koyunlar District—which is classified under investment property as of 30 June 2010 in the consolidated financial statements. The usage of this land has not been determined by the management as of balance sheet date.

Based on Prime Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report, as at 30 June 2010 the aforementioned property's fair value is 26,096 TL (31 December 2009: 14,766 TL; 31 December 2008: 21,850 TL; 31 December 2007: 8,655 TL; 31 December 2006: 4,693 TL). Properties carries at cost amounting to 6 TL are included in the carrying value as of 31 December 2009 and 2008.

viii. The Company owns 60,833 m^2 land located in İstanbul—Küçükçekmece Kayabaşı District—which is classified under investment property as of 30 June 2010 in the consolidated financial statements. The usage of this land has been not determined by the management as of balance sheet date.

Based on Prime Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report, as at 30 June 2010 the aforementioned property's fair value is 15,609 TL (31 December 2009: 13,646 TL; 31 December 2008: 12,170 TL).

ix. The Company owns building located on 1,501 m^2 land in İstanbul—Beyoğlu Kemankeş District—which is classified under investment property as of 30 June 2010 in the consolidated financial statements. The building is planned to be renovated as a hotel.

Based on Prime Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report, as at 30 June 2010 the aforementioned property's fair value is 11,813 TL (31 December 2009: 11,045 TL; 31 December 2008: 10,725 TL; 31 December 2007: 9,750 TL; 31 December 2006: 11,224 TL).

x. As at 30 June 2010 separate unit of Bursa Korupark Shopping Mall located in Bursa—Osmangazi Emek district which is classified under investment properties includes a dolphin pool, social recreation areas, office and depots.

Based on Prime Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report, as at 30 June 2010 the aforementioned property's fair value is 8,645 TL (31 December 2009: 6,051 TL; 31 December 2008: 6,090 TL).

xi. The Group develops Nishistanbul project which comprise residence, offices and retail units. (Note 9).

As at 30 June 2010 retail units of Nishistanbul project which were classified under inventory as of 31 December 2009 and were carried at are cost are classified under investment properties as of

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

NOTE 2—BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30 June 2010 and are carried at their fair values. The management changed their plan to sell these retail units and decided to lease them.

Based on Prime Gayrimenkul Değerleme ve Danışmanlık A.Ş.'s valuation report, as at 30 June 2010 the aforementioned property's fair value is 24,786 TL.

NOTE 3—SEGMENT REPORTING

The reportable segments of Torunlar REIC have been organised by management as a portfolio on a project-by-project basis and makes decisions about resources to be allocated to the properties on the same basis. Major items classified under other items are those projects which are related to other major projects but not a part of them, such as Bursa Korupark separate units, İstanbul İkitelli Küçükçekmece land.

Accounting policies applied by each operational segment of Torunlar REIC are the same as those are applied in Torunlar REIC's consolidated financial statements prepared in accordance with International Financial Reporting Standards.

a) The segment information for the reportable segments as of and for the period ended 30 June 2010 is as follows:

	Total segment revenue	Gross profit	Depreciation	Capital expenditure(*)	Income from associates(**)
Zafer Plaza Shopping Mall	4,200	3,063	—	—	—
Antalya Deepo Shopping Mall	5,494	4,612	—	83	—
Korupark Shopping Mall	17,973	15,093	—	—	—
Ankamall	—	—	—	—	10,449
Korupark Residences	21,122	10,479	—	1,098	—
Nishistanbul Project	149	—	—	21,582	—
Torium Project	—	—	—	41,320	—
Mall of İstanbul Project	—	—	—	8,417	—
Torun Tower Project	—	—	—	23	—
Other	918	548	188	487	562
Total	**49,856**	**33,795**	**188**	**73,010**	**11,011**

(*) Capital expenditures include capital expenditures made for residence and shopping mall constructions which are classified as inventories and investment properties in the consolidated financial statements.

(**) Income from the associate Yeni Gimat is presented under shopping malls in operation.

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

NOTE 3—SEGMENT REPORTING (Continued)

b) The segment information for the reportable segments as of and for the period ended 30 June 2009 is as follows:

	Total segment revenue	Gross profit	Depreciation	Capital expenditure	Income from associates
Zafer Plaza Shopping Mall	4,200	3,063	—	—	—
Antalya Deepo Shopping Mall	5,128	4,253	—	—	—
Korupark Shopping Mall	14,032	11,563	—	49	—
Ankamall	—	—	—	—	2,497
Korupark Residences	43,016	19,826	—	7,116	—
Nishistanbul Project	39	—	—	23,428	—
Torium Project	—	—	—	17,005	—
Mall of İstanbul Project	—	—	—	1,297	—
Other	5,808	5,595	173	3,942	(431)
Total	**72,223**	**44,300**	**173**	**52,837**	**2,066**

c) The segment information for the reportable segments as of and for the year ended 31 December 2009 is as follows:

	Total segment revenue	Gross profit	Depreciation	Capital expenditure	Income from associates
Zafer Plaza Shopping Mall	8,400	6,126	—	7	—
Antalya Deepo Shopping Mall	10,447	8,035	—	—	—
Korupark Shopping Mall	28,687	23,491	—	150	—
Ankamall	—	—	—	—	6,866
Korupark Residences	65,240	30,810	—	9,432	—
Nishistanbul Project	140	—	—	35,528	—
Torium Project	—	—	—	54,526	—
Mall of İstanbul Project	—	—	—	6,401	—
Other	7,244	6,513	195	6,777	374
Total	**120,158**	**74,975**	**195**	**112,821**	**7,240**

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

NOTE 3—SEGMENT REPORTING (Continued)

d) The segment information for the reportable segments as of and for the year ended 31 December 2008 is as follows:

	Total segment revenue	Gross profit	Depreciation	Capital expenditure	Income from associates
Zafer Plaza Shopping Mall	8,400	6,123	—	—	—
Antalya Deepo Shopping Mall	8,653	6,613	—	—	—
Korupark Shopping Mall	31,404	26,311	—	1,896	—
Ankamall	—	—	—	—	15,028
Korupark Residences	68,639	28,058	—	38,273	—
Torium Project	—	—	—	91,557	—
Mall of İstanbul Project	—	—	—	741	—
Torun Tower Project	—	—	—	471	—
Other	17,698	(529)	335	27,192	400
Total	**134,794**	**66,576**	**335**	**160,130**	**15,428**

e) The segment information for the reportable segments as of and for the year ended 31 December 2007 is as follows:

	Total segment revenue	Gross profit	Depreciation	Capital expenditure	Income from associates
Zafer Plaza Shopping Mall	7,950	5,848	—	—	—
Antalya Deepo Shopping Mall	7,897	6,295	—	423	—
Korupark Shopping Mall	9,082	8,062	—	46,308	—
Ankamall	—	—	—	—	58,263
Korupark Residences	—	—	—	45,386	—
Torium Project	—	—	—	—	—
Mall of İstanbul Project	—	—	—	166,000	—
Other	18,180	(2,137)	367	2,854	1,119
Total	**43,109**	**18,068**	**367**	**260,971**	**59,382**

NOTE 4—CASH AND CASH EQUIVALENTS

	30 June 2010	31 December 2009	31 December 2008	31 December 2007	31 December 2006
Cash in hand	1	6	—	12	5
Cash at banks					
—demand deposits	134	4	6	66	9
—time deposits	262,141	72,617	80,162	137,363	—
Others	12	12	—	—	—
	262,288	**72,639**	**80,168**	**137,441**	**14**

As of 30 June 2010 time deposits amounting to 75.000 USD (TL equivalent of 114.113 TL) is restricted due to the borrowing agreement made with the bank amounting to 100.000 USD. The interest rate of this restricted time deposit is 5.60% per annum.

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

NOTE 4—CASH AND CASH EQUIVALENTS (Continued)

Maturities of cash and cash equivalents are as follows:

	30 June 2010	31 December 2009	31 December 2008	31 December 2007	31 December 2006
Up to 30 days	70,708	760	1,072	4,194	14
30 to 90 days	4,001	71,879	79,096	133,247	—
90 to 365 days	160,489	—	—	—	—
365 days and over	27,090	—	—	—	—
	262,288	**72,639**	**80,168**	**137,441**	**14**

The breakdown of foreign currency denominated cash and cash equivalents in terms of TL is as follows:

	30 June 2010	31 December 2009	31 December 2008	31 December 2007	31 December 2006
USD	161,211	—	2,990	137,049	—
EUR	44,390	31,276	38,832	147	—
	205,601	**31,276**	**41,822**	**137,196**	**—**

Average effective interest rates of time deposits are as follows (%):

	30 June 2010	31 December 2009	31 December 2008	31 December 2007	31 December 2006
USD	—	—	6.10	5.52	—
EUR	4.08	3.68	6.66	3.80	—
TL	9.44	10.47	22.41	16.50	—

NOTE 5—FINANCIAL LIABILITIES

	30 June 2010	31 December 2009	31 December 2008	31 December 2007	31 December 2006
Short-term bank borrowings	76,142	121,088	244,777	240,839	62,950
Short-term portion of long term bank borrowings	54,550	34,606	21,860	—	—
Long-term bank borrowings	629,930	462,858	331,566	134,107	1,139
	760,622	**618,552**	**598,203**	**374,946**	**64,089**

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

NOTE 5—FINANCIAL LIABILITIES (Continued)

30 June 2010	Weighted average effective interest rate (%)	Currency	Original balance	TL equivalent
Short-term bank borrowings	4.04	USD	39,527	62,243
	9.33	TL	13,899	13,899
Short-term portion of long term bank borrowings	6.50	USD	20,833	32,806
	4.94	EUR	11,284	21,685
	6.98	TL	59	59
Long-term bank borrowings	5.65	USD	246,705	388,487
	4.91	EUR	125,615	241,394
	6.98	TL	49	49
Total bank borrowings				**760,622**

31 December 2009	Weighted average effective interest rate (%)	Currency	Original balance	TL equivalent
Short-term bank borrowings	5.54	USD	66,090	99,514
	5.11	EUR	2,111	4,561
	11.56	TL	17,013	17,013
Short-term portion of long term bank borrowings	6.50	USD	8,146	12,265
	4.54	EUR	10,342	22,341
Long-term bank borrowings	5.91	USD	123,828	186,447
	4.54	EUR	127,900	276,302
	21.02	TL	109	109
Total bank borrowings				**618,552**

31 December 2008	Weighted average effective interest rate (%)	Currency	Original balance	TL equivalent
Short term bank borrowings	5.06	USD	126,503	191,310
	6.81	EUR	18,367	39,320
	24.84	TL	14,147	14,147
Short-term portion of long term bank borrowings	5.58	USD	650	984
	7.13	EUR	9,751	20,876
Long-term bank borrowings	5.58	USD	25,000	37,808
	7.13	EUR	137,100	293,504
	27.42	TL	254	254
Total bank borrowings				**598,203**

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

NOTE 5—FINANCIAL LIABILITIES (Continued)

31 December 2007	Weighted average effective interest rate (%)	Currency	Original balance	TL equivalent
Short term bank borrowings	6.11	USD	175,574	204,490
	5.20	EUR	20,859	35,675
	18.78	TL	674	674
Long-term bank borrowings	6.14	USD	114,599	133,474
	18.78	TL	633	633
Total bank borrowings				**374,946**

31 December 2006	Weighted average effective interest rate (%)	Currency	Original balance	TL equivalent
Short term bank borrowings	5.77	USD	26,772	37,631
	3.98	EUR	10,832	20,056
	19.25	TL	5,263	5,263
Long-term bank borrowings	19.25	TL	1,139	1,139
Total bank borrowings				**64,089**

The redemption schedules of long-term borrowings at 30 June 2010, 31 December 2009, 2008, 2007 and 2006 are as follows:

	30 June 2010	31 December 2009	31 December 2008	31 December 2007	31 December 2006
2009	—	—	—	133,852	1,139
2010	—	—	57,649	146	—
2011	87,245	106,910	23,764	109	—
2012	142,614	65,294	27,402	—	—
2013	94,918	70,587	32,647	—	—
2014 and over	305,153	220,067	190,104	—	—
	629,930	**462,858**	**331,566**	**134,107**	**1,139**

The analysis of borrowings in terms of periods remaining to contractual repricing dates is as follows:

	30 June 2010	31 December 2009	31 December 2008	31 December 2007	31 December 2006
Up to 3 months(*)	488,981	303,271	352,457	22,763	58,654
3-12 months	160,936	107,159	206,700	218,076	4,296
1-5 years	110,705	208,122	39,046	134,107	1,139
	760,622	**618,552**	**598,203**	**374,946**	**64,089**

(*) Interest of borrowings amounting to 255,010 TL is fixed until 2012 with an interest rate swap contract (Note 6).

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

NOTE 5—FINANCIAL LIABILITIES (Continued)

Financial lease liabilities of the Group are as follows:

Short-term financial lease liabilities

	30 June 2010			31 December 2009			31 December 2008			31 December 2007			31 December 2006		
	USD	EUR	TL	USD	EUR	TL	USD	EUR	TL	USD	EUR	TL	USD	EUR	TL
Financial lease liabilities	18	142	301	59	736	1,677	81	1,291	2,887	232	1,137	2,215	—	—	—
Unaccrued interest	—	(2)	(4)	(1)	(17)	(38)	(4)	(64)	(142)	(26)	(117)	(230)	—	—	—
			297			**1,639**			**2,745**			**1,985**			**—**

Long-term financial lease liabilities

	30 June 2010			31 December 2009			31 December 2008			31 December 2007			31 December 2006		
	USD	EUR	TL	USD	EUR	TL	USD	EUR	TL	USD	EUR	TL	USD	EUR	TL
Financial lease liabilities	—	4	9	—	12	25	59	746	1,687	189	1,784	3,271	—	—	—
Unaccrued interest	—	(1)	(2)	—	(1)	(2)	(3)	(37)	(83)	(9)	(77)	(142)	—	—	—
			7			**23**			**1,604**			**3,129**			**—**

The repayment schedule of undiscounted financial lease liabilities is as follows:

	30 June 2010	31 December 2009	31 December 2008	31 December 2007	31 December 2006
2008	—	—	—	1,985	—
2009	—	—	2,745	2,186	—
2010	282	1,639	1,581	943	—
2011	22	23	23	—	—
	304	**1,662**	**4,349**	**5,114**	**—**

NOTE 6—OTHER FINANCIAL LIABILITIES

Derivative financial instruments

	30 June 2010	
	Notional amount	Fair value liability
Interest rate swap contracts	255,010	(6,151)
	255,010	**(6,151)**

At 9 June 2009, the Group has signed an interest rate swap contract to fix the euribor floating interest of its long term borrowing for the period from 2010 to 2012. According to the contract signed, euribor and the total interest of the borrowing are fixed at 2.74% and 4.94% accordingly between 2009 and 2012.

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

NOTE 6—OTHER FINANCIAL LIABILITIES (Continued)

Derivative financial instruments

	31 December 2009	
	Notional amount	**Fair value liability**
Interest rate swap contracts	291,641	(4,846)
	291,641	**(4,846)**

At 9 June 2009, the Group has signed an interest rate swap contract to fix the euribor floating interest of its long term borrowing for the period from 2010 to 2012. According to the contract signed, euribor and the total interest of the borrowing are fixed at 2.74% and 4.94% accordingly between 2009 and 2012.

NOTE 7—TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables

	30 June 2010	31 December 2009	31 December 2008	31 December 2007	31 December 2006
Trade receivables	30,327	10,986	5,385	6,015	14,494
Receivables from the Joint Venture Partner(*)	9,134	9,134	—	—	—
Notes receivables from related parties (Note 23)	4,327	7,600	—	—	—
Due from related parties (Note 23)	2,838	44,723	40,446	2,299	5,195
Notes receivables	7,238	4,286	8,400	12,795	8,059
	53,864	**76,729**	**54,231**	**21,109**	**27,748**
Less: Provision for doubtful receivables	(2,044)	(1,789)	(1,789)	(1,859)	(22)
Less: Unearned credit finance income	(422)	(272)	(844)	(100)	(78)
	51,398	**74,668**	**51,598**	**19,150**	**27,648**

(*) Receivable from the Joint Venture Partner Özyazıcı İnşaat Elektrik, Makine, Müşavirlik ve Taah. Ltd. Şti. (“Özyazıcı”) amounting to 9,134 TL is related with the transfer of land in accordance with the joint venture contract signed. Özyazıcı has paid advances amounting to 15,224 TL to İstanbul Yem Sanayi ve Ticaret A.Ş.—the landlord—before the incorporation of the joint venture for the mentioned land on which Nishistanbul project will be developed. The receivable will be closed with the transfer of land to joint venture.

Long-term trade receivables

	30 June 2010	31 December 2009	31 December 2008	31 December 2007	31 December 2006
Notes receivables	4,297	5,708	2,446	5,129	7,405
Notes receivables from related parties (Note 23)	—	2,677	—	—	—
	4,297	**8,385**	**2,446**	**5,129**	**7,405**
Less: Unearned credit finance income	(684)	(916)	(659)	(338)	(264)
	3,613	**7,469**	**1,787**	**4,791**	**7,141**

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

NOTE 7—TRADE RECEIVABLES AND PAYABLES (Continued)

Movement of the provision for doubtful receivables is as follows:

	30 June 2010	30 June 2009	31 December 2009	31 December 2008	31 December 2007
At the beginning of the period	**(1,789)**	**(1,789)**	**(1,789)**	**(1,859)**	**(22)**
Current year additions	(255)	—	—	—	(1,837)
Collections of doubtful receivables	—	—	—	70	—
At the end of the period	**(2,044)**	**(1,789)**	**(1,789)**	**(1,789)**	**(1,859)**

The aging schedule of impaired doubtful receivables is as follows:

	30 June 2010	31 December 2009	31 December 2008	31 December 2007	31 December 2006
0-3 months	(34)	—	—	—	—
3-6 months	(21)	—	—	—	—
6 months and over	(1,989)	(1,789)	(1,789)	(1,859)	(22)
	(2,044)	**(1,789)**	**(1,789)**	**(1,859)**	**(22)**

	30 June 2010	31 December 2009	31 December 2008	31 December 2007	31 December 2006
Short-term trade payables					
Trade payables	19,096	10,387	6,573	13,677	5,099
Deposits and guarantees taken	2,539	374	2	271	15
Due to related parties (Note 23)	2,335	7	8,485	44	18,456
Notes payable	378	—	—	1,429	—
Other	217	166	136	14	10
	24,565	**10,934**	**15,196**	**15,435**	**23,580**

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

NOTE 8—INVESTMENT PROPERTIES

Movement schedule of investment property as of 30 June 2010 and 2009, 31 December 2009, 2008 and 2007 is as follows:

	1 January 2010	Additions	Disposals	Transfers	Change in fair value	30 June 2010
Mall of İstanbul land	619,419	8,417	—	—	1,009	628,845
Bursa Korupark Shopping Mall	590,042	—	—	—	(56,451)	533,591
Torium land	399,617	37,648	—	—	18,309	455,574
Torun Tower land	167,656	23	—	—	71,281	238,960
Bursa Zafer Plaza Shopping Mall	149,201	—	—	—	(7,223)	141,978
Antalya Deepo Shopping Mall(*)	124,981	—	—	—	50,853	175,834
Antalya Koyunlar land	14,772	83	—	—	11,241	26,096
Nishistanbul retail units	—	4,339	—	—	20,447	24,786
İstanbul İkitelli K.Çekmece Kayabaşı land	13,646	—	—	—	1,963	15,609
İstanbul Beyoğlu Kemankeş building	11,045	—	—	—	768	11,813
Bursa Korupark separate units	6,051	51	—	—	2,543	8,645
	2,096,430	**50,561**	**—**	**—**	**114,740**	**2,261,731**

(*) As concluded in the valuation report of Prime Gayrimenkul Değerleme ve Danışmalık A.Ş., the addition of the Antalya Deepo Shopping Mall into the investment portfolio is contingent to the authorisation of 1/1000 scale Implementation Zoning Plan by Kepez Zoning Directorate and Antalya Metropolitan Municipality Zoning Directorate and subsequently obtaining all related legal permits for the shopping mall. In accordance with the Extraordinary General Assembly Meeting held on 9 March 2010, the Company has transferred Antalya Deepo AVM, which was unfavourable to retain in investment portfolio with respect to its current situation, to a newly incorporated subsidiary of the

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

NOTE 8—INVESTMENT PROPERTIES (Continued)

Company, TRN Alışveriş Merkezleri Yatırım ve Yönetim A.Ş. ("TRN") by "partial split". The related transfer has been performed as of 31 March 2010.

	1 January 2009	Additions	Disposals	Transfers	Change in fair value	30 June 2009
Mall of İstanbul land	414,070	1,297	—	7,560	—	422,927
Bursa Korupark Shopping Mall	563,634	49	—	—	(49)	563,634
Torium land	110,159	17,005	—	—	—	127,164
Torun Tower land	149,915	—	—	—	—	149,915
Bursa Zafer Plaza Shopping Mall	156,045	—	—	—	—	156,045
Antalya Deepo Shopping Mall	100,675	—	—	—	—	100,675
Antalya Koyunlar land	21,856	—	—	—	—	21,856
İstanbul İkitelli K.Çekmece Kayabaşı land	12,170	—	—	—	—	12,170
İstanbul Beyoğlu Kemankeş building	10,725	—	—	—	—	10,725
Bursa Korupark separate units	6,090	3,542	—	—	—	9,632
İstanbul İkitelli Küçükçekmece land(*)	12,245	—	—	(7,560)	(4,685)	—
	1,557,584	**21,893**	**—**	**—**	**(4,734)**	**1,574,743**

(*) After the purchase of the land at 29 June 2009 in block 858 lot 2 in İstanbul İkitelli Küçükçekmece which is owned by T.C. Başbakanlık Toplu Konut İdaresi, the land in lots 2453 and 2859 are merged with the land in block 858 lots 1 and 2.

	1 January 2009	Additions	Disposals	Transfers	Change in fair value	31 December 2009
Mall of İstanbul land	414,070	6,401	—	7,560	191,388	619,419
Bursa Korupark Shopping Mall	563,634	150	—	—	26,258	590,042
Torium land	110,159	54,526	—	—	234,932	399,617
Torun Tower land	149,915	—	—	—	17,741	167,656
Bursa Zafer Plaza Shopping Mall	156,045	7	—	—	(6,851)	149,201
Antalya Deepo Shopping Mall	100,675	—	—	—	24,306	124,981
Antalya Koyunlar land	21,856	—	—	—	(7,084)	14,772
İstanbul İkitelli K.Çekmece Kayabaşı land	12,170	—	—	—	1,476	13,646
İstanbul Beyoğlu Kemankeş building	10,725	—	—	—	320	11,045
Bursa Korupark separate units	6,090	6,377	—	—	(6,416)	6,051
İstanbul İkitelli Küçükçekmece land(*)	12,245	—	—	(7,560)	(4,685)	—
	1,557,584	**67,461**	**—**	**—**	**471,385**	**2,096,430**

(*) After the purchase of the land at 29 June 2009 in block 858 lot 2 in İstanbul İkitelli Küçükçekmece which is owned by T.C. Başbakanlık Toplu Konut İdaresi, the land in lots 2453 and 2859 are merged with the land in block 858 lots 1 and 2.

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NOTE 8—INVESTMENT PROPERTIES (Continued)

	1 January 2008	Additions	Disposals	Transfers	Change in fair value	31 December 2008
Bursa Korupark Shopping Mall	628,925	1,896	—	—	(67,187)	563,634
Mall of İstanbul land	406,300	741	—	—	7,029	414,070
Bursa Zafer Plaza Shopping Mall	97,551	—	(465)	—	58,959	156,045
Torun Tower land	71,210	471	—	—	78,234	149,915
Antalya Deepo Shopping Mall	85,149	—	(175)	—	15,701	100,675
Torium land	—	91,557	—	—	18,602	110,159
Antalya Koyunlar land	8,655	—	(50)	1,298	11,953	21,856
İstanbul İkitelli Küçükçekmece land	—	7,560	—	—	4,685	12,245
İstanbul İkitelli K.Çekmece Kayabaşı land	—	8,490	—	—	3,680	12,170
İstanbul Beyoğlu Kemankeş building	9,750	—	—	—	975	10,725
Bursa Korupark separate units	—	12,217	—	—	(6,127)	6,090
Antalya Koyunlar land(*)	1,292	6	—	(1,298)	—	—
	1,308,832	**122,938**	**(690)**	**—**	**126,504**	**1,557,584**

(*) The fair values of the plots numbered 2297, 2298, 2299, 2300, 2301, 2302 and 104, together with other plots in Koyunlar Village, Antalya are 21,850 TL based on the valuation report numbered 2008/3641, which is prepared by Elit Gayrimenkul A.Ş..

	1 January 2007	Additions	Disposals	Transfer	Change in fair value	31 December 2007
Bursa Korupark Shopping Mall	407,408	46,308	—	—	175,209	628,925
Mall of İstanbul land	—	166,000	—	—	240,300	406,300
Bursa Zafer Plaza Shopping Mall	96,376	—	(348)	—	1,523	97,551
Antalya Deepo Shopping Mall	79,717	423	—	—	5,009	85,149
Torun Tower land	45,925	—	—	—	25,285	71,210
İstanbul Beyoğlu Kemankeş building	11,224	—	—	—	(1,474)	9,750
Antalya Koyunlar land	4,693	300	—	—	3,662	8,655
Antalya Koyunlar land(*)	—	1,292	—	—	—	1,292
İstanbul Büyükçekmece land	138	—	(138)	—	—	—
	645,481	**214,323**	**(486)**	**—**	**449,514**	**1,308,832**

(*) Since the fair values of the plots numbered 2297, 2298, 2299, 2300, 2301, 2302 and 104 in Koyunlar Village, Antalya cannot be measured reliably, they are carried at cost.

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

NOTE 8—INVESTMENT PROPERTIES (Continued)

Liens on investment properties for bank borrowings as of 30 June 2010, 31 December 2009, 2008, 2007 and 2006 are as follows:

	Original Balance	Currency	30 June 2010	31 December 2009	31 December 2008	31 December 2007	31 December 2006
Mall of İstanbul land(*)	166,000	TL	—	166,000	166,000	—	—
Bursa Korupark Shopping Mall	225,000	EUR	432,383	486,068	481,680	—	—
Torium land	120,000	USD	188,964	180,684	—	—	—
Torun Tower land	100,000	USD	157,470	150,570	151,230	116,470	—
			778,817	**983,322**	**798,910**	**116,470**	**—**

(*) The liens on the land of Mall of İstanbul is removed at 5 March 2010.

NOTE 9—INVENTORIES

	30 June 2010	31 December 2009	31 December 2008	31 December 2007	31 December 2006
Short-term inventories					
Land	4,655	4,655	4,655	442	276
Semi-finished houses(*)	81,360	53,655	—	60,405	—
Finished houses	33,530	42,799	67,787	163	—
Order advances given	6,909	539	184	1,305	5,863
	126,454	**101,648**	**72,626**	**62,315**	**6,139**
Long-term inventories					
Semi-finished houses	—	—	—	13,090	23,880
	—	**—**	**—**	**13,090**	**23,880**

(*) Land portion of Nishistanbul Project as of 30 June 2010 amounting to 31.764 TL is included in the cost of semi-finished houses with other construction costs in accordance with the share-purchase agreement made with the land owner (31 December 2009: 18,632 TL).

The Company has started in May 2006 to build the Bursa Korupark Evleri project on 83,207 m^2 land in 3 stages and 1,165 residences which is located in Bursa.

The construction of first stage, which consist of 343 residences, has been completed in 2008 and 313 residences out of 343 have been sold as of 30 June 2010 (31 December 2009: 304; 31 December 2008: 269; 31 December 2007: None; 31 December 2006: None).

The construction of second stage, which consist of 403 residences, has been completed in 2009 and 248 residences out of 403 have been sold as of 30 June 2010 (31 December 2009: 191; 31 December 2008: None; 31 December 2007: None; 31 December 2006: None). The construction of the second stage has been finished in 2009 (31 December 2008: 70% completion rate). After the sales of residences from first and second stage as of 30 June 2010, 185 residence are in hand for sale (31 December 2009: 251; 31 December 2008: 74; 31 December 2007: None; 31 December 2006: None).

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

NOTE 9—INVENTORIES (Continued)

The details of valuation reports for Bursa Korupark Evleri are as follows:

Date	Valuation Company	Construction cost to net realisable value decrease
30 June 2010	Prime Gayrimenkul A.Ş.	—
29 December 2009	Prime Gayrimenkul A.Ş.	—
14 November 2008	Elit Gayrimenkul Değerleme A.Ş.	—

The construction of third stage, which is planned to include 373 residences, has not started as of 30 June 2010. Based on the valuation report prepared by Prime Gayrimenkul A.Ş. dated 30 June 2010, there is no impairment for the land of the third stage of Bursa Korupark Evleri.

Torunlar Özyazıcı has been incorporated as an ordinary partnership with a joint venture agreement on 26 January 2009. The subject of the joint venture is to conduct construction and sales of the housing development project Nishistanbul in Yenibosna İstanbul. This project includes 63 offices, 585 residences and 52 shops in 4 blocks with 17 storeys. As of 30 June 2010 the project is completed with a rate of approximately 90%. (31 December 2009: 63%; 31 December 2008: None; 31 December 2007: None; 31 December 2006: None).

In accordance with the revenue sharing agreement signed between Torunlar Özyazıcı and landlord, 31% of total project revenues will be distributed to the landlord and the remaining 69% portion will be divided to the joint venturers as 60% Torunlar REIC and 40% Özyazıcı İnşaat Elektrik, Makine, Müşavirlik ve Taah. Ltd. Şti..

The preliminary sales agreements for 520 residences have been signed as of 30 June 2010 (31 December 2009: 382; 31 December 2008: 150; 31 December 2007: None; 31 December 2006: None). The completion date of the project and delivery date of the houses is in 2010. The semi-finished residences as of 30 June 2010 are related to Nishistanbul Project.

Based on the valuation report prepared by Prime Gayrimenkul A.Ş. dated 30 June 2010, the net realisable value is higher than the cost of construction of Nishistanbul project.

NOTE 10—PROPERTY, PLANT AND EQUIPMENT

	1 January 2010	Additions	Disposals	30 June 2010
Cost				
Furniture and fixtures	160	326	—	486
Motor vehicles	737	110	—	847
	897	**436**	**—**	**1,333**
Accumulated depreciation				
Furniture and fixtures	97	148	—	245
Motor vehicles	393	40	—	433
	490	**188**	**—**	**678**
Net book value	**407**			**655**

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

NOTE 10—PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2009	Additions	Disposals	30 June 2009
Cost				
Furniture and fixtures	948	48	(719)	277
Motor vehicles	418	352	(33)	737
	1,366	**400**	**(752)**	**1,014**
Accumulated depreciation				
Furniture and fixtures	397	116	(331)	182
Motor vehicles	340	57	(29)	368
	737	**173**	**(360)**	**550**
Net book value	**629**			**464**

	1 January 2009	Additions	Disposals	31 December 2009
Cost				
Furniture and fixtures	948	48	(836)	160
Motor vehicles	418	352	(33)	737
	1,366	**400**	**(869)**	**897**
Accumulated depreciation				
Furniture and fixtures	397	113	(413)	97
Motor vehicles	340	82	(29)	393
	737	**195**	**(442)**	**490**
Net book value	**629**			**407**

	1 January 2008	Additions	Disposals	31 December 2008
Cost				
Furniture and fixtures	2,100	4	(1,156)	948
Motor vehicles	508	26	(116)	418
	2,608	**30**	**(1,272)**	**1,366**
Accumulated depreciation				
Furniture and fixtures	429	244	(276)	397
Motor vehicles	348	91	(99)	340
	777	**335**	**(375)**	**737**
Net book value	**1,831**			**629**

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NOTE 10—PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2007	Additions	Disposals	31 December 2007
Cost				
Furniture and fixtures	865	1,593	(358)	2,100
Motor vehicles	490	18	—	508
	1,355	**1,611**	**(358)**	**2,608**
Accumulated depreciation				
Furniture and fixtures	523	264	(358)	429
Motor vehicles	245	103	—	348
	768	**367**	**(358)**	**777**
Net book value	**587**			**1,831**

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

NOTE 11—OTHER ASSETS AND LIABILITIES

	30 June 2010	31 December 2009	31 December 2008	31 December 2007	31 December 2006
Other current assets					
Value added tax (“VAT”) receivables	3,473	891	3,506	976	—
Prepaid expenses	620	27	545	589	143
Job advances given	27	17	19	—	8,062
Prepaid taxes and funds	5	18	8	—	104
Other	695	723	376	19	49
	4,820	**1,676**	**4,454**	**1,584**	**8,358**
Other non-current assets					
VAT receivables	29,979	29,212	22,109	19,658	7,884
Prepaid expenses	1,626	1,910	2,416	2,164	—
Advances given	—	—	13,640	10,000	—
	31,605	**31,122**	**38,165**	**31,822**	**7,884**
Other short term liabilities					
Advances received from residence sales(*)	119,841	65,033	1,103	44,532	—
Donations payable(**)	3,400	—	—	—	—
Deferred income(***)	2,514	1,021	1,001	894	226
Taxes and funds payable	1,360	269	122	499	772
Due to personnel	165	123	49	274	—
Provision for income taxes	—	—	—	42	—
Other	554	192	286	135	346
	127,834	**66,638**	**2,561**	**46,376**	**1,344**
Other non-current liabilities					
Advances received from residence sales	—	—	15,875	21,600	37,103
	—	**—**	**15,875**	**21,600**	**37,103**

(*) As of 30 June 2010 advances received from residence sales amounting to 117,006 TL are related with Nishistanbul Project. (31 December 2009: 62,114 TL).

(**) Agreement for a donation amounting to 4,000 TL is signed with the Bursa Metropolitan Municipality related with the metro construction to Korupark Shopping Mall and Residences. Additionally, the metro station will be named as “Korupark Metro Station”. As of 30 June 2010, only 600 TL of the mentioned donation has been paid to the municipality. The remaining balance is payable in by the end of 2010.

(**) Short-term deferred income consists of unearned rent revenue for future periods from Bursa Korupark Shopping Mall.

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

NOTE 12—INVESTMENTS IN ASSOCIATES

	30 June 2010		31 December 2009		31 December 2008		31 December 2007		31 December 2006	
	%	TL	%	TL	%	TL	%	TL	%	TL
Yeni Gimat	14.83	113,425	14.83	105,657	14.83	101,147	14.83	88,213	5.00	10,730
Netsel	44.60	8,320	44.60	9,821	44.60	9,918	44.60	9,157	44.60	9,095
Nokta İnşaat(*)	—	—	—	—	40.00	1,709	40.00	3,616	—	—
		121,745		**115,478**		**112,774**		**100,986**		**19,825**

(*) All shares of Nokta İnşaat have been sold to Torunlar Gıda, which is a related party of the Company, on 31 December 2009 with an amount of 4,327 TL.

	30 June 2010	30 June 2009	31 December 2009	31 December 2008	31 December 2007
At the beginning of the period	**115,478**	**112,774**	**112,774**	**100,986**	**19,825**
Income from associates	11,011	2,066	7,240	15,428	59,382
Acquisition during the year	—	—	—	—	22,315
Excess of the investor's share of the net fair value(*)	—	—	—	—	2,820
Dividends received from associates	(4,744)	(4,536)	(4,536)	(3,640)	(3,356)
At the end of the period	**121,745**	**110,304**	**115,478**	**112,774**	**100,986**

(*) During the increase of Yeni Gimat shares from 5.00% to 14.83% with a share acquisition made, excess of investor's share of the net fair value of the associate's identifiable assets and liabilities over the cost of the investments is included as income in the determination of the investor's share of the associate's profit in 2007.

Dividends received amounting to 2,680 TL is from Yeni Gimat, (2009: 2,356 TL 2008: 2,094 TL; 2007: 1,876 TL), 2,063 TL from Netsel (2009: 2,180 TL, 2008: 1,545 TL; 2078: 1,479 TL).

Income/expense from investments in associates

	30 June 2010	30 June 2009	31 December 2009	31 December 2008	31 December 2007
Yeni Gimat	10,449	2,497	6,866	15,028	61,082
Netsel	562	860	2,083	2,307	1,542
Nokta İnşaat	—	(1,291)	(1,709)	(1,907)	(422)
Total	**11,011**	**2,066**	**7,240**	**15,428**	**62,202**

NOTE 13—GOODWILL

	30 June 2010	30 June 2009	31 December 2009	31 December 2008	31 December 2007
At the beginning of the period	**8,250**	**8,250**	**8,250**	**—**	**—**
Additions	—	—	—	8,250	—
At the end of the period	**8,250**	**8,250**	**8,250**	**8,250**	**—**

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

NOTE 13—GOODWILL (Continued)

Goodwill is granted to JV partner, Özyazıcı İnşaat Elektrik, Makine, Müşavirlik ve Taah. Ltd. Şti. as project entry remuneration during the establishment stage of the joint venture, namely Torunlar Özyazıcı.

As of 30 June 2010, independent valuation has been performed for Nishistanbul Project conducted by Torunlar Özyazıcı. based on the valuation report numbered 2010/TGYO/12 and dated 30 June 2010, which is prepared by Prime Gayrimenkul A,Ş. impairment on the goodwill has not been identified.

NOTE 14—COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

Contingent assets and liabilities are as follows:

	30 June 2010	30 December 2009	31 December 2008	31 December 2007	31 December 2006
Liens received	36,000	36,000	—	—	—
Guarantees received	24,032	10,255	1,280	11,124	4,082

The totals of expected minimum operational lease revenues as of 30 June 2010, 31 December 2009, 2008 and 2007 are as follows:

	30 June 2010	31 December 2009	31 December 2008	31 December 2007
Operational lease revenues between 0-1 years	48,819	45,276	52,199	49,713
Operational lease revenues between 1-5 years	224,187	192,507	175,722	170,604

Below are the amounts of guarantees, pledges and mortgages of the Group as of 30 June 2010, 31 December 2009, 2008, 2007 and 2006:

CPM’s given by the company (Collaterals, Pledges, Mortgages)	30 June 2010	31 December 2009	31 December 2008	31 December 2007	31 December 2006
A. CPM’s given for companies own legal personality	795,873	1,068,520	843,053	119,686	824
B. CPM’s given on behalf of fully consolidated companies	3,510	1,500	1,500	—	—
C. CPM’s given for continuation of its economic activities on behalf of third parties	—	—	—	—	—
D. Total amount of other CPM’s					
i) Total amount of CPM’s given on behalf of the majority shareholder	—	—	—	—	—
ii) Total amount of CPM’s given to on behalf of other Group companies which are not in scope of B and C	—	—	—	—	—
iii) Total amount of CPM’s given on behalf of third parties which are not in scope of C.	—	—	—	—	—
	799,383	**1,070,020**	**844,553**	**119,686**	**824**

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

NOTE 14—COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Liens on investment properties of the Group amount to 778,817 TL (31 December 2009: 983,322 TL; 31 December 2008: 798,910 TL) (Note 8).

NOTE 15—SHAREHOLDER'S EQUITY

The Company's shareholders and their shareholding percentages as of 30 June 2010, 31 December 2009, 2008, 2007 and 2006 are as follows:

	30 June 2010		31 December 2009		31 December 2008		31 December 2007		31 December 2006	
Shareholders	**%**	**TL**	**%**	**TL**	**%**	**TL**	**%**	**TL**	**%**	**TL**
Aziz Torun	49.960	87,980	49.960	87,980	49.960	87,980	49.960	49,960	49.960	49,960
Mehmet Torun	49.920	87,909	49.920	87,909	49.920	87,909	49.920	49,920	49.920	49,920
Torun Pazarlama	0.076	133	0.076	133	0.076	133	0.076	76	—	—
Y. Emre Torun	0.040	70	0.040	70	0.040	70	0.040	40	0.040	40
Ali Coşkun	0.002	4	0.002	4	0.002	4	0.002	2	0.040	40
Mahmut Karabıyık	0.002	4	0.002	4	0.002	4	0.002	2	—	—
Neslihan Torun	—	—	—	—	—	—	—	—	0.040	40
Total paid-in capital		**176,100**		**176,100**		**176,100**		**100,000**		**100,000**

In accordance with the capital increase registered as of 23 December 2008, the registered capital has been increased from 100,000 TL to 176,100 TL which is funded by capital in kind of 54,858 TL, retained earnings of 2,864 TL and cash injection of 18,378 TL. The fair value of the land used for capital in kind increase is determined by Elit Gayrimenkul Değerleme A.Ş. as of 28 March 2008.

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.

In accordance with the Communiqué No:XI-29 and related announcements of CMB, effective from 1 January 2008, "Share capital", "Legal Reserves" and "Share Premiums" shall be carried at their statutory amounts. The valuation differences (such as inflation adjustment differences) shall be disclosed as follows:

— If the difference is arising due to the inflation adjustment of "Paid-in Capital" and not yet been transferred to capital should be classified under the "Inflation Adjustment to Share Capital";

— If the difference is due to the inflation adjustment of "Legal Reserves" and "Share Premium" and the amount has not been utilized in dividend distribution or capital increase yet, it shall be classified under "Retained Earnings".

Companies whose shares are quoted in ISE are subject to profit distribution rules of CMB as follows:

In accordance with the decision of CMB on 28 January 2010, no obligation has been imposed for the minimum profit distribution of the companies whose shares are quoted in İstanbul Stock Exchange ("ISE"), for the profits earned as a result of the operations in 2009. Additionally, pursuant to CMB decision with series: IV No: 27, regarding profit distribution obligation, it has been made possible that

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

NOTE 15—SHAREHOLDER’S EQUITY (Continued)

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. Nevertheless, with regard to the companies, which have increased their capital without performing a dividend distribution as to the previous period and which classifies its shares as “new shares” and “old shares”, it has been made mandatory for those companies, which will distribute dividend out of the profit for the period generated from its operations in 2009, to distribute the initial dividend amount in cash. CMB announces the principles for dividend distribution every year for public entities however the General Assembly of the Company has the final say in the determination of the dividend distribution.

The composition of the Company’s shareholders’ equity is as follows:

	30 June 2010	31 December 2009	31 December 2008	31 December 2007	31 December 2006
Share capital	176,100	176,100	176,100	100,000	100,000
Legal reserves	7,279	7,279	7,279	5,288	801
Retained earnings	1,769,692	1,621,789	1,102,922	1,038,276	519,621
	1,953,071	**1,805,168**	**1,286,301**	**1,143,564**	**620,422**

NOTE 16—REVENUE AND COST OF REVENUE

	30 June 2010	30 June 2009	31 December 2009	31 December 2008	31 December 2007
Revenues					
Rent income	24,435	19,819	39,859	41,299	22,949
Residence sales	21,271	43,054	65,380	68,639	—
Electricity sales income(*)	3,232	3,540	7,675	7,158	1,980
Excavation site rent income(**)	—	5,709	6,002	16,622	—
Construction site rent income	448	65	942	—	901
Sales of other services and goods(***)	470	36	300	1,076	17,279
	49,856	**72,223**	**120,158**	**134,794**	**43,109**
Cost of revenue					
Cost of residence sales	(10,792)	(23,228)	(34,570)	(40,581)	—
Electricity expenses(*)	(2,856)	(3,344)	(7,150)	(6,810)	(1,812)
Operating expenses for rental properties	(2,042)	(1,137)	(2,733)	(2,600)	(2,744)
Excavation site rent expense(**)	—	(206)	(252)	(17,306)	(4,541)
Costs of other services and goods(***)	(371)	(8)	(478)	(921)	(15,944)
	(16,061)	**(27,923)**	**(45,183)**	**(68,218)**	**(25,041)**
Gross Profit	**33,795**	**44,300**	**74,975**	**66,576**	**18,068**

Operational lease revenues mainly consist of rent income from shopping malls and rent income from excavation area. Shopping malls in operation are Ankara Ankamall, Bursa Korupark, Bursa Zafer Plaza and Antalya Deepo. Ankamall is owned by Yeni Gimat—associate of the Company. According to the management agreement signed, management of the Bursa Korupark and Antalya Deepo is conducted by Torun AVM and the management of Bursa Zafer Plaza is conducted by Zafer Plaza İşletmeciliği A.Ş. (Note 23).

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

NOTE 16—REVENUE AND COST OF REVENUE (Continued)

(*) Electricity income and expenses consist of the electricity expenses of the shopping malls owned by the Company assumed by the Company and subsequently charged to related parties managing the shopping malls.

(**) Excavation site rent income consist of charging the excavation site rent expense of the land in İstanbul, Küçükçekmece Kayabaşı District which was leased by Toray Danış from TOKİ to Torun Yapı. The mentioned land is used as excavation site by Torun Yapı in accordance with the tender made. Excavation site rent expenses are related with the lease agreement between Toray Danış and TOKİ. The agreement has been finalized in 2009.

(***) Revenues and cost of revenues of other services and goods in 2007 mainly consist of commodity sales made prior to the REIC conversion. After the conversion in 2008, no such transaction has been carried out.

NOTE 17—MARKETING, SELLING AND DISTRIBUTION EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES

	30 June 2010	30 June 2009	31 December 2009	31 December 2008	31 December 2007
General administrative expenses					
Donations(*)	(4,000)	—	—	—	(671)
Taxes, duties and fees	(2,298)	(1,205)	(1,490)	(2,235)	(4,677)
Personnel expenses	(452)	(340)	(682)	(823)	(845)
Consultancy expenses	(251)	(215)	(674)	(351)	(602)
Depreciation expenses (Note 10)	(188)	(173)	(195)	(335)	(367)
Other	(302)	(228)	(536)	(616)	(579)
	(7,491)	**(2,161)**	**(3,577)**	**(4,360)**	**(7,741)**

(*) Agreement for a donation amounting to 4,000 TL is signed with the Bursa Metropolitan Municipality related with the metro construction to Korupark Shopping Mall and Residences. Additionally, the metro station will be named as "Korupark Metro Station".

Marketing, selling and distribution expenses

	30 June 2010	30 June 2009	31 December 2009	31 December 2008	31 December 2007
Marketing expenses for residence sales	(684)	(1,861)	(2,464)	(1,658)	(3,341)
Marketing expenses for shopping malls	(502)	(588)	(682)	(808)	(559)
Shopping mall event management activities	(207)	(125)	(226)	(191)	(174)
Advertising expenses	(196)	(601)	(541)	(303)	(253)
Other	(98)	(103)	(524)	(346)	(429)
	(1,687)	**(3,278)**	**(4,437)**	**(3,306)**	**(4,756)**

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

NOTE 18—EXPENSES BY NATURE

	30 June 2010	30 June 2009	31 December 2009	31 December 2008	31 December 2007
Cost of residence sales	(10,792)	(23,228)	(34,570)	(40,581)	—
Donations	(4,000)	—	—	—	(671)
Electricity expenses	(2,856)	(3,344)	(7,150)	(6,810)	(1,812)
Taxes, duties and fees	(2,298)	(1,205)	(1,490)	(2,235)	(4,677)
Operating expenses for rental properties	(2,042)	(1,137)	(2,777)	(2,678)	(2,784)
Marketing expenses for residence sales	(684)	(1,861)	(2,464)	(1,658)	(3,341)
Marketing expenses for shopping malls	(502)	(588)	(682)	(808)	(559)
Personnel expenses	(452)	(340)	(850)	(823)	(845)
Consultancy expenses	(251)	(215)	(674)	(351)	(602)
Advertising expenses	(196)	(601)	(541)	(303)	(253)
Costs of other services and goods	(371)	(8)	(478)	(921)	(15,944)
Excavation site rent expense	—	(206)	(252)	(17,306)	(4,541)
Depreciation expenses (Note 10)	(188)	(173)	(195)	(335)	(367)
Other	(607)	(456)	(1,074)	(1,075)	(1,142)
	(25,239)	**(33,362)**	**(53,197)**	**(75,884)**	**(37,538)**

NOTE 19—OTHER INCOME/EXPENSES

	30 June 2010	30 June 2009	31 December 2009	31 December 2008	31 December 2007
Other income					
Net gain from fair value adjustment on investment property (Note 8)	114,740	—	471,385	126,504	449,514
Other	184	181	274	525	1,263
	114,924	**181**	**471,659**	**127,029**	**450,777**
Other expenses					
Net loss from fair value adjustment on investment property (Note 8)	—	(4,734)	—	—	—
Other	(831)	(763)	(266)	(698)	(2,001)
	(831)	**(5,497)**	**(266)**	**(698)**	**(2,001)**

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

NOTE 20—FINANCIAL INCOME/EXPENSES

	30 June 2010	30 June 2009	31 December 2009	31 December 2008	31 December 2007
Financial income:					
Foreign exchange gains, net	23,922	—	—	—	13,607
Interest income on time deposits	6,056	3,595	7,792	16,731	5,423
Gain on sale of associate(*)	—	—	4,327	—	—
Other	233	1,151	1,476	697	1,640
	30,211	**4,746**	**13,595**	**17,428**	**20,670**

(*) Gain on sale of associate is related with the sale of Nokta İnşaat (Note 12).

	30 June 2010	30 June 2009	31 December 2009	31 December 2008	31 December 2007
Financial expenses:					
Interest expenses	(30,255)	(16,678)	(33,225)	(44,097)	(13,934)
Loss on derivative financial instruments(*)	(1,305)	—	(4,846)	—	—
Foreign exchange losses, net	—	(3,234)	(2,251)	(103,434)	—
Other	—	—	—	(1,065)	—
	(31,560)	**(19,912)**	**(40,322)**	**(148,596)**	**(13,934)**

(*) Loss on derivative financial instruments is related with the interest rate swap contracts.

NOTE 21—EARNINGS PER SHARE

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares (“Bonus Shares”) to existing shareholders from retained earnings and revaluation surplus. The issue of such shares is treated as the issuance of ordinary shares in the calculation of earnings per share.

Loss per share disclosed in the consolidated statement of loss determined by dividing net income attributable to ordinary shareholders by the weighted average number of shares in existence during the period concerned.

	30 June 2010	30 June 2009	31 December 2009	31 December 2008	31 December 2007
Net income attributable to equityholders of the parent in full TL	147,903,000	20,445,000	518,867,000	69,501,000	523,142,000
Weighted average number of ordinary shares	176,100,000	176,100,000	176,100,000	104,293,118	102,864,769
Earning per share in full TL	**0.84**	**0.12**	**2.95**	**0.67**	**5.09**

NOTE 22—TAX ASSETS AND LIABILITIES

The Company is exempt from corporate income tax in accordance with paragraph 4-d of Article 8 of the Corporate Income Tax Law after the REIC conversion on 25 January 2008 and in accordance with paragraph 6-a of Article 94 of the Income Tax Law, the earnings of the real estate investment trusts are subject to withholding taxes, According to the Council of Ministers decision, No: 93/5148, the withholding tax rate is determined as “0”. Therefore, the Company has no corporate tax obligation.

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

NOTE 22—TAX ASSETS AND LIABILITIES (Continued)

Corporation tax is payable at a rate of 20% as of 31 December 2007 on the total income of the Company registered in Turkey after adjusting for certain disallowable expenses, exempt income and investment and other allowances (e.g. research and development allowance). Corporate income tax returns are submitted to the related tax office by the 25th day of the 4th month following the month when the accounting period ends. The Company has made such submission for the financial year 2007 and paid the related corporation tax.

Tax charges for the year ended at 31 December 2007 are as follows:

	30 June 2010	30 June 2009	31 December 2009	31 December 2008	31 December 2007
Corporation tax provision	(469)	—	—	—	(452)
Deferred tax income	—	—	—	—	309
	(469)	**—**	**—**	**—**	**(143)**

Deferred taxes

The Company does not recognise any deferred tax assets and liabilities based on temporary differences arising between the balance sheet items as reported for IFRS purposes and the statutory financial statements since the Company is exempt from corporate income tax after the REIC conversion on 25 January 2008. The Company calculates deferred tax assets and liabilities on temporary differences which are expected to be realised in the short term as of 31 December 2006. The Company has deferred tax assets amounting to 37 TL on 185 TL temporary difference and 346 TL deferred tax liability on 1,730 TL temporary difference. Such deferred tax assets and liabilities are reversed in the consolidated financial statements in as of 31 December 2007 since as of the preparation of consolidated financial statements for the year 2007, the decision for the REIC conversion and the related applications have already been finalised.

NOTE 23—BALANCES AND TRANSACTIONS WITH RELATED PARTIES

a) Balances with related parties at 30 June 2010, 31 December 2009, 2008, 2007 and 2006 are as follows:

	30 June 2010	31 December 2009	31 December 2008	31 December 2007	31 December 2006
Financial payables to related parties					
Torunlar Gıda	—	1,982	5,533	74,668	—
	—	**1,982**	**5,533**	**74,668**	**—**

The Company has borrowed funds of advance nature from Torunlar Gıda which is a related party. The interest rate of this borrowing of advance nature is determined by the related parties at the market interest rate. As of 30 June 2010, there is no financial payable to related parties. (Weighted average interest rates:

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

NOTE 23—BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

31 December 2009: TL: 14.50%; EUR: 4.00%; 31 December 2008: TL: 14.50%, USD: 4.00%; 31 December 2008: USD: 6.00%; 31 December 2007: TL:18.00%, USD: 4.00%).

	30 June 2010	31 December 2009	31 December 2008	31 December 2007	31 December 2006
Trade payables to related parties					
Torun Yapı	2,334	—	—	—	—
Torunlar Gıda	—	—	8,359	—	—
Aziz Torun	—	—	—	—	992
Mehmet Torun	—	—	—	—	17,464
Other	1	7	126	44	—
	2,335	**7**	**8,485**	**44**	**18,456**

Trade payables to Torun Yapı as of 30 June 2010 and 31 December 2008 are related with the subcontractor activities of Torun Yapı for the real estate projects.

	30 June 2010	31 December 2009	31 December 2008	31 December 2007	31 December 2006
Financial receivables from related parties					
Nokta İnşaat	—	29,237	27,536	—	—
Torunlar Gıda	—	—	—	—	4,788
	—	**29,237**	**27,536**	**—**	**4,788**

The Company has given to its associate Nokta İnşaat borrowings of advance nature. The interest rate of this borrowing of advance nature is determined by the related parties at the market interest rate. As of 30 June 2010, there is no financial receivable from related parties. (Weighted average interest rates: 31 December 2009: EUR: 4.70%; 31 December 2008: EUR: 7.00%).

	30 June 2010	31 December 2009	31 December 2008	31 December 2007	31 December 2006
Trade receivables from related parties					
Torun AVM	2,617	4,666	5,646	1,503	—
Zafer Plaza İşletmeciliği A.Ş.	205	2,146	2,273	359	—
Torun Yapı	16	7,341	4,401	437	407
	2,838	**14,153**	**12,320**	**2,299**	**407**

Torun AVM, is providing management and administration services to Antalya Deepo and Bursa Korupark Shopping Malls which are owned by the Company. In accordance with the management agreement signed for Bursa Korupark Shopping Mall, Torun AVM is paying 98% of the net operating profit of the shopping mall to the Torunlar REIC. In accordance with the management agreement signed for Antalya Deepo Shopping Mall, Torun AVM is paying 96% of the net operating profit of the shopping mall to the Torunlar REIC.

Zafer Plaza İşletmeciliği A.Ş. is providing management and administration services to Zafer Plaza Shopping Mall which is owned by the Company. In accordance with the management agreement signed for Zafer Plaza Shopping Mall, Torunlar REIC has a fixed rent income amounting to 8,400 TL for the years 2010, 2009 and 2008.

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

NOTE 23—BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

The major balance due from Torun Yapı consists of advance given related with construction projects on which Torun Yapı acts as a subcontractor for the Company. Due from Torun Yapı, has been redeemed at 31 March 2010.

	30 June 2010	31 December 2009	31 December 2008	31 December 2007	31 December 2006
Notes receivable from related parties					
Torunlar Gıda	4,327	4,327	—	—	—
Aziz Torun	—	2,975	—	—	—
Mehmet Torun	—	2,975	—	—	—
	4,327	**10,277**	**—**	**—**	**—**

Notes receivables due from Torunlar Gıda with a maturity of 31 December 2010 are related to the sale of Nokta İnşaat (Note 12).

Notes receivables from the shareholders of the Company Aziz Torun and Mehmet Torun are related with the sale of residences made with market prices. Notes receivables from Aziz Torun and Mehmet Torun are fully collected as of 30 June 2010.

	30 June 2010	31 December 2009	31 December 2008	31 December 2007	31 December 2006
Other receivables from related parties					
Nokta İnşaat	—	211	90	—	—
Torunlar Gıda	—	418	—	—	—
	—	**629**	**90**	**—**	**—**

b) For the periods ended 30 June 2010 and 2009 and for the years ended 31 December 2009, 2008 and 2007, rent and interest income from related parties are as follows:

	30 June 2010	30 June 2009	31 December 2009	31 December 2008	31 December 2007
Sales					
Torun AVM	20,490	17,942	39,650	39,988	12,936
Zafer Plaza İşletmeciliği A.Ş.	4,200	4,200	8,413	8,401	8,014
Torun Yapı	85	—	6,854	17,478	—
Torunlar Gıda (Note 12)	12	—	4,327	—	—
Mehmet Torun	—	3,254	3,301	—	—
Aziz Torun	—	3,254	3,301	—	—
Other	—	—	—	—	389
	24,787	**28,650**	**65,846**	**65,867**	**21,339**

Torun AVM, is providing management and administration services to Antalya Deepo and Bursa Korupark Shopping Malls which are owned by the Company. In accordance with the management agreement signed for Bursa Korupark Shopping Mall, Torun AVM is paying 98% of the net operating profit of the shopping mall to the Torunlar REIC. In accordance with the management agreement signed for Antalya Deepo Shopping Mall, Torun AVM is paying 96% of the net operating profit of the shopping mall to the Torunlar REIC. These amounts with Torun AVM above represent rent revenues received through Torun AVM from the tenants of the aforementioned shopping malls.

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

NOTE 23—BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

Zafer Plaza İşletmeciliği A.Ş. is providing management and administration services to Zafer Plaza Shopping Mall which is owned by the Company. In accordance with the management agreement signed for Zafer Plaza Shopping Mall, Torunlar REIC has a fixed rent income amounting to 8,400 TL for the years 2010, 2009 and 2008.

Sales made to Torunlar Yapı are related with excavation site rent income. Sales made to Torunlar Gıda in 2009 are related to the sale of Nokta İnşaat (Note 12).

Sales made to shareholders of the Company Aziz Torun and Mehmet Torun are related with the sale of residences made with market prices.

c) For the periods ended 30 June 2010 and 2009 and for the years ended 31 December 2009, 2008 and 2007, commission paid, service and interest expenses to related parties are as follows:

	30 June 2010	30 June 2009	31 December 2009	31 December 2008	31 December 2007
Purchases					
Torun Yapı	6,970	6,479	49,552	51,500	895
Torun AVM	1,052	—	—	—	—
Torunlar Gıda	49	11	38	43	96
Torun Pazarlama A.Ş.	9	13	27	18	—
Kütahya Seker Fabrikası A.Ş.	—	—	—	—	4,279
Other	—	—	—	—	409
	8,080	**6,503**	**49,617**	**51,561**	**5,679**

Purchases made from Torun Yapı is due to that Torun Yapı acts as a subcontractor for the Company.

Interest income/expenses

	30 June 2010	30 June 2009	31 December 2009	31 December 2008	31 December 2007
Interest income:					
Nokta İnşaat	—	647	1,305	597	—
Torunlar Gıda	—	—	—	53	—
	—	**647**	**1,305**	**650**	**—**

The Company has given to its associate Nokta İnşaat borrowings of advance nature. The interest rate of this borrowing of advance nature is determined by the related parties at the market interest rate. As of 30 June 2010, there is no financial receivable from related parties. (Weighted average interest rates: 31 December 2009: EUR: 4.70%; 31 December 2008: EUR: 7.00%).

	30 June 2010	30 June 2009	31 December 2009	31 December 2008	31 December 2007
Interest expenses:					
Torunlar Gıda	4	185	540	3,011	2,769
	4	**185**	**540**	**3,011**	**2,769**

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

NOTE 23—BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

The Company has borrowed funds of advance nature from Torunlar Gıda which is a related party. The interest rate of this borrowing of advance nature is determined by the related parties at the market interest rate. As of 30 June 2010, there is no financial payable to related parties. (Weighted average interest rates: 31 December 2009: TL: 14.50%; EUR: 4.00%; 31 December 2008: TL: 14.50%, USD: 4.00%; 31 December 2008: USD: 6.00%; 31 December 2007: TL:18.00%, USD: 4.00%).

d) Remuneration of key management

	30 June 2010	30 June 2009	31 December 2009	31 December 2008	31 December 2007
Salaries and premiums	429	157	389	332	266
	429	**157**	**389**	**332**	**266**

NOTE 24—FINANCIAL RISK MANAGEMENT

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

Liquidity Risk

Liquidity risk is the inability of the Group to match the net funding requirements with sufficient liquidity. The Group management tries to avoid liquidity risk from daily operations by trying to keep sufficient levels of cash and to have open credit lines with creditors. Management also tries to align the repayment of borrowings obtained for the construction and acquisition of investment properties with the rental revenue streams from such properties to the extent possible. For the construction of residential units the Group obtains cash advances from customers by engaging in pre-sales agreements to minimize the funding requirement in such projects.

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

NOTE 24—FINANCIAL RISK MANAGEMENT (Continued)

The analysis of the Group's financial liabilities with respect to their maturities as of 30 June 2010 is as follows:

	Carrying value	Contractual cash flows	Up to 3 months	3 months to 1 year	1 year - to 5 years	Over 5 years
Short-term financial liabilities (Non-derivative):						
Financial liabilities	137,140	164,717	91,110	73,607	—	—
Trade payables	24,565	24,565	24,565	—	—	—
Other short-term liabilities	127,834	127,834	119,788	8,046	—	—
	289,539	**317,116**	**235,463**	**81,653**	**—**	**—**
Long-term financial liabilities (Non-derivative):						
Financial liabilities	629,937	729,509	—	—	545,777	183,732
Provisions	12	12	—	—	—	12
	629,949	**729,521**	**—**	**—**	**545,777**	**183,744**
	919,488	**1,046,637**	**235,463**	**81,653**	**545,777**	**183,744**

	Carrying value	Contractual cash flows	Up to 3 months	3 months to 1 year	1 year - to 5 years	Over 5 years
Derivative financial liabilities:						
Derivative cash inflows	255,010	255,010	—	—	—	255,010
Derivative cash outflows	(255,010)	(255,010)	—	—	—	(255,010)
Derivative instruments, net cash inflows	**—**	**—**	**—**	**—**	**—**	**—**

The analysis of the Group's financial liabilities with respect to their maturities as of 31 December 2009 is as follows:

	Carrying value	Contractual cash flows	Up to 3 months	3 months to 1 year	1 year - to 5 years	Over 5 years
Short-term financial liabilities (Non-derivative):						
Financial liabilities	164,161	189,585	17,838	171,747	—	—
Trade payables	10,934	10,934	6,420	4,514	—	—
Other short-term liabilities	66,638	66,638	1,727	64,911	—	—
	241,733	**267,157**	**25,985**	**241,172**	**—**	**—**
Long-term financial liabilities (Non-derivative):						
Financial liabilities	462,881	538,467	—	—	372,559	165,908
Provisions	5	5	—	—	—	5
	462,886	**538,472**	**—**	**—**	**372,559**	**165,913**
	704,619	**805,629**	**25,985**	**241,172**	**372,559**	**165,913**

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

NOTE 24—FINANCIAL RISK MANAGEMENT (Continued)

	Carrying value	Contractual cash flows	Up to 3 months	3 months to 1 year	1 year - to 5 years	Over 5 years
Derivative financial liabilities:						
Derivative cash inflows	291,641	291,641	—	—	—	291,641
Derivative cash outflows	(291,641)	(291,641)	—	—	—	(291,641)
Derivative instruments, net cash inflows	**—**	**—**	**—**	**—**	**—**	**—**

The analysis of the Group’s financial liabilities with respect to their maturities as of 31 December 2008 is as follows:

	Carrying value	Total contractual cash outflows	Up to 3 months	3 months to 1 year	1 year - to 5 years	Over 5 years
Short-term financial liabilities (Non-derivative):						
Financial liabilities	274,915	307,397	30,271	277,126	—	—
Trade payables	15,196	15,196	1,360	13,836	—	—
Other short-term liabilities	2,561	2,561	1,481	1,080	—	—
	292,672	**325,154**	**33,112**	**292,042**	**—**	**—**
Long-term financial liabilities (Non-derivative):						
Financial liabilities	333,170	440,264	—	—	217,597	222,667
Provisions	17	17	—	—	—	17
Other long-term liabilities	15,875	15,875	—	—	15,875	—
	349,062	**456,156**	**—**	**—**	**233,472**	**222,684**
	641,734	**781,310**	**33,112**	**292,042**	**233,472**	**222,684**

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

NOTE 24—FINANCIAL RISK MANAGEMENT (Continued)

The analysis of the Group's financial liabilities with respect to their maturities as of 31 December 2007 is as follows:

	Carrying value	Total contractual cash outflows	Up to 3 months	3 months to 1 year	1 year - to 5 years	Over 5 years
Short-term financial liabilities (Non-derivative):						
Financial liabilities	317,492	333,788	23,300	310,488	—	—
Trade payables	15,435	15,435	13,663	1,772	—	—
Other short-term liabilities	46,376	46,376	21,440	24,936	—	—
	379,303	**395,599**	**58,403**	**337,196**	**—**	**—**
Long-term financial liabilities (Non-derivative):						
Financial liabilities	137,236	143,626	—	—	143,626	—
Provisions	139	139	—	—	—	139
Other long-term liabilities	21,600	21,600	—	—	21,600	—
	158,975	**165,365**	**—**	**—**	**165,226**	**139**
	538,278	**560,964**	**58,403**	**337,196**	**165,226**	**139**

The analysis of the Group's financial liabilities with respect to their maturities as of 31 December 2006 is as follows:

	Carrying value	Total contractual cash outflows	Up to 3 months	3 months to 1 year	1 year - to 5 years	Over 5 years
Short-term financial liabilities (Non-derivative):						
Financial liabilities	62,950	63,484	59,135	4,349	—	—
Trade payables	23,580	23,580	5,124	18,456	—	—
Deferred tax liabilities	309	309	—	309	—	—
Other short-term liabilities	1,344	1,344	1,344	—	—	—
	88,183	**88,717**	**65,603**	**23,114**	**—**	**—**
Long-term financial liabilities (Non-derivative):						
Financial liabilities	1,139	1,139	—	—	1,139	—
Provisions	110	110	—	—	—	110
Other long-term liabilities	37,103	37,103	—	—	37,103	—
	38,352	**38,352**	**—**	**—**	**38,242**	**110**
	126,535	**127,069**	**65,603**	**23,114**	**38,242**	**110**

Interest rate risk

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

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

NOTE 24—FINANCIAL RISK MANAGEMENT (Continued)

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

At 30 June 2010, if interest rates at contractual repricing dates of TL denominated financial assets and liabilities with variable interest rates has strengthened/weakened by 1% with all other variables held constant, income would have been 51 TL lower/higher as a result of interest expenses.

At 30 June 2010, if interest rates at contractual repricing dates of EUR and USD denominated financial assets and liabilities with variable interest rates has strengthened/weakened by 1% with all other variables held constant, income would have been 1,314 TL lower/higher as a result of interest expenses.

Average effective annual interest rates of balance sheet items as of 30 June 2010 and 2009 and 31 December 2009, 2008 and 2007 are as follows:

30 June 2010 (%)	TL	EUR	USD
Current assets			
Cash and cash equivalents	9.44%	4.08%	5.58%
Trade receivables	8.09%	—	—
Current liabilities			
Financial liabilities	9.42%	4.94%	4.83%
Due to related parties	6.99%	0.44%	0.34%
Trade payables	7.03%	—	—
Non-current liabilities			
Financial liabilities	6.98%	4.91%	5.65%

31 December 2009 (%)	TL	EUR	USD
Current assets			
Cash and cash equivalents	10.47%	3.68%	—
Trade receivables	8.49%	—	—
Current liabilities			
Financial liabilities	11.56%	4.64%	5.64%
Due to related parties	—	—	5.53%
Trade payables	7.01%	0.66%	0.25%
Non-current liabilities			
Financial liabilities	21.02%	4.54%	5.91%

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

NOTE 24—FINANCIAL RISK MANAGEMENT (Continued)

31 December 2008 (%)	TL	EUR	USD
Current assets			
Cash and cash equivalents	22.41%	6.66%	6.10%
Trade receivables	16.21%	2.96%	1.44%
Current liabilities			
Financial liabilities	24.84%	6.92%	5.07%
Due to related parties	17.00%	—	6.00%
Trade payables	16.21%	2.84%	1.26%
Non-current liabilities			
Financial liabilities	27.42%	7.13%	5.58%

31 December 2007 (%)	TL	EUR	USD
Current assets			
Cash and cash equivalents	16.50%	3.80%	5.52%
Trade receivables	16.05%	4.72%	4.37%
Current liabilities			
Financial liabilities	18.78%	5.20%	6.11%
Due to related parties	18.00%	—	4.00%
Trade payables	15.46%	4.59%	4.68%
Non-current liabilities			
Financial liabilities	18.78%	—	6.14%

31 December 2006 (%)	TL	EUR	USD
Current assets			
Cash and cash equivalents	—	—	—
Trade receivables	19.52%	2.70%	4.25
Current liabilities			
Financial liabilities	19.25%	3.98%	5.77%
Due to related parties	19.52%	—	—
Trade payables	19.52%	—	—
Non-current liabilities			
Financial liabilities	19.25%	—	—

The Company's financial instruments that are sensitive to interest rates are as follows:

	30 June 2010	31 December 2009	31 December 2008	31 December 2007	31 December 2006
Financial instruments with fixed interest rate					
Time deposits	262,141	72,617	80,162	137,363	—
Financial liabilities	471,949	285,243	40,865	321,255	64,089
Financial instruments with floating interest rate					
Financial liabilities	298,100	341,799	567,220	133,473	—

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

NOTE 24—FINANCIAL RISK MANAGEMENT (Continued)

Group's financial assets and liabilities in carrying amounts classified in terms of periods remaining to contractual repricing dates as of 30 June 2010, 31 December 2009, 2008, 2007 and 2006 are as follows:

	30 June 2010				
	Up to 3 months	3 months to 1 year	More than 1 year	Non-interest bearing	Total
Cash and cash equivalents	74,559	160,492	27,090	147	262,288
Trade receivables	44,233	—	3,613	—	47,846
Due from related parties	—	7,165	—	—	7,165
Other current assets	4,820	—	—	—	4,820
Inventories	—	—	—	126,454	126,454
Investment property	—	—	—	2,261,731	2,261,731
Property, plant and equipment	—	—	—	655	655
Goodwill	—	—	—	8,250	8,250
Investments in associates	—	—	—	121,745	121,745
Other non-current assets	—	—	31,605	—	31,605
Total assets	**123,612**	**167,657**	**62,308**	**2,518,982**	**2,872,559**
Bank borrowings	(495,339)	(271,434)	—	—	(766,773)
Finance lease liabilities	(257)	(40)	(7)	—	(304)
Trade payables	(22,230)	—	—	—	(22,230)
Due to related parties	(2,335)	—	—	—	(2,335)
Provisions for employment termination benefits	—	—	—	(12)	(12)
Other liabilities	(127,834)	—	—	—	(127,834)
Total liabilities	**(647,995)**	**(271,474)**	**(7)**	**(12)**	**(919,488)**
Net repricing position	**(524,383)**	**(103,817)**	**62,301**	**2,518,970**	**1,953,071**

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

NOTE 24—FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2009				
	Up to 3 months	3 months to 1 year	More than 1 year	Non-interest bearing	Total
Cash and cash equivalents	72,617	—	—	22	72,639
Trade receivables	15,243	7,288	5,310	—	27,841
Due from related parties	—	52,137	2,159	—	54,296
Other current assets	1,676	—	—	—	1,676
Inventories	—	—	—	101,648	101,648
Investment property	—	—	—	2,096,430	2,096,430
Property, plant and equipment	—	—	—	407	407
Goodwill	—	—	—	8,250	8,250
Investments in associates	—	—	—	115,478	115,478
Other non-current assets	—	—	31,122	—	31,122
Total assets	**89,536**	**59,425**	**38,591**	**2,322,235**	**2,509,787**
Bank borrowings	(308,117)	(107,159)	(208,122)	—	(623,398)
Finance lease liabilities	(410)	(1,229)	(23)	—	(1,662)
Trade payables	(6,420)	(4,514)	—	—	(10,934)
Due to related parties	—	(1,982)	—	—	(1,982)
Provisions for employment termination benefits	—	—	—	(5)	(5)
Other liabilities	(1,726)	(64,912)	—	—	(66,638)
Total liabilities	**(316,673)**	**(179,796)**	**(208,145)**	**(5)**	**(704,619)**
Net repricing position	**(227,137)**	**(120,371)**	**(169,554)**	**2,322,230**	**1,805,168**

	31 December 2008				
	Up to 3 months	3 months to 1 year	More than 1 year	Non-interest bearing	Total
Cash and cash equivalents	80,162	—	—	6	80,168
Trade receivables	1,937	9,715	1,787	—	13,439
Due from related parties	10,644	29,302	—	—	39,946
Other current assets	4,454	—	—	—	4,454
Inventories	—	—	—	72,626	72,626
Investment property	—	—	—	1,557,584	1,557,584
Property, plant and equipment	—	—	—	629	629
Goodwill	—	—	—	8,250	8,250
Investments in associates	—	—	—	112,774	112,774
Other non-current assets	—	—	38,165	—	38,165
Total assets	**97,197**	**39,017**	**39,952**	**1,751,869**	**1,928,035**
Bank borrowings	(352,457)	(206,700)	(39,046)	—	(598,203)
Finance lease liabilities	(686)	(2,059)	(1,604)	—	(4,349)
Trade payables	(1,360)	(13,836)	—	—	(15,196)
Due to related parties	—	(5,533)	—	—	(5,533)
Provisions for employment termination benefits	—	—	—	(17)	(17)
Other liabilities	(1,482)	(1,079)	(15,875)	—	(18,436)
Total liabilities	**(355,985)**	**(229,207)**	**(56,525)**	**(17)**	**(641,734)**
Net repricing position	**(258,788)**	**(190,190)**	**(16,573)**	**1,751,852**	**1,286,301**

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

NOTE 24—FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2007				
	Up to 3 months	3 months to 1 year	More than 1 year	Non-interest bearing	Total
Cash and cash equivalents	137,365	—	—	76	137,441
Trade receivables	6,906	9,945	4,791	—	21,642
Due from related parties	2,299	—	—	—	2,299
Other current assets	1,584	—	—	—	1,584
Inventories	—	—	—	75,405	75,405
Investment property	—	—	—	1,308,832	1,308,832
Property, plant and equipment	—	—	—	1,831	1,831
Investments in associates	—	—	—	100,986	100,986
Other non-current assets	—	—	31,822	—	31,822
Total assets	**148,154**	**9,945**	**36,613**	**1,487,130**	**1,681,842**
Bank borrowings	(22,763)	(218,076)	(134,107)	—	(374,946)
Finance lease liabilities	(496)	(1,489)	(3,129)	—	(5,114)
Trade payables	(13,663)	(1,772)	—	—	(15,435)
Due to related parties	—	(74,668)	—	—	(74,668)
Provisions for employment termination benefits	—	—	—	(139)	(139)
Other liabilities	(21,440)	(24,936)	(21,600)	—	(67,976)
Total liabilities	**(58,362)**	**(320,941)**	**(158,836)**	**(139)**	**(538,278)**
Net repricing position	**89,792**	**(310,996)**	**(122,223)**	**1,486,991**	**1,143,564**

	31 December 2006				
	Up to 3 months	3 months to 1 year	More than 1 year	Non-interest bearing	Total
Cash and cash equivalents	—	—	—	14	14
Trade receivables	4,462	17,991	7,141	—	29,594
Due from related parties	5,195	—	—	—	5,195
Other current assets	8,358	—	—	—	8,358
Inventories	—	—	—	30,019	30,019
Investment property	—	—	—	645,481	645,481
Property, plant and equipment	—	—	—	587	587
Investments in associates	—	—	—	19,825	19,825
Other non-current assets	—	—	7,884	—	7,884
Total assets	**18,015**	**17,991**	**15,025**	**695,926**	**746,957**
Bank borrowings	(58,654)	(4,296)	(1,139)	—	(64,089)
Trade payables	(5,124)	(18,456)	—	—	(23,580)
Provisions for employment termination benefits	—	—	—	(110)	(110)
Deferred tax liabilities	—	—	—	(309)	(309)
Other liabilities	(1,344)	—	(37,103)	—	(38,447)
Total liabilities	**(65,122)**	**(22,752)**	**(38,242)**	**(419)**	**(126,535)**
Net repricing position	**(47,107)**	**(4,761)**	**(23,217)**	**695,507**	**620,422**

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

NOTE 24—FINANCIAL RISK MANAGEMENT (Continued)

Credit risk

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

The Group keeps majority of its deposits with top 10 retail banks established in Turkey, with which the Group had standing relations.

Credit risk mainly consists of receivables from related parties. Credit risk of receivables from third parties is managed by securing receivables with collaterals covering receivables at the highest possible proportion. Methods used are as follows:

- Bank guarantees (letter of guarantee, letter of credit, etc.),
- Mortgage on real estate,
- Cheques and notes,

In credit risk control, the credit quality of each customer is assessed; taking into account its financial position, past experience and other factors, individual risk limits are set in accordance and the utilisation of credit limits is regularly monitored.

Credit and receivable risk of financial instruments as of 30 June 2010 is as follows:

	Trade Receivables		
30 June 2010	**Related party**	**Other party**	**Deposits in Banks**
Maximum exposed credit risk as of reporting date	**7,165**	**47,846**	**262,275**
Secured portion of the maximum credit risk by guarantees, etc.	—	—	—
A. Net book value of financial assets either are not due or not impaired	7,165	44,589	262,275
—Secured portion by guarantees, etc.	—	—	—
B. Financial assets with renegotiated conditions		—	—
—Secured portion by guarantees, etc.	—	—	—
C. Net book value of the expired but not impaired financial assets	—	1,213	—
—Secured portion by guarantees, etc.	—	—	—
D. Net book value of the impaired assets			
—Overdue (Gross book value)	—	2,044	—
—Not overdue	—	—	—
—Impairment	—	(2,044)	—
—Secured portion of the net value by guarantees, etc.	—	—	—

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

NOTE 24—FINANCIAL RISK MANAGEMENT (Continued)

Credit and receivable risk of financial instruments as of 31 December 2009 is as follows:

31 December 2009	Trade Receivables Related party	Trade Receivables Other party	Deposits in Banks
Maximum exposed credit risk as of reporting date	**54,296**	**27,841**	**72,621**
Secured portion of the maximum credit risk by guarantees, etc.	—	2,520	—
A. Net book value of financial assets either are not due or not impaired	54,296	23,462	72,621
—Secured portion by guarantees, etc.	—	—	—
B. Financial assets with renegotiated conditions	—	—	—
—Secured portion by guarantees, etc.	—	—	—
C. Net book value of the expired but not impaired financial assets	—	2,520	—
—Secured portion by guarantees, etc.	—	2,520	—
D. Net book value of the impaired assets			
—Overdue (Gross book value)	—	1,859	—
—Not overdue	—	—	—
—Impairment	—	(1,859)	—
—Secured portion of the net value by guarantees, etc.	—	—	—

Credit and receivable risk of financial instruments as of 31 December 2008 is as follows:

31 December 2008	Trade Receivables Related party	Trade Receivables Other party	Deposits in Banks
Maximum exposed credit risk as of reporting date	**40,446**	**12,939**	**80,168**
Secured portion of the maximum credit risk by guarantees, etc.	—	3,313	—
A. Net book value of financial assets either are not due or not impaired	40,446	7,554	80,168
—Secured portion by guarantees, etc.	—	—	—
B. Financial assets with renegotiated conditions	—	—	—
—Secured portion by guarantees, etc.	—	—	—
C. Net book value of the expired but not impaired financial assets	—	3,596	—
—Secured portion by guarantees, etc.	—	3,313	—
D. Net book value of the impaired assets			
—Overdue (Gross book value)	—	1,789	—
—Not overdue	—	—	—
—Impairment	—	(1,789)	—
—Secured portion of the net value by guarantees, etc.	—	—	—

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

NOTE 24—FINANCIAL RISK MANAGEMENT (Continued)

Credit and receivable risk of financial instruments as of 31 December 2007 is as follows:

31 December 2007	Trade Receivables		Deposits in Banks
	Related party	Other party	
Maximum exposed credit risk as of reporting date	**2,299**	**21,642**	**137,429**
Secured portion of the maximum credit risk by guarantees, etc.	—	3,496	—
A. Net book value of financial assets either are not due or not impaired	2,299	16,287	137,429
—Secured portion by guarantees, etc.	—	—	—
B. Financial assets with renegotiated conditions	—	—	—
—Secured portion by guarantees, etc.	—	—	—
C. Net book value of the expired but not impaired financial assets	—	3,496	—
—Secured portion by guarantees, etc.	—	3,496	—
D. Net book value of the impaired assets			
—Overdue (Gross book value)	—	1,859	—
—Not overdue	—	—	—
—Impairment	—	(1,859)	—
—Secured portion of the net value by guarantees, etc.	—	—	—

Credit and receivable risk of financial instruments as of 31 December 2006 is as follows:

31 December 2006	Trade Receivables		Deposits in Banks
	Related party	Other party	
Maximum exposed credit risk as of reporting date	**5,195**	**29,594**	**14**
Secured portion of the maximum credit risk by guarantees, etc.	—	11,659	—
A. Net book value of financial assets either are not due or not impaired	5,195	17,913	14
—Secured portion by guarantees, etc.	—	—	—
B. Financial assets with renegotiated conditions			
—Secured portion by guarantees, etc.	—	—	—
C. Net book value of the expired but not impaired financial assets	—	11,659	—
—Secured portion by guarantees, etc.	—	11,659	—
D. Net book value of the impaired assets	—	—	—
—Overdue (Gross book value)	—	22	—
—Not overdue	—	—	—
—Impairment	—	(22)	—
—Secured portion of the net value by guarantees, etc.	—	—	—

Amounts showing the maximum credit risk exposed as of balance sheet date by excluding guarantees in hand and other factors that increase the credit quality.

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

NOTE 24—FINANCIAL RISK MANAGEMENT (Continued)

a) Credit quality of financial assets

	30 June 2010	31 December 2009	31 December 2008	31 December 2007	31 December 2006
Group 1	—	—	—	—	—
Group 2	44,589	23,462	7,554	16,287	17,913
Group 3	—	—	—	—	—
	44,589	**23,462**	**7,554**	**16,287**	**17,913**

Group 1—New customers (Less than three months)
Group 2—Existing customers with no defaults in the past (excluding related parties)
Group 3—Existing customers with some defaults in the past of which were fully recovered (excluding related parties)

b) The aging table of the receivables that are past due but not impaired

	30 June 2010	31 December 2009	31 December 2008	31 December 2007	31 December 2006
Past due 1-30 days	1,192	—	—	—	—
Past due 1-3 months	21	—	—	—	—
Past due 3-12 months	—	—	—	—	2,387
Past due 1-5 years	—	2,520	3,596	3,496	9,272
	1,213	**2,520**	**3,596**	**3,496**	**11,659**

Foreign exchange risk

The Group is exposed to foreign exchange rate risk through operations done using multiple currencies. The main principle in the management of this foreign currency risk is maintaining foreign exchange position in a way to be affected least by the fluctuations in foreign exchange rates, in other words, maintaining foreign exchange position close to zero.

For this reason, the proportion of the positions of these currencies among each other or against new Turkish lira to shareholders' equity is aimed to be controlled under certain limits.

Derivative financial instruments are also used, when necessary. In this context, the Group's primary method is to sign foreign currency lease agreements for shopping malls.

The Group is exposed to foreign exchange rate risk mainly for EUR and USD.

Foreign currency position

Foreign currency denominated assets, liabilities and off-balance sheet accounts give rise to foreign exchange exposure.

The Company plans to manage the foreign currency risk which results from long term liabilities in foreign currency by making rent contracts denominated in foreign currency regarding the projects namely Antalya Deepo Shopping Mall and Bursa Korupark Shopping Mall as of 30 June 2010.

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

NOTE 24—FINANCIAL RISK MANAGEMENT (Continued)

The company does not have any export or import activity in 30 June 2010, 31 December 2009, 2008, 2007 and 2006.

Foreign currency denominated assets and liabilities held by the Group before consolidation eliminations are as follows:

	30 June 2010	31 December 2009	31 December 2008	31 December 2007	31 December 2006
Assets	209,638	60,961	42,014	137,719	7,530
Liabilities	(750,214)	(605,747)	(592,887)	(396,300)	(59,979)
Net on-balance sheet position	**(540,576)**	**(544,786)**	**(550,873)**	**(258,581)**	**(52,449)**
Net off-balance sheet derivatives position	—	—	—	—	—
Net foreign currency position	**(540,576)**	**(544,786)**	**(550,873)**	**(258,581)**	**(52,449)**

The original currency amounts of assets and liabilities denominated in foreign currencies and the total TL equivalent at 30 June 2010 are as follows:

	EUR	USD	TL equivalent
Current assets	**23,769**	**104,122**	**209,638**
Trade receivables	670	1,746	4,037
Monetary financial sssets	23,099	102,376	205,601
Other	—	—	—
Total assets	**23,769**	**104,122**	**209,638**
Current liabilities	**(11,800)**	**(62,012)**	**(120,326)**
Trade payables	(376)	(913)	(2,160)
Financial liabilities	(11,424)	(60,378)	(117,031)
Other monetary financial liabilities	—	(721)	(1,135)
Non-current Liabilities	**(125,618)**	**(246,706)**	**(629,888)**
Financial liabilities	(125,618)	(246,706)	(629,888)
Other monetary financial liabilities			
Total liabilities	**(137,418)**	**(308,718)**	**(750,214)**
Net balance sheet position	**(113,649)**	**(204,596)**	**(540,576)**
Derivative financial assets	135,000	—	—
Derivative financial assets	(135,000)	—	—
Net position of off-balance sheet items	—	—	—
Net foreign currency asset/(liability) position	**(113,649)**	**(204,596)**	**(540,576)**

Net foreign currency position against currencies is as follows:

Against EUR	(218,399)
Against USD	(322,177)
Net foreign currency position	**(540,576)**

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

NOTE 24—FINANCIAL RISK MANAGEMENT (Continued)

The original currency amounts of assets and liabilities denominated in foreign currencies and the total TL equivalent at 31 December 2009 are as follows:

	EUR	USD	TL equivalent
Current assets	**28,219**	**—**	**60,961**
Trade receivables	13,741	—	29,685
Monetary financial sssets	14,478	—	31,276
Other	—	—	—
Total assets	**28,219**	**—**	**60,961**
Current liabilities	**(3,534)**	**(66,901)**	**(108,368)**
Trade payables	(232)	(76)	(615)
Financial liabilities	(3,302)	(66,147)	(106,732)
Other monetary financial liabilities	—	(678)	(1,021)
Non-current Liabilities	**(138,252)**	**(131,974)**	**(497,379)**
Financial liabilities	(138,252)	(131,974)	(497,379)
Other monetary financial liabilities	—	—	—
Total liabilities	**(141,786)**	**(198,875)**	**(605,747)**
Net balance sheet position	**(113,567)**	**(198,875)**	**(544,786)**
Derivative financial assets	135,000	—	—
Derivative financial assets	(135,000)	—	—
Net position of off-balance sheet items	—	—	—
Net foreign currency asset/(liability) position	**(113,567)**	**(198,875)**	**(544,786)**

Net foreign currency position against currencies is as follows:

Against EUR	(245,340)
Against USD	(299,446)
Net foreign currency position	**(544,786)**

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

NOTE 24—FINANCIAL RISK MANAGEMENT (Continued)

The original currency amounts of assets and liabilities denominated in foreign currencies and the total TL equivalent at 31 December 2008 are as follows:

	EUR	USD	TL equivalent
Current assets	**18,210**	**2,005**	**42,014**
Trade receivables	70	28	192
Monetary financial assets	18,140	1,977	41,822
Other	—	—	—
Total assets	**18,210**	**2,005**	**42,014**
Current liabilities	**(19,730)**	**(129,328)**	**(237,822)**
Trade payables	(135)	(120)	(472)
Financial liabilities	(19,595)	(129,208)	(237,350)
Other monetary financial liabilities	—	—	—
Non-current liabilities	**(147,561)**	**(25,899)**	**(355,065)**
Trade payables	—	—	—
Financial liabilities	(147,561)	(25,706)	(354,774)
Other monetary financial liabilities	—	(193)	(291)
Total liabilities	**(167,291)**	**(155,227)**	**(592,887)**
Net balance sheet position	**(149,081)**	**(153,222)**	**(550,873)**
Derivative financial assets	—	—	—
Derivative financial assets	—	—	—
Net position of off-balance sheet items	—	—	—
Net foreign currency asset / (liability) position	**(149,081)**	**(153,222)**	**(550,873)**

Net foreign currency position against currencies is as follows:

Against EUR	(319,154)
Against USD	(231,719)
Net foreign currency position	**(550,873)**

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

NOTE 24—FINANCIAL RISK MANAGEMENT (Continued)

The original currency amounts of assets and liabilities denominated in foreign currencies and the total TL equivalent at 31 December 2007 are as follows:

	EUR	USD	TL equivalent
Current assets	**159**	**118,011**	**137,719**
Trade receivables	73	186	341
Monetary financial assets	86	117,669	137,196
Other	—	156	182
Total assets	**159**	**118,011**	**137,719**
Current liabilities	**(22,422)**	**(188,973)**	**(258,443)**
Trade payables	(627)	(1,178)	(2,445)
Financial liabilities	(21,790)	(185,075)	(252,822)
Other monetary financial liabilities	(5)	(2,720)	(3,176)
Non-current liabilities	**(1,670)**	**(115,910)**	**(137,857)**
Trade payables	—	—	—
Financial liabilities	(1,531)	(114,779)	(136,302)
Other monetary financial liabilities	(139)	(1,131)	(1,555)
Total liabilities	**(24,092)**	**(304,883)**	**(396,300)**
Net balance sheet position	**(23,933)**	**(186,872)**	**(258,581)**
Derivative financial assets	—	—	—
Derivative financial assets	—	—	—
Net position of off-balance sheet items	—	—	—
Net foreign currency asset / (liability) position	**(23,933)**	**(186,872)**	**(258,581)**

Net foreign currency position against currencies is as follows:

Against EUR	(40,931)
Against USD	(217,650)
Net foreign currency position	**(258,581)**

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

NOTE 24—FINANCIAL RISK MANAGEMENT (Continued)

The original currency amounts of assets and liabilities denominated in foreign currencies and the total TL equivalent at 31 December 2006 are as follows:

	EUR	USD	TL equivalent
Current assets	**2,998**	**1,408**	**7,530**
Trade receivables	2,676	691	5,927
Inventories	322	717	1,603
Other	—	—	—
Total assets	**2,998**	**1,408**	**7,530**
Current liabilities	**(10,833)**	**(26,836)**	**(57,780)**
Trade payables	(1)	(65)	(94)
Financial liabilities	(10,832)	(26,771)	(57,686)
Other monetary financial liabilities	—	—	—
Non-current liabilities	**(139)**	**(1,380)**	**(2,199)**
Trade payables	—	—	—
Financial liabilities	—	—	—
Other monetary financial liabilities	(139)	(1,380)	(2,199)
Total liabilities	**(10,972)**	**(28,216)**	**(59,979)**
Net balance sheet position	**(7,974)**	**(26,808)**	**(52,449)**
Derivative financial assets	—	—	—
Derivative financial assets	—	—	—
Net position of off-balance sheet items	—	—	—
Net foreign currency asset / (liability) position	**(7,974)**	**(26,808)**	**(52,449)**

Net foreign currency position against currencies is as follows:

Against EUR	(14,765)
Against USD	(37,684)
Net foreign currency position	**(52,449)**

The table below shows the Company’s sensitivity for 10% fluctuation of USD and EUR. These amounts represent the effect on the consolidated statement of comprehensive income of 10% fluctuation of USD and EUR against TL. During this analysis all other variables especially interest rate are assumed to remain constant.

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

NOTE 24—FINANCIAL RISK MANAGEMENT (Continued)

Foreign currency sensitivity analysis as of 30 June 2010, 31 December 2009, 2008 and 2007 are as follows:

	Gain/Loss		Shareholders’ Equity	
30 June 2010	**Appreciation**	**Depreciation**	**Appreciation**	**Depreciation**
+/− 10% fluctuation in USD rate				
USD net asset/liability	(20,460)	20,460	—	—
Secured portion from USD risk				
USD net effect	**(20,460)**	**20,460**	**—**	**—**
+/− 10% fluctuation in EUR rate				
EUR net asset/liability	(11,365)	11,365	—	—
Secured portion from EUR risk				
EUR net effect	**(11,365)**	**11,365**	**—**	**—**

	Gain/Loss		Shareholders’ Equity	
31 December 2009	**Appreciation**	**Depreciation**	**Appreciation**	**Depreciation**
+/− 10% fluctuation in USD rate				
USD net asset/liability	(19,888)	19,888	—	—
Secured portion from USD risk				
USD net effect	**(19,888)**	**19,888**	**—**	**—**
+/− 10% fluctuation in EUR rate				
EUR net asset/liability	(11,357)	11,357	—	—
Secured portion from EUR risk				
EUR net effect	**(11,357)**	**11,357**	**—**	**—**

	Gain/Loss		Shareholders’ Equity	
31 December 2008	**Appreciation**	**Depreciation**	**Appreciation**	**Depreciation**
+/− 10% fluctuation in USD rate				
USD net asset/liability	(15,322)	15,322	—	—
Secured portion from USD risk				
USD net effect	**(15,322)**	**15,322**	**—**	**—**
+/− 10% fluctuation in EUR rate				
EUR net asset/liability	(14,908)	14,908	—	—
Secured portion from EUR risk				
EUR net effect	**(14,908)**	**14,908**	**—**	**—**

	Gain/Loss		Shareholders’ Equity	
31 December 2007	**Appreciation**	**Depreciation**	**Appreciation**	**Depreciation**
+/− 10% fluctuation in USD rate				
USD net asset/liability	(18,687)	18,687	—	—
Secured portion from USD risk				
USD net effect	**(18,687)**	**18,687**	**—**	**—**
+/− 10% fluctuation in EUR rate				
EUR net asset/liability	(2,393)	2,393	—	—
Secured portion from EUR risk				
EUR net effect	**(2,393)**	**2,393**	**—**	**—**

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

NOTE 24—FINANCIAL RISK MANAGEMENT (Continued)

Capital risk management

The Company attempts to manage its capital by minimising the investment risk with portfolio diversification. The Company's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital and to keep a gearing ratio that is in-line with industry averages.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Gearing ratios as of 30 June 2010, 31 December 2009, 2008, 2007 and 2006 are as follows:

	30 June 2010	31 December 2009	31 December 2008	31 December 2007	31 December 2006
Total liabilities	791,642	637,976	623,281	470,163	87,669
Less: cash and cash equivalents	262,288	72,639	80,168	137,441	14
Net debt	529,354	565,337	543,113	332,722	87,655
Total shareholders' equity	1,953,071	1,805,168	1,286,301	1,143,564	620,731
Invested Capital	**176,100**	**176,100**	**176,100**	**100,000**	**100,000**
Gearing ratio	**27%**	**31%**	**42%**	**29%**	**14%**

NOTE 25—FINANCIAL INSTRUMENTS

Fair value of financial instruments

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

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

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

Financial assets:

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

Expertise values are used on the determination of the fair values of investment property (Note 8).

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

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

NOTE 25—FINANCIAL INSTRUMENTS (Continued)

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

Financial liabilities:

The fair value of short-term funds borrowed and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

Derivative financial instruments are carried at their fair values.

Carrying values and fair values of TL and foreign currency denominated borrowings fixed and floating rates are as follows:

	Carrying values				
	2010	2009	2008	2007	2006
Bank borrowings	760,622	618,552	598,203	374,946	64,089

	Fair values				
	2010	2009	2008	2007	2006
Bank borrowings	838,739	668,604	634,800	381,230	64,116

NOTE 26—SUBSEQUENT EVENTS

At Nishistanbul project which is carried out by the Joint Venture Torunlar Özyazıcı, title transfer of 173 residences and 42 offices at with an inventory carrying value amounting to 59.203 TL are made after issuing the related invoices amounting to 73.214 TL as of 20 August 2010.

ANNEX A—DTZ Report

Report and Valuation
as at 30 June 2010

Prepared on behalf of

The Directors
Torunlar Gayrimenkul Yatırım Ortaklığı A.Ş.
(the "Company")
Rüzgarlibahçe Mh.95.Sk. No:6 Kavacik Beykoz
İstanbul
Turkey

J.P. Morgan Securities Ltd.
10 Aldemanbury
London EC2V 7RF
United Kingdom

İş Yatırım Menkul Değerler A.Ş.
İş Kuleleri Kule-2 Kat 8,4
Levent 34330
İstanbul
Turkey

Private & Confidential

DTZ
48 Warwick Street
London
W1B 5NL

04 October 2010

The Directors
Torunlar Gayrimenkul Yatırım Ortaklığı A.Ş.
(the "Company")
Rüzgarlibahçe Mh.95.Sk. No:6 Kavacik Beykoz
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Your ref:
Our ref: tb.nh.0646.0810.rep

04 October 2010

J.P. Morgan Securities Ltd.
10 Aldemanbury
London EC2V 7RF
United Kingdom

İş Yatırım Menkul Değerler A.Ş.
İş Kuleleri Kule-2 Kat 8,4
Levent 34330
İstanbul
Turkey

Dear Sirs

1. Terms of instruction, Valuation summary, disclosure and confidentiality

1.1 Terms of instruction

In accordance with the instructions of Torunlar Gayrimenkul Yatırım Ortaklığı A.Ş. ("the Company") we have now carefully considered the various freehold and leasehold properties owned by the Company, details of which are given in the Schedule to this letter (the "Properties"), in order to advise you as to our opinion of their current Market Value, as at 30 June 2010.

We confirm that our valuations have been carried out in accordance with the current Practice Statement ("PS"), and United Kingdom Practice Statement ("UKPS") contained within the RICS Appraisal and Valuation Standards, 6th Edition (The Red Book).

1.1.1 Status of valuer and conflicts of interest

We confirm that we have undertaken the valuations acting as an External Valuer, qualified for the purpose of the valuation. The Glossary of the Red Book defines an External Valuer as "A valuer who, together with any associates, has no material links with the client, an agent acting on behalf of the client, or the subject of the assignment."

We further confirm that we have no current, anticipated or previous recent involvement with any of the Properties and/or parties to the valuation.

1.1.3 Compliance with RICS Valuation and Appraisal Institute Standards

We confirm that the valuations have been prepared in accordance with the appropriate sections of the Practice Statements ("PS") and United Kingdom Practice Statements ("UKPS") contained within the

DTZ

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RICS Valuation Standards, 6th Edition (the "Red Book"). This is an internationally accepted standard of valuation.

The report analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute which include the *Uniform Standards of Professional Practice.*

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this report Taco Brink has completed the continuing education programme of the Appraisal Institute.

2. Valuation summary

Each of the Properties is described in further detail within the full valuation reports. These reports are available and should be read for a full understanding of the valuation process and conclusions made. We have been provided with up to date tenancy schedules, cost schedules for developments, zoning approvals, and descriptions of building size by the Company. We have relied on these details within our valuation. The Market Values referred to below must be read in conjunction with the other sections of this letter.

2.1.1 Basis of valuations

Market Value

The valuations have been carried out on the basis of Market Value. Market Value is defined by Practice Statement 3.2 of the Red Book as being "the estimated amount for which an asset should exchange on the date of valuation as between a willing buyer and a willing seller in an arm's length transaction after proper marketing where the parties had each acted knowledgeably prudently and without compulsion".

The Interpretative Commentary to the definition of Market Value has been applied and the Royal Institution of Chartered Surveyors considers that where such application is made to the definition of Market Value the resulting valuation figure is the same as for a valuation on the basis of Open Market Value.

Market Value is defined as being "the best price" at which the sale of an interest in property would have been completed unconditionally for cash consideration on the date of valuation, assuming:

a. a willing seller;

b. that, prior to the date of valuation, there had been a reasonable period, (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms and for the completion of the sale;

c. that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;

d. that no account is taken of any additional bid by a purchaser with a special interest; and

e. that both parties to the transaction had acted knowledgeably, prudently and without compulsion.

For the purposes of our valuation, we have relied on information provided by the Company in relation to income receivable, costs, and permissible developments.

Our valuations assume that the Properties are free from encumbrances and that there are no restrictive covenants, rights of way or other factors that would have an adverse affect on our opinion of Market Value, save to the extent specified in the information subsequently provided by the Company.

We have undertaken inspections of all of the Properties for valuation purposes during the last twelve months.

We have not reviewed structural assessment reports (the "Structural Surveys") prepared in relation to the Properties. Our valuations assume that the Properties are free from defect, that there are no major wants of repair and that there are no deleterious materials present.

We have not reviewed environmental reports prepared in relation to the Properties. We have assumed there are no environmental factors which will affect the value conclusion.

We have not seen any schedule of rent arrears or service charge shortfalls for the Properties and have therefore assumed, and the Company has confirmed to us, that no significant arrears or shortfalls exist or are projected, other than those accounted for.

Valuation Methodology

In arriving at our opinion of Market Value for the properties within the portfolio, we have adopted the residual method of valuation for the plots of land and those developments in the course of construction or redevelopment. In addition where possible we utilised a comparable sales analysis to support our reconciled final market value. In the case of standing investment property, we have adopted an income capitalisation approach. The subject portfolio includes a number of development projects at different stages of the development process.

In adopting the residual approach to valuation, there are two different methods which can be used. Firstly, the discounted cash flow ("DCF") methodology, which involves the calculation of the net present value of all future costs and income to be incurred and generated by the development of the property over a specified holding period, typically 10 years. The primary method used for these development sites has been the DCF methodology. This is prevalent within the Turkish market.

The second method used for residual valuation does not include a full 10 year DCF. In this case the timing of the different development stages is reflected in terms of the cost of financing the development, as is the income generated upon completion and prior to sale. Thus, there is no holding period beyond the completion of development and sale of units.

For the two highest valued sites (MOI and Esentepe), we utilised both the 10 year DCF method and the residual method with the use of Argus Developer valuation software. As previously stated we also utilised a comparable sales table for these two assets, and thus reconciled the final market value giving consideration to each approach. The most weight was given to the comparable sales.

For the valuation of the standing investment properties, we have adopted an income capitalization approach to value. For these assets we performed DCF analysis over a typical holding period on existing revenue and costs, and the resulting net cash flow ("NOI"). These valuations were produced within the Argus DCF valuations program.

3. Valuation

We are of the opinion that the aggregate Market Value, as at 30 June 2010, of the Properties, subject to the existing tenancies, is:-

$1,640,095,946 **(One Billion Six Hundred Forty Million Ninety Five Thousand Nine Hundred and Forty Six USD**

We have summarised the individual valuations in the table below:

Valuation Summary Table

		Market Value US$ June 30, 2010
İstanbul	**İkitelli Lot No. 2 (MOI)**	**$ 380,000,000**
İstanbul	**İkitelli Lot No. 1 (Partial ownership 4.8%)**	**$ 593,880**
İstanbul	**Esentepe**	**$ 140,000,000**
	Remaining Residential & Office Units (60% share of JV)	$ 4,169,260
	Retail Units (60% share of JV)	$ 13,683,123
	Torunlar GYO owned offices	$ 4,557,740
İstanbul	**Nishistanbul**	**$ 22,410,123**
	Residential Component	$ 26,047,607
	Office Component	$ 6,284,275
Bursa	**Korupark 3**	**$ 32,331,882**
	Residential Units of Phases 1 and 2	$ 38,571,514
	Social Facilities	$ 931,072
	Storages	$ 1,690,274
	Unit Leased to Language School	$ 62,653
	Dolphin Pool	$ 785,902
	Sales Office	$ 2,543,044
Bursa	**Korupark 1&2 and the other GYO Properties**	**$ 44,584,459**
İstanbul	**Kayabasi**	**$ 14,358,366**
Bursa	**Zafer Plaza (Partial ownership 72.26%)**	**$ 89,796,474**
Bursa	**Korupark S.C.**	**$ 322,960,810**
İstanbul	**Kemankeş Hotel**	**$ 7,401,418**
Muğla	**Netsel Marina (Partial ownership 44.60%)**	**$ 27,046,018**
	Retail Component	$ 280,358,567
	Residential Component	$ 2,847,590
İstanbul	**Torium**	**$ 283,206,157**
	AnkaMall	$ 91,737,862
	Crowne Plaza	$ 3,693,259
Ankara	**Ankamall + Crown Plaza (Partial ownership 14.83%)**	**$ 95,431,121**
Antalya	**Deepo (Partial ownership 99.9972997%)**	**$ 170,934,517**
Samsun	**Samsun Property (Partial ownership 40%)**	**$ 9,040,721**
TOTAL		**$1,640,095,946**

Material Change

We hereby confirm that as of the date of this Summary Report: (i) we have not become aware of any material change since 30 June 2010 in any matter relating to any specific Property covered by our Valuation Report which in our opinion would have a material effect on the value at today's date; and (ii) in relation to the market conditions and movements in the property markets in which the Properties covered by the Valuation Report are located, we do not consider that the movement in respect of the Properties constitutes a material change since 30 June 2010.

4. Confidentiality and Disclosure

Except as provided herein, the contents of the Reports and appendices will be confidential to the party to whom they are addressed for the specific purpose to which they refer and will be for their use only. It is recognized that: (a) the full valuation reports are for the purposes of the Company and of J.P. Morgan Securities Ltd. and İş Yatırım Menkul Değerler A.Ş. (together the "Investment Banks"); (b) this Summary Report and the valuations will be included in the preliminary offering memorandum and final offering memorandum relating to the offering of shares of the Company and will be referred to in the marketing activities for such offering without restriction for these purposes; and (c) this Summary Report and the valuations will be relied upon by investors as well as the legal advisers to the Company and the Investment Banks.

Consequently, and in accordance with current practice, except as otherwise provided in this Letter no responsibility will be accepted to any other party in respect of the whole or any part of their contents other than the disclosures specifically agreed under the terms of this agreement. Before the Reports, or any part thereof, is reproduced or referred to, in any document, circular or statement, and before its contents, or any part thereof, are disclosed orally or otherwise to a third party, except as provided for above, our written approval (which may be in electronic form) as to the form and context of such publication or disclosure must first be obtained.

Yours faithfully

Taco Brink MAI, MRICS
Director
For and on behalf of DTZ
Debenham Tie Leung Limited

Firuz Soyuer MRICS
Director
DTZ Pamir & Soyuer A.S.

Schedule of Properties as at 30 June 2010

PROPERTY	PROPERTY DESCRIPTION	TERMS OF EXISTING TENANCIES	TENURE	PERCENTAGE OWNED BY TORUNLAR	TOTAL CONSTR. BUDGET (TORUNLAR)	ESTIMATED OUTSTANDING CONSTR. BUDGET	% PRE-LEASED	DEVELOPMENT STRATEGY	CONTRACTED INCOME (BASE RENT)	IMPLIED CAPITALIZATION RATE (PROJECTED NOI/MARKET VALUE)	MARKET VALUE US$
Ikitelli Lot No. 2 (MOI)	This development site is located in Ikitelli area of the Basaksehir District on the European side of Istanbul. Access to the property is provided by the Basaksehir-Airport exit of TEM, via Suleyman Demirel Boulevard (NWC). The legal description is a 122,859.93 square meter site being Block 858, Lot #2, Ikitelli Quarter, Basaksehir District, in the Istanbul Province. The total proposed development areas projected for the site are presented below. These areas were provided by the client and are assumed to be accurate, and thus were utilized in the valuation analysis. Residential—89,440 sqm, plus 53,922 sqm car park Retail—195,000 sqm, plus 128,898 sqm car park Office—28,000 sqm, plus 15,675 sqm car park Hotel—23,000 sqm, plus 4,950 sqm car park Total 335,440 sqm, plus 203,445 sqm car park Expected construction Start—Beginning of 2011 Expected Completion—In 24 to 30 months	No existing tenancies.	Freehold	100%	$325 million	94%	N/A	Residential and Office Build/Sell; DTZ estimated avg sale price per sqm is $2,500 for residential and office. ——— Retail, Hotel Build/Hold; DTZ estimated average rent is $28.33/sqm for retail.	N/A	N/A	$380,000,000
Ikitelli Lot No. 1	This site is located in Ikitelli area of the Basaksehir District on the European side of Istanbul (adjacent to the MOI site above). Access to the property is provided by the Basaksehir-Airport exit of TEM, via Suleyman Demirel Boulevard. The legal description is a 18,208.90 square meter site being Block 858, Lot #1, Ikitelli Quarter, Basaksehir District, in the Istanbul Province.	No existing tenancies.	Freehold	4.8%	N/A	N/A	N/A	N/A	N/A	N/A	$593,880

PROPERTY	PROPERTY DESCRIPTION	TERMS OF EXISTING TENANCIES	TENURE	PERCENTAGE OWNED BY TORUNLAR	TOTAL CONSTR. BUDGET (TORUNLAR)	ESTIMATED OUTSTANDING CONSTR. BUDGET	% PRE-LEASED	DEVELOPMENT STRATEGY	CONTRACTED INCOME (BASE RENT)	IMPLIED CAPITALIZATION RATE (PROJECTED NOI/MARKET VALUE)	MARKET VALUE US$
Esentepe	Esentepe property is located on the Büyükdere Avenue in Mecidiyeköy quarter of Şişli District on the European side of İstanbul. The property is easily accessible via E5 Highway, metro subway system and Metrobus mass transportation system. The legal description is a 14,991.60 square meter site being Block 2011, Lot #5, Mecidiyekoy Quarter, Sisli District, in the Istanbul Province. The total proposed development areas projected for the site are presented below. These areas were provided by the client and are assumed to be accurate, and thus were utilized in the valuation analysis. Residential—32,266 sqm, plus 19,315 sqm car park Retail—3,450 sqm, plus 3,187 sqm car park Office—19,906 sqm, plus 13,138 sqm car park Total 55,622 sqm, plus 35,641 sqm car park The expected start date is the beginning of 2011, with a 2.5 year construction period.	No existing tenancies.	Freehold	100%	$75 million	100%	N/A	Residential Build/Sell; DTZ estimated avg sale price per sqm is $6,717 ——— Retail, Office Build/Hold; DTZ estimated average rent per sqm is $40 for retail and $34.12 for office.	N/A	N/A	$140,000,000

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Nishistanbul	Nishinstanbul is a residential and commercial development located in Yenibosna on E5 and Basin Express Road Junction, is a JV of Torunlar GYO and Özyazıcı Construction Co. Nishistanbul project that is under construction is comprised of 63 office units, 585 residential units and 52 retail units. Total construction area is 135,218 sq m. Nishistanbul Development is located in Yenibosna area of Bahçelievler District on the European Side of İstanbul. Access to the property is provided by Kuyumcukent-Çobançeşme Exit from Basın Express Road and Sanayi Street. Subject properties are the remaining 117 residential units, 10,953 sq m of retail area and 8 offices owned by Torunlar GYO. Torunlar GYO is developing Nishistanbul as a JV with Özyazıcı İnşaat Ltd. Şti. on revenue share basis with the land owner. Landowner receives 31% of all proceeds and the remaining is distributed amongst Torunlar and Özyazıcı with 60% and 40% respectively. Expected Completion Date 30 September 2010	No existing tenancies	Freehold	8 offices—100% Landowner receives 31% of all proceeds and the remaining is distributed amongst Torunlar and Özyazıcı with 60% and 40% respectively. Torunlar share 41.4%	$69.5 million	$16 million (23%)	N/A	Residential and Office Build/sell; DTZ estimated avg sale price per sqm is between $2,303 to $2,565 for residential and $1,919 to $2,031 for office.	N/A	N/A	$22,410,123

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Korupark Phase 3	Korupark Phase 3 Development will comprise of 64,311 sq m residential area and 9,659 sq m of office area. Currently design stage is being continued and commencement of construction works is scheduled for beginning of 2011. The legal description is a 35,773 square meter land being Plan H21B35D4C, Block 519, Lot #13, Emek Quarter, Osmangazi District, in the Bursa Province. Expected construction Start—Beginning of 2011 Expected Completion—In 24 months	No existing tenancies	Freehold	100%	$54.5 million	100%	N/A	Build/Sell; DTZ estimated sale price per sqm is $1,517 for residential and $1,834 for office.	N/A	N/A	$32,331,882
Korupark 1&2 and Other GYO Properties	Korupark Residential Development Phases 1 & 2 are located on Mudanya Road in Osmangazi District of Bursa. Access to the development is provided from Bursa peripheral highway amd Bursa İzmir Interstate Road via Mudanya Exits. Properties comprise of • 185 remaining residential units of Phase 1 and 2 (Total area of 34,842 sq m) • Sales Office (626 sq m) • Social Facilities—Sports Club (3,105.3 sq m) • Language School—*Ground floor residential unit (148.3 sq m)* • Dolphin Pool (2,715.8 sq m) • 5 Storage space in the basement (4,679.6 sq m)	Sports Club—5 years Language School—1 year	Freehold	100%	N/A	N/A	N/A	N/A	$65,172	Social Fac—5.6% Language School—8%	$44,584,459

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Kayabasi	Kayabaşı lands are located close to Çimen Street which has link to Ahmet Yesevi Avenue in Altınşehir quarter of Başakşehir District on the European side of İstanbul. The property is easily accessible via TEM Highway but surrounded by vacant lands and newly developing mass housing developments. The legal description is a total of 60,833.20 square meter site being Block 104, Lot #1, Lot#3 and Block 118, Lot#1 Kayabaşı Villiage, Başakşehir District, in the Istanbul Province. The total proposed development areas projected for the site are presented below. These areas were provided by the client and are assumed to be accurate, and thus were utilized in the valuation analysis. Residential—48,386 sqm, plus 1,497 sqm social center Total 49,883 sqm building area, 27,918 sqm open car parking area. Expected Contrustion Start—End March 2012 Expected Completion—approximately 24 months	No existing tenancies.	Freehold	100%	$27 million	N/A	N/A	N/A	N/A	N/A	$14,358,366
Zafer Plaza Shopping Center	Zafer Plaza Shopping Center is located on Cemal Nadir Street in the commercial center of Osmangazi District of Bursa. The legal description is a 57,122 square meter shopping center being Plan H22D07A1C, Block 6002, Lot #6, Şehreküstü Quarter, Osmangazi District, in the Bursa Province. There are 96 lease contracts for shops, 18 for food vendors, 1 for entertainment, 12 for ATM&GSM antennas, 7 for stands, 5 for kiosks and 30 for storage space. Total GLA is 23,482 sq m.	Most of the contracts are for 5 years. Department store has a lease term of 10 years. ATM and GSM Antenna contracts have terms between 1 and 4 years with the majority having 2 year contracts. Stands and kiosks are leased with monthly contracts with a maximum term of 1 year.	Freehold	72.26%	N/A	N/A	N/A	N/A	$9,171,000	6.4%	$89,796,474

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Korupark SC	Korupark shopping center comprises of 2 basement car parking floors, 3 shopping, entertainment and food court floors. The legal description is a 14,991.60 square meter site being Block 519, Lot #15, Emek Quarter, Osmangazi District, in the Bursa Province. The total areas are presented below. These areas were provided by the client and are assumed to be accurate, and thus were utilized in the valuation analysis. Total 165,286 sqm including 87,201 sq m common areas, 75,272 sq m (71,191 sq m shops and 4,005 sq m storage) GLA and 2,813 sq m other technical areas.	Hypermarket—15 years, DIY & Electronic stores—10 years, department stores and anchors—10 or 5 years, Inditex group of brands—15 years, the remaining stores—generally 5 years, some of service shops—3 years or 1 year	Freehold	100%	N/A	N/A	N/A	N/A	$20,040,1000	6.2%	$322,960,810
Kemankes Hotel	This site is closely located to the Bosphorus in Kemankeş Neighborhood of Beyoğlu District, on the European Side of İstanbul. Access to the Property is provided by Tophane İskelesi Street, extending from Meclisi Mebusan Street, which is the coastal road, connecting historical peninsula with Tophane, Galata, and Beşiktaş areas. Currently, the old Commercial Bank Building is located on the site. The area for the boutique hotel development is 3,900 sq m, which was provided by the client and is assumed to be accurate. Expected construction Start (Torunlar)—June 2011 Expected construction Start (DTZ's estimate*)—June 2012 Expected Completion (DTZ's estimate*)—In 12 months ——— (*) Torunlar does not have a certain development schedule yet, so that we used our estimates in the valuation.	No existing tenancies.	Freehold	100%	N/A	100%	N/A	Currently hold for future redevelopment.	N/A	N/A	$7,401,418

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Netsel Marina	Netsel Marina located in Marmaris has 700 berthing and 130 dry rack capacities. Construction rights of 37,478 sq m land and filled area is given to Netsel Tourism A.Ş. for 49 years by Turkish Treasury. Total berthing and dry rack area is 14,519,400 sq m and occupancy is around 100%. There is also a shopping center and other leasable space with a total GLA of 6,690 sq m. Currently there are 80 lease contracts.	Most of the lease agreements have a term between 1 to 5 years with exceptions of Migros and Divan which have 10 year lease terms.	Leasehold	44.6%	N/A	N/A	N/A	N/A	$1,084,000	7.67%	$27,046,018
Torium	Torium Project is located on E5 Highway in Esenyurt District on the European Side of İstanbul. The access to the Torium Project is provided by both E5 Highway and TEM Highway. There is another landowner, having a small share of the land. Therefore; Torunlar has 64% of the saleable residential areas, which is 5,318 sq m, out of 8,310 sq m, and the other landowner has 2 stores, having 2,327 sq m of GLA for retail areas. Based on the agreement btw the other Landowner and Torunlar, 75% of the rental revenues of these stores will be paid to Torunlar for 20 years. Residential—8,310 sqm Retail—97,607.5 sq m leasable area, plus 85,278 sqm car park Total Construction area (retail GLA, storage, open car park, closed car park, and terraces)—266,050 sqm Retail part is opening on September 1st, 2010; and the construction of the residential part will be completed on December 1st, 2010.	Leasing of the shopping center is continuing. Based on the information provided by the client, hypermarket—15 years, anchors and entertainment units—10 years, MSUs and small units—5 years.	Freehold	64% of Residential Part, and 98% of Retail Part	$90.4 million	$24.2 million (26.8%)	33% (as at June 30, 2010)	Residential Build/Sell; DTZ estimated sales price per sqm is $1,200 ——— Retail Build/Hold; DTZ estimated stabilised revenue (year 2 €17,207,935)	Based on the signed contracts as of the valuation date, the contracted income is €99,244	N/A	$283,206,157

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AnkaMall & Crowne Plaza	AnkaMall Shopping Center & Crowne Plaza is located on Turgut Özal Boulevard (Konya Highway) in Akköprü area of Yenimahalle District of Ankara. Access to the Property is provided both from Konya Highway and İstanbul Highway, as well as the metro line. These areas were provided by the client and are assumed to be accurate, and thus were utilized in the valuation analysis. Retail—104,777.93 sq m, plus 109,748 car park Hotel—19,605 sq m, plus 8,045 car park	DIY store—25 years, department stores and anchors—15 or 10 years, Inditex group of brands—15 years, the remaining stores—5 years	Freehold	14.83%	N/A	N/A	N/A	N/A	Retail—$39,130,835 Hotel—$2,000,000	Retail: 6% Hotel: 8%	$95,431,121
Deepo	Deepo Outlet Center is located on Antalya—Alanya Road across Antalya Airport. The properties consist of an existing shopping center and 20 parcels of land in close vicinity. The legal description is 7 parcels on which the shopping center is located being Plan 025B14B, Lot #91, 92, 98, 244, 245, 1892, 2580, Koyunlar Village, Kepez District, in the Antalya Province. There are 66 lease contracts for shops, 12 for food vendors, 2 for entertainment, 11 for ATM & GSM antennas, 5 for others. Total GLA is 18,069 sq m. GLA will increase to 44,720 with extensions to be built on adjacent lands, one leased and the rest to be owned in return for the 20 parcels of land located in close vicinity of the shopping center. Expected Construction Date for extension—as soon as necessary permits are obtained Expected Completion Date—6 to 8 months.	55% of the contracts—5 years Rest between 1-3 years	Freehold	(99.99729%)	$23.7 million (extension)	100%	N/A	Build/hold (extension)	$5,441,500	N/A (market value includes revenue of increasing GLA with extension)	$170,934,517

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Samsun Property	Samsun development is located in Kale quarter, on the 19 Mayis Boulevard which is located between two main arteries; Ataturk Boulevard and 100. yıl Boulevard. Location is very central and pedestrian access is very easy to the area. Development consists of 5 historical registered building to be preserved. Restoration project will start the end of September 2010 and planned to be completed in 18 months. The total proposed development areas for the site are presented below. These areas were provided by the client and are assumed to be accurate, and thus were utilized in the valuation analysis. Total GLA of 14,943 sq m includes retail areas—13,991 sq m, office areas—952 sq m, and car parking area—20,000 sqm.	No existing tenancies.	Leasehold for 30 years after the start of operation.	40%	$16.7 million	100%	N/A	Renovate/lease and transfer in 2042 to the Samsun Municipality	N/A	N/A	$9,040,721

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