

**Halk Gayrimenkul Yatırım Ortaklığı AŞ**

Interim Financial Statements with Notes  
as at and For the Interim Period Ended  
30 June 2015 with Independent Auditors'  
Review Report Thereon

*“Convenience Translation to English of  
Financial Statements  
and Notes To The Financial Statements  
Originally Issued In Turkish”*

30 July 2015

*This report includes 1 pages of independent  
auditor's review report and 57 pages of  
interim financial statements and notes to the  
interim financial statements*

## **Halk Gayrimenkul Yatırım Ortaklığı AŞ**

Table of contents:

Independent auditors' review report

Statement of financial position (balance sheet)

Statement of profit or loss and other comprehensive income

Statement of changes in equity

Statement of cash flows

Notes to the financial statements

**Convenience Translation of the Independent Auditor’s Review Report  
Originally Prepared and Issued in Turkish**

To the Board of Directors of Halk Gayrimenkul Yatırım Ortaklığı Anonim Şirketi,

*Introduction*

We have reviewed the accompanying condensed statement of financial position of Halk Gayrimenkul Yatırım Ortaklığı Anonim Şirketi (the “Company”) as at 30 June 2015, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended and notes to the interim financial information. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with Turkish Accounting Standards 34 *Interim Financial Reporting* (“TAS 34”) issued by the Public Oversight Accounting and Auditing Standards Authority (“POA”). Our responsibility is to express a conclusion on this interim financial information based on our review.

*Scope of Review*

We conducted our review in accordance with Standard on Review Engagements 2410, “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with TAS 34 *Interim Financial Reporting*.

*Emphasis of matters which do not impact on the opinion*

As explained in Note 4 to the financial statements, the Company generates significant portion of its revenue from its related parties.

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ  
A member of KPMG International Cooperative

Alper Güvenç, Certified Public Accountant  
*Partner*

30 July 2015  
Istanbul, Turkey

*Additional paragraph for convenience translation to English:*

As explained in Note 2.1, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.

## INDEX

	<u>Page</u>
<b>FINANCIAL POSITION (BALANCE SHEET)</b>	1
<b>PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>	2
<b>STATEMENT OF CHANGES IN EQUITY</b>	4
<b>STATEMENT OF CASH FLOW</b>	5
<b>NOTES TO THE FINANCIAL STATEMENTS</b>	
Note 1 Reporting entity	7
Note 2 Basis of presentation of financial statements	8
Note 3 Joint Operations	17
Note 4 Related party disclosures	18
Note 5 Cash and cash equivalents	20
Note 6 Financial investments	21
Note 7 Trade receivables and payables	21
Note 8 Inventories	22
Note 9 Deferred income	23
Note 10 Investment property	23
Note 11 Tangible assets	34
Note 12 Intangible assets	35
Note 13 Loans and borrowings	35
Note 14 Provisions, contingent assets and liabilities	37
Note 15 Employee benefits	39
Note 16 Prepaid expenses, Other current/non-current assets	40
Note 17 Shareholder's equity	41
Note 18 Revenue and cost of sales	43
Note 19 Administrative expenses	44
Note 20 Other operating income / (expenses)	44
Note 21 Financial expenses	45
Note 22 Tax assets and liabilities	45
Note 23 Earnings per share	45
Note 24 Nature and level of risk arising from financial instruments	45
Note 25 Financial instruments	53
Note 26 Subsequent events	55
Appendix I Control of compliance with restrictions on the investment portfolio	56

**HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ**  
**STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)**  
**AS AT 30 JUNE 2015**  
*(Amounts expressed in Turkish Lira (“TL”) unless otherwise stated*

<b>ASSETS</b>	<i>Notes</i>	<b>Reviewed 30 June 2015</b>	<b>Audited 31 December 2014</b>
<b>CURRENT ASSETS</b>		<b>155,848,839</b>	<b>183,420,241</b>
Cash and cash equivalents	5	14,315,211	8,658,261
Financial investments	6	--	37,928,769
Trade receivables	7	7,593,474	11,984,216
Inventories	8	108,168,561	103,090,737
Prepaid expenses	16	276,396	244,912
- <i>Related parties</i>	4	212,814	192,728
- <i>Other</i>		63,582	52,184
Current tax assets		49,979	1,094,638
Other current assets	16	25,445,218	20,418,708
- <i>Related parties</i>	4	285,239	--
- <i>Other current assets</i>		25,159,979	20,418,708
<b>NON-CURRENT ASSETS</b>		<b>781,632,819</b>	<b>744,986,425</b>
Trade receivables	7	194,920	317,535
Investment property	10	762,974,206	713,531,361
Prepaid expenses	16	7,040,857	19,616,841
Tangible assets	11	721,064	915,395
Intangible assets	12	636,292	703,933
Other non-current assets	16	10,065,480	9,901,360
<b>TOTAL ASSETS</b>		<b>937,481,658</b>	<b>928,406,666</b>
<b>LIABILITIES</b>			
<b>SHORT-TERM LIABILITIES</b>		<b>79,620,036</b>	<b>87,142,074</b>
Current portion of long term borrowings	13	3,395,727	3,397,361
- <i>Borrowings from related parties</i>	4	3,395,727	3,397,361
Trade payables	7	2,000,196	606,561
- <i>Due to related parties</i>	4	161,088	126,242
- <i>Due to non-related parties</i>	7	1,839,108	480,319
Short term portions of employee benefits	15	454,697	676,601
Deferred income	9	67,100,843	76,802,390
Other short-term liabilities		6,668,573	5,659,161
<b>LONG-TERM LIABILITIES</b>		<b>12,517,098</b>	<b>13,470,697</b>
Long term borrowings	13	12,364,993	13,340,555
- <i>Borrowings from related parties</i>	4	12,364,993	13,340,555
Long term portions of employee benefits	15	152,105	130,142
<b>EQUITY</b>	17	<b>845,344,524</b>	<b>827,793,895</b>
Share capital		743,000,000	697,900,000
Own shares acquired		(20,946,784)	(19,675,318)
Share premium		49,945,096	49,945,096
Other comprehensive income that will never be reclassified to profit or loss		(19,660)	(19,660)
- <i>Defined benefit plan actuarial gains (losses)</i>		(19,660)	(19,660)
Restricted reserves		32,833,600	28,363,063
Retained earnings		17,189,602	9,933,568
Net profit for the period		23,342,670	61,347,146
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>937,481,658</b>	<b>928,406,666</b>

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

**HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ****STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE INTERIM PERIOD ENDED 30 JUNE 2015***(Amounts expressed in Turkish Lira (“TL”) unless otherwise stated.)*

		<b>Reviewed</b>	<b>Reviewed</b>	<b>Reviewed</b>	<b>Reviewed</b>
		<b>1 January –</b>	<b>1 April –</b>	<b>1 January –</b>	<b>1 April –</b>
	<i>Notes</i>	<b>30 June 2015</b>	<b>30 June 2015</b>	<b>30 June 2014</b>	<b>30 June 2014</b>
Revenue	18	35,206,394	19,180,338	29,885,591	16,366,608
Cost of sales	18	(6,128,235)	(3,279,847)	(3,291,254)	(1,960,826)
<b>Gross profit</b>		<b>29,078,159</b>	<b>15,900,491</b>	<b>26,594,337</b>	<b>14,405,782</b>
Administrative expenses	19	(4,856,958)	(2,612,221)	(6,512,762)	(4,562,559)
Other operating income	20	418,877	94,768	1,036,038	759,416
Other operating expenses	20	(481,613)	(103,549)	(1,495,399)	(932,618)
<b>Operating profit</b>		<b>24,158,465</b>	<b>13,279,489</b>	<b>19,622,214</b>	<b>9,670,021</b>
Financial expenses	21	(815,795)	(407,175)	(906,085)	(450,001)
<b>Profit before tax</b>		<b>23,342,670</b>	<b>12,872,314</b>	<b>18,716,129</b>	<b>9,220,020</b>
Tax income / (expense)	22	--	--	--	--
<b>NET PROFIT FOR THE PERIOD</b>		<b>23,342,670</b>	<b>12,872,314</b>	<b>18,716,129</b>	<b>9,220,020</b>
Earnings per share	23	<b>0.03141</b>	<b>0.01732</b>	<b>0.02518</b>	<b>0.0124</b>

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

**HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE INTERIM PERIOD ENDED 30 JUNE 2015*(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)*

	Reviewed	Reviewed	Reviewed	Reviewed
	1 January –	1 April –	1 January –	1 April –
Notes	30 June 2015	30 June 2015	30 June 2014	30 June 2014
<b>NET PROFIT FOR THE PERIOD</b>	<b>23,342,670</b>	<b>12,872,314</b>	<b>18,716,129</b>	<b>9,220,020</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<i>Other comprehensive income non-reclassified to profit or loss</i>	--	--	--	--
- Defined benefit plan actuarial gains (losses)	--	--	--	--
<i>Other comprehensive income reclassified to profit or loss</i>	--	--	<b>385,864</b>	<b>28,250</b>
- Net change in fair value of available-for-sale financial assets	--	--	385,864	28,250
<b>Other comprehensive income</b>	--	--	<b>385,864</b>	<b>28,250</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>23,342,670</b>	<b>12,872,314</b>	<b>19,101,993</b>	<b>9,248,270</b>

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

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ

## STATEMENT OF CHANGES IN EQUITY FOR THE INTERIM PERIOD ENDED 30 JUNE 2015

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

					Other comprehensive income that are or may be reclassified to profit or loss	Other comprehensive income that will never be reclassified to profit or loss		Accumulated profit		
	Notes	Share capital	Own shares acquired	Share premiums	Net loss in fair value of available-for-sale financial assets	Defined benefit plan actuarial gains ( losses )	Restricted reserves	Retained Earnings	Net profit for the period	Total
<b>Balance at 1 January 2014</b>	17	673,638,704	(18,991,341)	49,945,096	(209,146)	(3,392)	2,074,167	31,211,098	31,510,827	769,176,013
Transfer to reserves		--	--	--	--	--	26,288,896	5,221,931	(31,510,827)	--
Total comprehensive income		--	--	--	385,864	--	--	--	18,716,129	19,101,993
Capital increase		24,261,296	(683,977)	--	--	--	--	(23,577,319)	--	--
Dividend payment		--	--	--	--	--	--	(2,922,142)	--	(2,922,142)
<b>Balance at 30 June 2014</b>	17	<b>697,900,000</b>	<b>(19,675,318)</b>	<b>49,945,096</b>	<b>176,718</b>	<b>(3,392)</b>	<b>28,363,063</b>	<b>9,933,568</b>	<b>18,716,129</b>	<b>785,355,864</b>
<b>Balance at 1 January 2015</b>	17	<b>697,900,000</b>	<b>(19,675,318)</b>	<b>49,945,096</b>	--	<b>(19,660)</b>	<b>28,363,063</b>	<b>9,933,568</b>	<b>61,347,146</b>	<b>827,793,895</b>
Transfer to reserves		--	--	--	--	--	4,470,537	56,876,609	(61,347,146)	--
Total comprehensive income		--	--	--	--	--	--	--	23,342,670	23,342,670
Capital increase		45,100,000	(1,271,466)	--	--	--	--	(43,828,534)	--	--
Dividend payment		--	--	--	--	--	--	(5,792,041)	--	(5,792,041)
<b>Balance as at 30 June 2015</b>	17	<b>743,000,000</b>	<b>(20,946,784)</b>	<b>49,945,096</b>	--	<b>(19,660)</b>	<b>32,833,600</b>	<b>17,189,602</b>	<b>23,342,670</b>	<b>845,344,524</b>

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



**HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ****STATEMENT OF CASH FLOWS**

FOR THE INTERIM PERIOD ENDED 30 JUNE 2015

*(Amounts expressed in Turkish Lira (“TL”) unless otherwise stated.)*

	<i>Notes</i>	<b>Reviewed</b>	<b>Reviewed</b>
		<b>1 January –</b>	<b>1 January –</b>
		<b>30 June 2015</b>	<b>30 June 2014</b>
<b><u>Cash flows from operating activities</u></b>			
<b>Net profit for the period</b>		<b>23,342,670</b>	<b>18,716,129</b>
<b>Adjustments related with net profit reconciliation:</b>			
Adjustments to the depreciation expense of investment property	<i>10</i>	575,540	575,540
Adjustments to the depreciation expense of tangible assets	<i>11</i>	192,791	236,586
Adjustments to the amortization expense of intangible assets	<i>12</i>	105,049	4,170
Adjustments to the provisions		(174,220)	230,573
Adjustments to the interest income and interest expense		469,159	(7,377,257)
Adjustments to the unrealized foreign currency conversion		62,736	463,086
Adjustments to the fair value loss / profit		(998,008)	(696,645)
<b>Changes in working capital:</b>			
Adjustments to the increase/decrease in inventory		(5,077,824)	(4,940,555)
Adjustments to the increase/decrease in trade receivables		4,513,357	2,450,616
Adjustments to the increase/decrease in prepaid expenses		12,544,500	--
Adjustments to the increase/decrease in other current assets		(4,145,971)	(11,843,202)
Adjustments to the increase/decrease in trade payables		1,393,635	(737,210)
Adjustments to the increase/decrease in deferred income		(9,701,547)	7,890,494
Adjustments to the increase/decrease in other liabilities		1,009,412	947,894
Proceeds from sale of shares or debt instruments of a business organization or funds		38,899,480	112,950,958
Proceeds from acquisition of shares or debt instruments of a business organization or funds		--	(85,248,560)
<b>Cash flows related to the operating activities</b>			
Interest received		333,206	8,026,021
Dividend received		--	12,273
Other cash outflows		(25,721)	(438,799)
<b>Net cash provided from operating activities</b>		<b>63,318,244</b>	<b>41,222,112</b>
<b><u>Cash flows used in investing activities</u></b>			
Proceed from sale of tangible assets		2,192	--
Cash payments for acquisition of tangible assets	<i>11</i>	(652)	(286,445)
Cash payments for acquisition of intangible assets	<i>12</i>	(37,408)	(326,949)
Cash payments for acquisition of investment property	<i>10</i>	(50,018,385)	(17,051,819)
<b>Net cash used in investment activities</b>		<b>(50,054,253)</b>	<b>(17,665,213)</b>

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

**HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ**  
**STATEMENT OF CASH FLOWS**  
**FOR THE INTERIM PERIOD ENDED 30 JUNE 2015 (continued)**  
*(Amounts expressed in Turkish Lira (“TL”) unless otherwise stated.)*

	<i>Notes</i>	<b>Reviewed</b>	<b>Reviewed</b>
		<b>1 January – 30 June 2015</b>	<b>1 January – 30 June 2014</b>
<b><u>Cash flows from financing activities</u></b>			
Interest paid		(824,961)	(915,443)
Repayment of borrowings		(968,030)	(875,578)
Dividend paid	<i>17</i>	(5,792,041)	(2,922,142)
<b>Net cash used in financing activities</b>		<b>(7,585,032)</b>	<b>(4,713,163)</b>
<b>Net increase in cash and cash equivalents before the effect of foreign currency conversion adjustments</b>		<b>5,678,959</b>	<b>18,843,736</b>
The effect of foreign currency conversion adjustments in cash and cash equivalents		(35,439)	(3,725)
<b>Net / increase in cash and cash equivalents</b>		<b>5,643,520</b>	<b>18,840,011</b>
Cash and cash equivalents at the beginning		8,658,261	71,902,523
<b>Cash and cash equivalents at the period end</b>	<i>5</i>	<b>14,301,781</b>	<b>90,742,534</b>

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

## **HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE INTERIM PERIOD ENDED 30 JUNE 2015**

*(Amounts expressed in Turkish Lira (“TL”) unless otherwise stated.)*

#### **1. REPORTING ENTITY**

Halk Gayrimenkul Yatırım Ortaklığı AŞ’s (the “Company”) main activity is to invest in properties, property projects and property related capital market instruments. In accordance with the relevant article of the Capital Markets Board of Turkey’s (“CMB”) Communiqué on the Principles of Real Estate Investment Trusts, the main objective of the Company is to invest in properties, property projects and property related capital market instruments.

Basis of operations of the Company are consistent with the regulatory requirements of CMB on the Principles of Real Estate Investment Trusts. Investment property portfolio of the Company consists of lands and rental properties which are used as bank branches and head office. The Company obtained the authorization to operate by CMB’s document dated 24 September 2010 and numbered 9546 and registered by CMB.

The Company was established on 18 October 2010. Registered capital ceiling of the Company is TL 1,500,000,000. Paid in capital of the Company is TL 743,000,000, 196,217,979 of the total paid in capital was paid in cash whereas TL 466,282,021 of the total paid in capital was paid in kind and TL 80,500,000 as paid bonus issue.

The headquarter of the Company is registered in Şerifali Çiftliği Tatlısu Mah. Ertuğrulgazi Sok. No:1 34774 Yukarı Dudullu Ümraniye/İstanbul.

As at 30 June 2015, the number of personnel employed in the Company is 38 (31 December 2014: 40).

The Company is a subsidiary of Türkiye Halk Bankası AŞ (“Halkbank”) and was registered on 18 October 2010. With the amendment dated 31 December 2009 made by the CMB the Communiqué on the Principles of Real Estate Investment Trusts, it is obligatory that the shares of trusts representing a minimum 25% of their capital be issued within three months of either the establishment of the investment trust or the related amendment to the articles of association being registered with the Trade Registry, are offered to public and that they apply to the CMB with the request that all shares to be registered.

The Company has applied to CMB by 29 August 2012 for the purpose of initial public offering of the increasing amount of B group of shares TL 185,500,000 national amount which is increased from TL 477,000,000 issued capital of the Company to TL 662,500,000 within TL 1,500,000,000 registered capital ceiling. Application was approved in accordance with the decision promulgated by CMB’s numbered 4/97 on 8 February 2013. As at 13-15 February 2013 there has been an initial public offering of B group shares of TL 185,500,000 notional amount by restricting the existent shareholders for purchasing the new shares. After the collection of the demand the Company’s shares started to trade in Borsa İstanbul at 22 February 2013.

As at 11 June 2014, the Company increased its share capital to TL 743,000,000 by transferring TL 45,100,000 from retained earnings to share capital.

As at 4 September 2014, the Company has signed Joint Operation Agreement with Vakıf Gayrimenkul Yatırım Ortaklığı AŞ for developing real estate project.

## **HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2015**

*(Amounts expressed in Turkish Lira (“TL”) unless otherwise stated.)*

## **2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS**

### **2.1. Basis of presentation**

#### **2.1.1. Statement of compliance**

The accompanying financial statements and explanatory notes have been prepared in accordance with Turkish Accounting Standards 34 Interim Financial Reporting (“TAS 34”) promulgated by the Public Oversight Accounting and Auditing Standards Authority (“POA”) as set out in the communiqué numbered II-14.1 “Communiqué on the Principles of Financial Reporting In Capital Markets” (the “Communiqué”) of the Capital Markets Board of Turkey (“CMB”), which is published on 13 June 2013 at the Official Gazette numbered 28676.

As at 30 June 2015, the financial statements of the Company have been approved by the Board of Directors of the Company on 30 July 2015.

#### **Additional paragraph for convenience translation to English**

The differences between accounting principles, as described in the preceding paragraphs, and the accounting principles generally accepted in countries, in which the accompanying financial statements are to be distributed may have significant influence on the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles generally accepted in such countries.

#### **2.1.2. Basis of presentation of financial statements**

The accompanying financial statements have been prepared in accordance with the “Announcement on Financial Statements and Footnote Formats” of CMB dated 7 June 2013.

#### **2.1.3. Functional and presentation currency**

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

#### **2.1.4. Changes in accounting policies**

The accounting policies applied for the year ended 31 December 2014 have been applied consistently for the interim period ended 30 June 2015 in preparing these financial statements. Changes in accounting policies are applied retrospectively and restating the prior year financial statements. There is no change in the accounting policy.

## **HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE INTERIM PERIOD ENDED 30 JUNE 2015**

*(Amounts expressed in Turkish Lira (“TL”) unless otherwise stated.)*

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

### **2.1. Basis of presentation (continued)**

#### **2.1.5. Control of compliance with restrictions on the investment portfolio**

As at 30 June 2015, the information in “Control of compliance with restrictions on the investment portfolio” note are summary information prepared from financial statements which are presented within the framework Communiqué II.14.1 in accordance with the accounting and reporting principles accepted by the CMB and published in the Official Gazette dated 28 May 2013 numbered 28660, numbered III-48.1 “Communiqué on Real Estate Investment Basis” related to control of compliance with restrictions on the investment portfolio.

“Control of compliance with restrictions on the investment portfolio” is prepared from accompanying financial statements.

### **2.2. Changes in accounting estimates and errors**

Changes in accounting estimates, if only for one period, are made in the current period, if it is related to future periods, by covering future periods, are applied prospectively. There is no change in estimates in the current period. Material errors are corrected, retrospectively; restating the prior year financial statements. There is no material errors discovered in the current period.

### **2.3. New standards and interpretations implemented and not yet adopted as at 30 June 2015**

#### **2.3.1. The standards and interpretations adopted in 2015**

The Company has applied all the standards and interpretations issued by the POA which are effective as at 30 June 2015.

#### **2.3.2. New standards and interpretations as at 30 June 2015**

There have been new standards and interpretations not yet adopted to the accompanying financial statements as at 30 June 2015. None of these standards and interpretations is expected to have significant effects on the financial statements.

IFRS 9 Financial Instruments – Classification and measurement

IFRS 11 – Accounting for acquisition of interests in joint operations

IFRS 15 Revenue from Contracts with customers

TAS 16 – Clarification of acceptable methods of depreciation and amortization

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

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

## **HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE INTERIM PERIOD ENDED 30 JUNE 2015**

*(Amounts expressed in Turkish Lira (“TL”) unless otherwise stated.)*

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

### **2.4. Summary of significant accounting policies**

#### **2.4.1. Accounting for joint operations**

The Company has signed a joint operation agreement with Vakıf Gayrimenkul Yatırım Ortaklığı AŞ for developing real estate projects.

The Company as a joint operator recognize its share in assets, liabilities, revenues and expenses interest in the joint operation in accordance with the TFRS 11 “Joint Arrangements”.

#### **2.4.2. Revenue and expenses**

Revenue is recognised when there is a possibility of obtaining economic benefit and when it is possible to measure the revenue in a reliable manner. In order to recognise revenue below mentioned conditions should have been formed.

##### **Rental income from investment property**

Rental income from investment properties are recognised on accrual basis. Revenue is recognised when there is a possibility of economic benefits will flow to the entity and when it is possible to measure the revenue reliably. The rental income in which important portion of owner’s risks and rewards are transferred to the leaseholder is classified as financial lease. All other leases are classified as operating leases.

##### **Sale of lands**

Revenue is recognised when all significant risks and rewards regarding the lands are transferred to the buyer and the amount of revenue can be measured reliably.

##### **Sales of land by way of “Land Sale of Revenue Sharing Agreement” (“LSRSA”)**

The Company recognizes revenue from the sale of land by the way of “Land Sale of Revenue Sharing Agreement” (LSRSA) when transfer of legal ownership of land, is transferred to the buyer. When the legal ownership is not transferred, the Company books revenue as deferred income and share of construction entity as liability to contractor. The Company’s share in Total Sales Revenue (“TSR”), is recorded as revenue from sale of land and related cost is recognised as cost of land sold into the comprehensive income statement.

##### *Revenue*

Revenues consist of rental income from real estate, real estate sales revenue and income from capital market instruments. Rental income recorded on an accrual basis and the income from capital market instruments recorded as in accordance with the accounting policies disclosed in Note 2.4.8.

##### *Sales income*

Revenue is recognised when the significant risks and rewards of ownership of the investment property are transferred to the buyer and the amount is reliably measured. Revenue is recognised when and only when the Company transfers the significant risks and rewards of ownership of the goods to the buyer, retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue and cost of sales are recognised once the sales contracts of the projects are in line with the above stated criteria.

## **HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE INTERIM PERIOD ENDED 30 JUNE 2015**

*(Amounts expressed in Turkish Lira (“TL”) unless otherwise stated.)*

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

### **2.4 Summary of significant accounting policies (continued)**

#### **2.4.2. Revenue and expenses (continued)**

##### *Interest income*

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

##### *Other income and expense*

Other income and expense is recognised in profit or loss on accrual basis.

##### *Borrowing costs*

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Finance income earned from project loans of which has not been used as an investment for a temporary period are net off with the borrowing costs. All other borrowing costs are recognised in profit or loss in the period which they are incurred.

#### **2.4.3. Investment property**

Investment property are those which are held either to earn rental income or for capital appreciation or for both. Investment property is measured at cost less accumulated depreciation and impairment, if any.

Depreciation is recognised on a straight-line basis over the useful lives of the investment property. Except land, the expected useful life of investment property is 50 years.

Since the useful life of land is indefinite, it is not subject to depreciation.

Expenditures incurred to replace a component of investment property that is accounted for separately, including major inspection and overhaul costs, are capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of investment property. All other expenditures are recognised in profit or loss as expense as incurred.

Investment property is recognised when it is probable that the future economic benefits that are associated with them will flow to the Company and the cost of them can be measured reliably.

#### **2.4.4. Inventories**

Inventories are measured at the lower of cost and net realizable value. As at 30 June 2015, cost components included in the inventory consist of the land cost which is held for sale of the residence project by the Company.

The Company enters into revenue sharing agreements with construction entities in order to increase sales proceeds from the sales of vacant lands. These lands which subject to revenue sharing agreements (“LSRSA”) are accounted at cost until the sale is recognised. Sale is recognised when risk and rewards of ownership of land is transferred to the ultimate customers (customers of the construction entities) and when the sales proceeds are reliably determinable.

## **HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2015**

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

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

##### **2.3 Summary of significant accounting policies** *(continued)*

###### **2.4.5. Tangible assets**

All tangible assets are measured at cost less accumulated depreciation and accumulated impairment losses.

###### *Depreciation*

Depreciation is recognised on a straight-line basis over the useful lives of the property, plant and equipment from the date of acquisition. The expected useful life of furniture and fixtures is 5 years. The useful life of leasehold improvements, accounted under tangible assets, is equal to life of rent agreements.

###### *Subsequent expenditure*

Expenditures incurred to replace a component of tangible assets that is accounted for separately, including major inspection and overhaul costs, are capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of tangible assets. All other expenditures are recognised in profit or loss as expense as incurred. The gain or loss arising on the disposal or retirement of an item of tangible assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

###### **2.4.6. Intangible assets**

All intangible assets are measured at cost less accumulated amortization and accumulated impairment losses.

###### *Amortization*

Amortization is recognised on a straight-line basis over the useful lives of intangible assets. The expected useful life of licence rights is between 4-10 years.

###### **2.4.7. Impairment of assets**

The Company determines whether there are any indicators for impairment at every reporting date. In the case of an indicator, the recoverable value of that asset is estimated. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.



## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE INTERIM PERIOD ENDED 30 JUNE 2015

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

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

### 2.4. Summary of significant accounting policies (continued)

#### 2.4.8. Financial instruments

The Company has the following financial assets; cash and cash equivalents, financial investments and trade receivables; and has the following financial liabilities; loans and borrowings and trade payables.

#### i) Non-derivative financial assets

The Company initially recognises the financial assets on the date they are originated.

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below: The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial asset that is created or retained by the Company is recognized as a separate asset or liability.

#### *Cash and cash equivalents*

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

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

Financial assets at fair value through profit or loss are comprised of bank bonds and equity securities. The carrying amounts of financial assets reflect their fair values.

#### *Available for sale financial assets*

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

Available-for-sale financial assets are subsequently measured at their fair values. Unrecognised gains or losses derived from the difference between their fair value and the discounted values calculated per effective interest rate method are recorded in "other comprehensive income that are and may be reclassified to profit or loss" under other comprehensive income. In case of sales, the realised gain or losses are recognised directly in the statement of operations.

#### *Held to maturity investments*

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortized cost using the effective interest method less impairment, with revenue recognized using effective interest method.

#### *Trade and other receivables*

The Company initially recognises trade and other receivables on the date that they are originated and then discounted at the market rate of interest at the reporting date. Specific allowances are identified as being impaired based on regular reviews of outstanding balances to reduce receivables to their recoverable amounts.

## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ

### NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2015

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

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

##### 2.4. Summary of significant accounting policies (continued)

##### 2.4.8. Financial instruments (continued)

###### ii) Non-derivative financial liabilities

###### *Loans and borrowings*

Loans and borrowings are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. The Company derecognizes a financial liability when its contractual liabilities are discharged, cancelled or expire.

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

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

###### iii) Paid-in capital

###### *Ordinary shares*

Ordinary shares are classified as paid in capital. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

##### 2.4.9. Offsetting

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

##### 2.4.10. Effects of changes in exchange rates

The financial statements of the Company is presented in the currency of the primary economic environment in which the entity operates. For the purpose of the financial statements, the results and financial position of the Company is expressed in TRY, which is the functional currency of the Company, and the presentation currency for the financial statements.

Income and expenses from transactions in foreign currencies have been translated into Turkish Lira ("TL") at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into TL at the exchange rates prevailing at the balance sheet date. Exchange gains or losses arising from conversion of foreign currency items have been included in the income statement.

##### 2.4.11. Earnings per share

Earnings per share are calculated by dividing profit or loss by the weighted average number of ordinary shares outstanding during the period. In Turkey, companies to existing shareholders from retained earnings and shareholders' equity, shares distributing shares ("bonus shares") may increase their capital. In case of calculation of earnings per share, this export of bonus share is accepted as issued shares. Therefore average of weighted number of shares used in calculation of earnings per share is provided by applying issued of bonus share retrospectively.

## **HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE INTERIM PERIOD ENDED 30 JUNE 2015**

*(Amounts expressed in Turkish Lira (“TL”) unless otherwise stated.)*

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

### **2.4. Summary of significant accounting policies *(continued)***

#### **2.4.12. *Subsequent events***

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

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

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

#### **2.4.13. *Provisions, contingent liabilities and contingent assets***

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

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

#### **2.4.14. *Related parties***

Shareholders, key management and board members, in each case together with companies controlled by or affiliated with them, and associated companies are considered and referred to as related parties. Transactions with the related parties consist of the transfer of the assets and liabilities between related parties by a price or free of charge.

## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ

### NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2015

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

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

##### 2.4 Summary of significant accounting policies (continued)

###### 2.4.15. Segment reporting

The Company operates solely as real estate investments trust therefore segment information is not presented.

###### 2.4.16. Discontinued operations

None.

###### 2.4.17. Government grants and incentives

As disclosed in Note 2.4.18, the Company which operates as a real estate investment trust, is exempt from corporate tax.

###### 2.4.18. Taxation

###### *Corporate income tax*

According to Article 5/1(d) (4) of the New Corporate Tax Law No: 5220, the income of Real Estate Investment Trusts ("REIT") is exempt from Corporate Income Tax in Turkey. This exemption is also applicable to Quarterly Advance Corporate Tax.

According to New Corporate Tax Law Article 15/(3), the income of REITs is subject to 15% withholding tax irrespective of its distribution. The Council of Ministers has the authority to increase the withholding tax rate on REIT income to corporate income tax rate or reduce it to 0% or change it within the limits defined through publication of a Decree based on the Corporate Tax Law Article 15/(34). In accordance with New Corporate Tax Law Article 15/(2), income subject to corporate tax is also exempt from withholding tax.

According to temporary Article (1) of the New Corporate Tax Law, resolutions of the Council of Ministers related with Income Tax Law numbered 193 and Tax Law No: 5422 are valid up to new Decrees published by the Council of Ministers. Determined rates cannot exceed statutory limits defined at New Corporate Tax Law.

Based on the resolution of the Council of Ministers related to the withholding tax rates which were determined as 15% according to the New Corporate Tax Law Article 15/(3) published in the Official Gazette dated 3 February 2009 numbered 27130, the withholding tax rate is determined as 0% and this resolution is effective on the same date. Thereof, in accordance with the Article 5/1(d) (4) of the New Corporate Tax Law, real estate investment company earnings, regardless of the fact they are distributed or not, will be subject to 0% withholding.

###### *Deferred tax*

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

###### 2.4.19. Employee benefits / reserve for employee severance indemnity

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Company.

The provision for employee severance indemnity has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees.

###### 2.4.20. Statement of cash flows

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

## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ

### NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2015

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

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

##### 2.5. Significant accounting estimations, presumption and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant accounting estimates used are described in the following notes:

Note 10 Investment property

#### 3. JOINT OPERATIONS

As at 30 June 2015 and 31 December 2014, voting right of the Company in the joint operation is as follows:

<b>Voting right in the joint operation</b>	<b>30 June 2015</b>	<b>31 December 2014</b>
Halk GYO-Vakıf GYO Adi Ortaklığı	50.0%	50.0%

##### **Halk GYO-Vakıf GYO Adi Ortaklığı**

Halk GYO-Vakıf GYO Adi Ortaklığı has founded in Turkey for operating as a joint operation with 50% shares and 50% voting right. The Company has signed a joint operation agreement with Vakıf Gayrimenkul Yatırım Ortaklığı AŞ for developing real estate projects.

As at 30 June 2015 and 31 December 2014, the Company’s share in financial statements of the Halk GYO-Vakıf GYO Adi Ortaklığı is as follows:

	<b>30 June 2015</b>	<b>31 December 2014</b>
Non-current assets	10,232,837	9,901,360
Current assets	57,260,847	60,162,805
Short-term liabilities	(346,231)	(369)
Long-term liabilities	--	--
<b>Net assets</b>	<b>67,147,453</b>	<b>70,063,796</b>
	<b>1 January –</b>	<b>1 January –</b>
	<b>30 June 2015</b>	<b>30 June 2014</b>
Income	--	--
Expenses	--	--
<b>Net profit</b>	<b>--</b>	<b>--</b>

**HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ**

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE INTERIM PERIOD ENDED 30 JUNE 2015

*(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)***4. RELATED PARTY DISCLOSURES****4.1. Due from / to related parties**

	<b>30 June 2015</b>	<b>31 December 2014</b>
<i><b>Banks-Demand deposits</b></i>		
Halkbank	322,600	424,071
<i><b>Banks-Time deposits</b></i>		
Halkbank	10,728,807	7,902,288
<i><b>Banks -Other liquid assets</b></i>		
Halkbank	3,263,655	331,560
Halk Yatırım	--	218
<i><b>Bank Bonds-Financial investments</b></i>		
Halkbank	--	34,841,163
<b>Total</b>	<b>14,315,062</b>	<b>43,499,300</b>
<i><b>Prepaid expenses</b></i>	<b>212,814</b>	<b>192,728</b>
Halk Sigorta AŞ	196,750	188,977
Halk Hayat ve Emeklilik AŞ	16,064	3,751
<i><b>Other current assets</b></i>	<b>285,239</b>	--
Halkbank	285,184	--
Halk Sigorta AŞ	55	--
<i><b>Capitalization of expenses on investment properties</b></i>	<b>335,851</b>	<b>42,668</b>
Halkbank	185,741	1,875
Halk Sigorta AŞ	150,110	40,793
<b>Total</b>	<b>833,904</b>	<b>235,396</b>
<i><b>Financial borrowings</b></i>		
Halkbank –short term	3,395,727	3,397,361
Halkbank –long term	12,364,993	13,340,555
<b>Total</b>	<b>15,760,720</b>	<b>16,737,916</b>
<i><b>Due to related parties</b></i>		
Halk Sigorta AŞ	160,963	126,242
Halkbank	125	--
<b>Total</b>	<b>161,088</b>	<b>126,242</b>
<i><b>Short term deferred income</b></i>		
Halkbank	--	2,788,350
<b>Total</b>	<b>--</b>	<b>2,788,350</b>

**HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ**

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE INTERIM PERIOD ENDED 30 JUNE 2015

*(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)***4. RELATED PARTY DISCLOSURES (continued)****4.2. Income and expenses from related parties**

	<b>1 January – 30 June 2015</b>	<b>1 April – 30 June 2015</b>	<b>1 January – 30 June 2014</b>	<b>1 April – 30 June 2014</b>
<b><i>Rental income</i></b>				
Halkbank	14,956,158	8,065,904	13,960,710	6,980,355
Halk Faktoring AŞ	60,926	--	333,856	166,928
Halk Hayat ve Emeklilik AŞ	42,857	21,429	39,128	14,905
Halk Sigorta AŞ	42,857	21,429	39,128	19,564
Halk Yatırım Menkul Değerler AŞ	--	--	40,372	20,808
<b>Total</b>	<b>15,102,798</b>	<b>8,108,762</b>	<b>14,413,194</b>	<b>7,202,560</b>
<b><i>Interest income</i></b>				
Halkbank finansal yatırım faiz gelirleri	942,497	604,322	3,087,483	1,520,126
Halkbank vadeli mevduat faizi	346,636	186,265	4,213,400	2,308,175
Halk Yatırım Menkul Değerler AŞ	--	--	95,917	--
<b>Total</b>	<b>1,289,133</b>	<b>790,587</b>	<b>7,396,800</b>	<b>3,828,301</b>
<b><i>Other incomes</i></b>				
Halk Hayat ve Emeklilik AŞ	9,146	9,146	--	--
Halk Sigorta AŞ	1,582	1,582	--	--
<b>Total</b>	<b>10,728</b>	<b>10,728</b>	<b>--</b>	<b>--</b>
<b><i>Interest expense</i></b>				
Halkbank	815,795	407,175	906,085	450,001
<b>Total</b>	<b>815,795</b>	<b>407,175</b>	<b>906,085</b>	<b>450,001</b>
<b><i>Commission expense</i></b>				
Halk Yatırım Menkul Değerler AŞ	695	168	--	--
Halk Portföy Yönetimi AŞ	--	--	68,798	15,000
<b>Total</b>	<b>695</b>	<b>168</b>	<b>68,798</b>	<b>15,000</b>
<b><i>Other expenses</i></b>				
Halk Sigorta AŞ	118,219	60,818	177,098	137,579
Halkbank	24,606	14,310	12,085	7,411
Halk Hayat ve Emeklilik AŞ	7,364	3,625	5,874	3,526
T. Halk Bankası Spor Kulübü	--	--	440,791	294,777
Halk Yatırım Menkul Değerler A.Ş.	--	--	40,664	25,664
<b>Total</b>	<b>150,189</b>	<b>78,753</b>	<b>676,512</b>	<b>468,957</b>

For the interim period ended 30 June 2015, 47% of the revenue comprised the rent and interest income from the related parties (30 June 2014: 63%).

For the interim periods ended 30 June 2015 and 2014 interest income was generated from term deposits and interest expenses comprised at the interest expense on borrowings.

For the interim period ended 30 June 2015, total benefit which has been provided to Company's top executives is amounting to TL 594,229 (30 June 2014: TL 383,729).

**HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ****NOTES TO THE FINANCIAL STATEMENTS**

FOR THE INTERIM PERIOD ENDED 30 JUNE 2015

*(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)***5. CASH AND CASH EQUIVALENTS**

As at 30 June 2015 and 31 December 2014, cash and cash equivalents are as follows:

	<b>30 June 2015</b>	<b>31 December 2014</b>
Banks-Time deposits	10,728,807	7,902,288
Reverse repo	322,749	424,195
Other liquid assets <sup>(*)</sup>	3,263,655	331,778
<b>Cash and cash equivalents in the statement of financial position</b>	<b>14,315,211</b>	<b>8,658,261</b>
Interest income accruals on cash equivalents	(13,430)	--
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>14,301,781</b>	<b>8,658,261</b>

<sup>(\*)</sup> As at 30 June 2015 and 31 December 2014, other liquid assets consist of credit card receivables from sales of residential unit of Bakırköy Project and Eskişehir Project.

As at 30 June 2015 and 31 December 2014, the details of time deposits at banks, bank bonds and reverse repo are as follows:

<b>30 June 2015</b>	<b>Amount</b>	<b>Nominal interest rate (%)</b>	<b>Maturity</b>
<b><u>Time deposits</u></b>			
TL	6,415,377	8.00	1 July 2015
TL	4,313,430	9.50	2 July 2015
	<b>10,728,807</b>		
<b>31 December 2014</b>	<b>Amount</b>	<b>Nominal interest rate (%)</b>	<b>Maturity</b>
<b><u>Time deposits</u></b>			
TL	4,452,288	8.00	2 January 2015
TL	2,500,000	8.25	8 January 2015
TL	950,000	8.25	15 January 2015
	<b>7,902,288</b>		



## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ

### NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2015

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

#### 6. FINANCIAL INVESTMENTS

As at 30 June 2015 the Company has no financial investment. As at 31 December 2014, the Company's all of the financial investments comprise of financial assets at fair value through profit or loss and available for sale financial assets, and held to maturity assets, the details of financial investments are as follows:

	Cost	Carrying amount	Maturity	Interest Rate (%)
<b>31 December 2014</b>				
<i>Financial assets at fair value through profit or loss</i>				
Bank Bonds	34,816,162	34,841,163	5 June 2015	8.49
Lease certificates	3,000,000	3,087,606	23 March 2015	9.95
<b>Total financial investments</b>	<b>37,816,162</b>	<b>37,928,769</b>		

#### 7. TRADE RECEIVABLES AND TRADE PAYABLES

##### Trade receivables

The Company's short term trade receivables consist of notes receivable from sale of residential units at Bakırköy Project and Panorama Plus Eskişehir amounting to TL 3,993,728 and TL 3,595,100 and other receivables amounting to TL 4,646 (31 December 2014: TL 8,781,572, TL 3,198,840 and TL 3,804).

The Company's long-term trade receivables consist of notes receivable from sale of residential units at Bakırköy Project amounting to TL 194,920 (31 December 2014: TL 317,535).

##### Trade payables

As at 30 June 2015 and 31 December 2014, trade payables are as follows:

##### Short term trade payables

	30 June 2015	31 December 2014
Other trade payables	1,839,108	480,319
Trade payables to related parties (Note 4)	161,088	126,242
<b>Total</b>	<b>2,000,196</b>	<b>606,561</b>

## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ

### NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2015

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

#### 8. INVENTORIES

As at 30 June 2015 and 31 December 2014, inventories are as follows:

Land stocks	31 December 2014		Disposals	30 June 2015	
	Cost	Additions		Cost	
İstanbul Bakırköy Land – Residence Project <sup>(1)</sup>	20,753,802	--	(4,594,290)	16,159,512	
Eskişehir- Odunpazarı Land – Residence Project <sup>(2)</sup>	26,233,422	8,686,025	--	34,919,447	
Sancaktepe Konut Projesi <sup>(3)</sup>	56,103,513	986,089	--	57,089,602	
<b>Total</b>	<b>103,090,737</b>	<b>9,672,114</b>	<b>(4,594,290)</b>	<b>108,168,561</b>	

<sup>(1)</sup> The Company has arranged a bid to develop a project on Bakırköy Land as Land Sale of Revenue Sharing Agreement (LSRSA) and as a consequence signed a contract with a firm on 17 February 2012. The Company registered both plot that the project takes place for construction servitude on 24 February 2014. As at 30 June 2015, 54 independent unit was sold amounting to TL 17,510,234 and cost of sales relating to these sales is amounting to TL 4,594,290 (31 December 2014: 92 independent unit sold amounting to TL 40,356,205 and cost of sales relating to these sales is amounting to TL 11,011,823).

There are restrictions on the 44 residential units which are signed sales agreements under loan agreements of different financing institutions amounting to TL 17,060,950 (31 December 2014: TL 37,364,900) of agreement sales price.

The Company has received an advance payment from subcontractor due to agreement ongoing project related with LSRSA amounting to TL 18,100,000 and TL 100,000 respectively on 17 February 2012 and 1 March 2013. The Company's projected land cost is TL 31,765,625.

Referans Bakırköy Project plans which first construction permission was obtained as at 31 May 2012 and still under construction have been modified to provide 254 residential and 73 commercial units, as opposed to prior 256 residential and 70 commercial units and the modification permission of the revised project has been approved by relevant authorities as at 19 September 2013. As at 30 June 2015 the deed transfer process of 14 6 independent units has been completed.

<sup>(2)</sup> Eskişehir Odunpazarı Land is registered to Odunpazarı/Eskişehir neighbourhood with 1452 block 89 plot and 90 plot. It has place 13,073 m<sup>2</sup>. Eskişehir Odunpazarı Land is registered to 110 plot with change at the partition plan at 22 March 2013. The Company has acquired the plot belongs to Eskişehir Municipality within new 110 plot cost value of TL 668,000 at 22 March 2013 and registered previously named 89 plot and 90 plot as 110 plot. Due to new partition plan investment property is entrusted from 13,073 m<sup>2</sup> registered as 9,811 m<sup>2</sup>. After entrusting, description of the plot has changed to land from factory building. The deeds of floor easement of 97 residential and 5 commercial units were taken as of 30 December 2014.

<sup>(3)</sup> As at 16 October 2014, land in Sancaktepe/Istanbul was purchased amounting to TL 110,000,000 (Company share: TL 56,103,513) by Halk GYO-Vakıf GYO Adi Ortaklığı for real estate project. As at 30 June 2015, the project has not been started yet.

There is no restriction on the land stock. It was decided to develop residential project on the land.

## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ

### NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2015

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

#### 9. DEFERRED INCOME

As at 30 June 2015 and 31 December 2014, the details of long and short term deferred income are as follow:

	30 June 2015	31 December 2014
Deferred residential sale income <sup>(1)</sup>	48,900,843	55,814,040
Advances taken from subcontractors <sup>(2)</sup>	18,200,000	18,200,000
Deferred rental income	--	2,788,350
<b>Total short term deferred income</b>	<b>67,100,843</b>	<b>76,802,390</b>
Deferred rental income	--	--
<b>Total long term deferred income</b>	<b>--</b>	<b>--</b>
	--	--
<b>Total deferred income</b>	<b>67,100,843</b>	<b>76,802,390</b>

(1) Deferred residential unit sale income consist of TL 28,434,283 provided by sales of residences from LSRSA project realized on an estate located in Bakırköy and TL 20,466,560 provided by sales of residence project realized from Eskisehir-Odunpazarı Project Deferred residential unit sale income consists of balances in according to sales on LSRSA project. Due to the contract 50.5% revenue from sales is collected by the Company. As at 30 June 2015, TL 34,673,730 sale is actualized and payment was made to subcontractor at amount progress portion. Referans Bakırköy Project consists of 254 residential and 73 commercial units. As at 30 June 2015, 276 unit has been sold amounting to TL 189.2 Million and conveyance of title has been completed for 146 residential unit amounting to TL 114.5 Million.

(2) The advances taken amount related with the project of “Land Sale of Revenue Sharing Agreement” on Bakırköy land.

#### 10. INVESTMENT PROPERTY

As at 30 June 2015 and 31 December 2014, the details of investment property are as follow:

	30 June 2015	31 December 2014
Buildings	324,205,325	324,780,865
Investment property under construction	438,768,881	388,750,496
<b>Total</b>	<b>762,974,206</b>	<b>713,531,361</b>

Insurance amount on investment properties as at 30 June 2015 is TL 254,645,029 (31 December 2014: TL 172,707,567).

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE INTERIM PERIOD ENDED 30 JUNE 2015

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

#### 10. INVESTMENT PROPERTY (continued)

As at 30 June 2015, investment property movement is as follows:

Investment property	Cost at 31 December 2014	Additions	Disposals	Cost at 30 June 2015	Amortisation at 31 December 2014	Additions	Disposals	Depreciation at 30 June 2015	Net book value at 30 June 2015
İstanbul Karaköy Building	23,500,000	--	--	23,500,000	160,367	19,034	--	179,401	23,320,599
İstanbul Salıpazarı Building	22,000,000	--	--	22,000,000	288,450	34,236	--	322,686	21,677,314
İzmir Konak Building-1	13,400,000	--	--	13,400,000	269,006	32,075	--	301,081	13,098,919
Ankara Kızılay Building	12,475,237	--	--	12,475,237	133,635	15,861	--	149,496	12,325,741
İstanbul Beyoğlu Building	12,000,000	--	--	12,000,000	55,647	6,605	--	62,252	11,937,748
İstanbul Beşiktaş Building	11,893,840	--	--	11,893,840	73,480	8,721	--	82,201	11,811,639
İstanbul Etiler Building	11,000,000	--	--	11,000,000	51,065	6,061	--	57,126	10,942,874
İstanbul Şişli Building	11,000,000	--	--	11,000,000	159,578	18,940	--	178,518	10,821,482
İzmir Konak Building-2	10,290,000	--	--	10,290,000	113,922	13,584	--	127,506	10,162,494
Ankara Başkent Building	9,541,729	--	--	9,541,729	81,326	9,652	--	90,978	9,450,751
İstanbul Bakırköy Building	9,023,500	--	--	9,023,500	78,030	9,261	--	87,291	8,936,209
Bursa Building	8,500,000	--	--	8,500,000	92,963	11,029	--	103,992	8,396,008
Ankara Bahçelievler Building 1	6,681,356	--	--	6,681,356	120,553	14,313	--	134,866	6,546,490
Kocaeli Building	6,519,193	--	--	6,519,193	57,064	6,804	--	63,868	6,455,325
İstanbul Fatih Building	6,380,000	--	--	6,380,000	96,932	11,505	--	108,437	6,271,563
İstanbul Caddebostan Building	6,300,000	--	--	6,300,000	270,675	32,274	--	302,949	5,997,051
Sakarya Adapazarı Building	5,960,000	--	--	5,960,000	61,280	7,273	--	68,553	5,891,447
Ankara Bahçelievler Building 2	5,684,746	--	--	5,684,746	39,923	4,738	--	44,661	5,640,085
İstanbul Ataköy Building	5,061,500	--	--	5,061,500	76,937	9,127	--	86,064	4,975,436
İstanbul Nişantaşı Building	5,000,000	--	--	5,000,000	27,887	3,325	--	31,212	4,968,788
Ataşehir Finans Plaza	126,548,795	--	--	126,548,795	1,670,311	301,122	--	1,971,433	124,577,362
<b>Buildings total</b>	<b>328,759,896</b>	<b>--</b>	<b>--</b>	<b>328,759,896</b>	<b>3,979,031</b>	<b>575,540</b>	<b>--</b>	<b>4,554,571</b>	<b>324,205,325</b>
Levent Hotel Project (a)	63,656,372	20,648,722	--	84,305,094	--	--	--	--	84,305,094
İstanbul Financial Center Project (b)	261,705,522	1,355,980	--	263,061,502	--	--	--	--	263,061,502
Kocaeli Şekerpinar Project (c)	63,388,602	28,013,683	--	91,402,285	--	--	--	--	91,402,285
<b>Total investment property under construction</b>	<b>388,750,496</b>	<b>50,018,385</b>	<b>--</b>	<b>438,768,881</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>438,768,881</b>
<b>Total</b>	<b>717,510,392</b>	<b>50,018,385</b>	<b>--</b>	<b>767,528,777</b>	<b>3,979,031</b>	<b>575,540</b>	<b>--</b>	<b>4,554,571</b>	<b>762,974,206</b>

- (a) In the current period, due to Hotel Project on Levent Land, construction expenses amounting to TL 19,350,666, project management expenses amounting to TL 542,722 agreement stamp tax and other duties amounting to TL 662,964 and other expenses amounting to TL 92,370 are capitalized on the cost of project.
- (b) In the current period, due to İstanbul Financial Center Project, project management expenses amounting to TL 264,472, architecture and engineering expenses amounting to TL 796,565, agreement stamp tax and other duties amounting to TL 45,377 are capitalized on the cost of project.
- (c) In the current period, due to planned banking base on Kocaeli Şekerpinar Project, construction expenses amounting to TL 27,727,511, agreement stamp tax and other duties amounting to TL 13,469 and other expenses amounting to TL 272,702 are capitalized on the cost of project.

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE INTERIM PERIOD ENDED 30 JUNE 2015

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

#### 10. INVESTMENT PROPERTY (continued)

As at 31 December 2014, net book values and fair values of investment properties are as follows:

Investment property	Cost at 31 December 2013	Additions	Disposals	Cost at 31 December 2014	Amortisation at 31 December 2013	Additions	Disposals	Depreciation at 31 December 2014	Net book value at 31 December 2014
Karaköy Building	23,500,000	--	--	23,500,000	121,984	38,383	--	160,367	23,339,633
İstanbul Salıpaazarı Building	22,000,000	--	--	22,000,000	219,411	69,039	--	288,450	21,711,550
İzmir Konak Building-1	13,400,000	--	--	13,400,000	204,324	64,682	--	269,006	13,130,994
Ankara Kızılay Building	12,475,237	--	--	12,475,237	101,650	31,985	--	133,635	12,341,602
İstanbul Beyoğlu Building	12,000,000	--	--	12,000,000	42,328	13,319	--	55,647	11,944,353
İstanbul Beşiktaş Building	11,893,840	--	--	11,893,840	55,893	17,587	--	73,480	11,820,360
İstanbul Etiler Building	11,000,000	--	--	11,000,000	38,843	12,222	--	51,065	10,948,935
İstanbul Şişli Building	11,000,000	--	--	11,000,000	121,384	38,194	--	159,578	10,840,422
İzmir Konak Building-2	10,290,000	--	--	10,290,000	86,530	27,392	--	113,922	10,176,078
Ankara Başkent Building	9,541,729	--	--	9,541,729	61,861	19,465	--	81,326	9,460,403
İstanbul Bakırköy Building	9,023,500	--	--	9,023,500	59,354	18,676	--	78,030	8,945,470
Bursa Building	8,500,000	--	--	8,500,000	70,722	22,241	--	92,963	8,407,037
Ankara Bahçelievler Building 1	6,681,356	--	--	6,681,356	91,690	28,863	--	120,553	6,560,803
Kocaeli Building	6,519,193	--	--	6,519,193	43,343	13,721	--	57,064	6,462,129
İstanbul Fatih Building	6,380,000	--	--	6,380,000	73,732	23,200	--	96,932	6,283,068
İstanbul Caddebostan Building	6,300,000	--	--	6,300,000	205,592	65,083	--	270,675	6,029,325
Sakarya Adapazarı Building	5,960,000	--	--	5,960,000	46,613	14,667	--	61,280	5,898,720
Ankara Bahçelievler Building 2	5,684,746	--	--	5,684,746	30,368	9,555	--	39,923	5,644,823
İstanbul Ataköy Building	5,061,500	--	--	5,061,500	58,532	18,405	--	76,937	4,984,563
İstanbul Nişantaşı Building	5,000,000	--	--	5,000,000	21,182	6,705	--	27,887	4,972,113
Ataşehir Finans Plaza	126,548,795	--	--	126,548,795	1,063,075	607,236	--	1,670,311	124,878,484
<b>Buildings total</b>	<b>328,759,896</b>	<b>--</b>	<b>--</b>	<b>328,759,896</b>	<b>2,818,411</b>	<b>1,160,620</b>	<b>--</b>	<b>3,979,031</b>	<b>324,780,865</b>
Levent Hotel Project (a)	38,045,288	25,611,084	--	63,656,372	--	--	--	--	63,656,372
İstanbul Financial Center Project (b)	239,427,053	22,278,469	--	261,705,522	--	--	--	--	261,705,522
Kocaeli Şekerpinar Project (c)	12,331,697	51,056,905	--	63,388,602	--	--	--	--	63,388,602
<b>Total investment property under construction</b>	<b>289,804,038</b>	<b>98,946,458</b>	<b>--</b>	<b>388,750,496</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>388,750,496</b>
<b>Total</b>	<b>618,563,934</b>	<b>98,946,458</b>	<b>--</b>	<b>717,510,392</b>	<b>2,818,411</b>	<b>1,160,620</b>	<b>--</b>	<b>3,979,031</b>	<b>713,531,361</b>

- (a) Due to Hotel Project on Levent Land, construction expenses amounting to TL 24,555,246, project management expenses amounting to TL 497,488 agreement stamp tax and other duties amounting to TL 514,550 and other expenses amounting to TL 43,800 are capitalized on the cost of project.
- (b) Due to İstanbul Financial Center Project, architectural and engineering expenses amounting to TL 3,141,800, agreement stamp tax and other duties (fees of construction permit) amounting to TL 18,178,573, project management expenses amounting to TL 945,465 and other project management expenses amounting to TL 12,631 are capitalized on the cost of project.
- (c) Due to planned banking base on Kocaeli Şekerpinar Project, architectural and engineering expenses amounting to TL 50,178,066 ,agreement stamp tax and other duties amounting to TL 866,397 and other expenses amounting to TL 12,442 are capitalized on the cost of project.

**HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED 30 June 2015*(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)***10. INVESTMENT PROPERTY (continued)**

As at 30 June 2015 and 31 December 2014, net book values and fair values of investment properties are as follows:

Investment property	30 June 2015		31 December 2014	
	Net book value	Fair value	Net book value	Fair value
Istanbul Karaköy Building	23,320,599	28,500,000	23,339,633	28,500,000
Istanbul Salıpazarı Building	21,677,314	43,400,000	21,711,550	43,400,000
İzmir Konak Building 1	13,098,919	18,530,000	13,130,994	18,530,000
Ankara Kızılay Building	12,325,741	17,675,000	12,341,602	17,675,000
Istanbul Beyoğlu Building	11,937,748	19,270,000	11,944,353	19,270,000
Istanbul Beşiktaş Building	11,811,639	15,114,000	11,820,360	15,114,000
Istanbul Etiler Building	10,942,874	14,575,000	10,948,935	14,575,000
Istanbul Şişli Building	10,821,482	13,000,000	10,840,422	13,000,000
İzmir Konak Building 2	10,162,494	12,600,000	10,176,078	12,600,000
Ankara Başkent Building	9,450,751	13,224,000	9,460,403	13,224,000
Istanbul Bakırköy Building	8,936,209	19,602,000	8,945,470	19,602,000
Bursa Building	8,396,008	10,865,000	8,407,037	10,865,000
Ankara Bahçelievler Building 1	6,546,490	9,077,500	6,560,803	9,077,500
Kocaeli Building	6,455,325	8,567,000	6,462,129	8,567,000
Istanbul Fatih Building	6,271,563	9,050,000	6,283,068	9,050,000
Istanbul Caddebostan Building	5,997,051	7,165,000	6,029,325	7,165,000
Sakarya Adapazarı Building	5,891,447	8,212,050	5,898,720	8,212,050
Ankara Bahçelievler Building 2	5,640,085	7,735,000	5,644,823	7,735,000
Istanbul Ataköy Building	4,975,436	10,290,000	4,984,563	10,290,000
Istanbul Nişantaşı Building	4,968,788	7,475,000	4,972,113	7,475,000
Ataşehir Finans Plaza	124,577,362	167,471,005	124,878,484	167,471,005
<b>Buildings total</b>	<b>324,205,325</b>	<b>461,397,555</b>	<b>324,780,865</b>	<b>461,397,555</b>
Levent Hotel Project	84,305,094	108,160,115	63,656,372	108,160,115
İstanbul Financial Center Project	263,061,502	574,633,400	261,705,522	574,633,400
Kocaeli Şekerpinar Project	91,402,285	104,366,363	63,388,602	72,197,400
<b>Total investment property under construction</b>	<b>438,768,881</b>	<b>787,159,878</b>	<b>388,750,496</b>	<b>754,990,915</b>
<b>Total</b>	<b>762,974,206</b>	<b>1,248,557,433</b>	<b>713,531,361</b>	<b>1,216,388,470</b>

- (a) Fair value of Kocaeli Şekerpinar Project was determined based on construction level on 29 April 2015. There is not any impairment provided as at 30 June 2015 due to the fact that when the project is finished, the estimated value of project would be TL 157,624,858.

## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE INTERIM PERIOD ENDED 30 JUNE 2015

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

#### 10. INVESTMENT PROPERTY (continued)

##### **Buildings**

##### **i. İstanbul Karaköy Building**

Istanbul Karaköy Building is registered to Beyoğlu/İstanbul Müeyyetzade neighbourhood with 102 city block and 3<sup>rd</sup> plot. It is a massive block office building with a place of 583 m<sup>2</sup>.

The value of the investment property has been determined as TL 23,500,000 according to the report dated 13 November 2009 prepared by real estate appraisal company licensed by CMB and it was devolved as capital in kind on 28 October 2010 by Halkbank. The fair value of Karaköy Building has been determined as TL 28,500,000 according to market value approach based on the report dated 9 December 2014 prepared by real estate appraisal company licensed by CMB. There is no restriction on the investment property. The Company rented this property to Halkbank and Halk Faktoring AŞ. The Company earned TL 714,014 of rental income for the period started 1 January 2015 and ended 30 June 2015. The rent relation has ended up with Halk Faktoring AŞ as at 30 January 2015.

##### **ii. İstanbul Salıpazarı Building**

Istanbul Salıpazarı Building is registered to Beyoğlu/İstanbul Kılıçali neighbourhood with 57 city block and 14<sup>th</sup> plot. It is a 1,196 m<sup>2</sup> of land.

The value of the investment property has been determined as TL 22,000,000 according to the report dated 13 November 2009 prepared by real estate appraisal company licensed by CMB and it was devolved as capital in kind on 28 October 2010 by Halkbank. The fair value of Salıpazarı Building has been determined as TL 43,400,000 according to market value approach based on the report dated 9 December 2014 prepared by real estate appraisal company licensed by CMB. There is no restriction on the investment property. The Company rented this property to Halkbank. The Company earned TL 346,946 of rental income for the period started 1 January 2015 and ended 30 June 2015.

##### **iii. İzmir Konak Building-1**

Izmir Konak Corporate Building is registered to Konak/İzmir Akdeniz neighbourhood with 971 city block and 17<sup>th</sup> plot. It is a massive block bank building with a place of 739 m<sup>2</sup>. For the independent sections of the property there is no construction servitude.

The value of the investment property has been determined as TL 13,400,000 according to the report dated 9 December 2009 prepared by real estate appraisal company licensed by CMB and it was devolved as capital in kind on 2 November 2010 by Halkbank. The fair value of Konak Corporate Building has been determined as TL 18,530,000 according to market value approach based on the report dated 9 December 2014 prepared by real estate appraisal company licensed by CMB. There is no restriction on the investment property. The Company rented this property to Halkbank. The Company earned TL 620,434 of rental income for the period started 1 January 2015 and ended 30 June 2015.

## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE INTERIM PERIOD ENDED 30 JUNE 2015

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

#### 10. INVESTMENT PROPERTY (continued)

##### *Buildings (continued)*

##### *iv. Ankara Kızılay Building*

Ankara Kızılay Building is registered to Çankaya/Ankara Cumhuriyet neighbourhood with 1064 city block and 14<sup>th</sup> plot. It is a massive block apartment with a place of 272 m<sup>2</sup>.

The value of the investment property has been determined as TL 12,475,237 according to the report dated 11 February 2010 prepared by the experts assigned by Commercial Court and it was devolved as capital in kind on 28 October 2010 by Halkbank. The fair value of Kızılay Building and Service Building has been determined as TL 17,675,000 according to market value approach based on the report dated 12 December 2014 prepared by real estate appraisal company licensed by CMB. There is no restriction on the investment property. The Company has rented second floor of this property to Halk Yatırım Menkul Değerler AŞ ("Halk Yatırım") and the other divisions to HalkBank. The Company earned TL 607,698 of rental income for the period started 1 January 2015 and ended 30 June 2015.

##### *v. İstanbul Beyoğlu Building*

İstanbul Beyoğlu Building is registered to Beyoğlu/İstanbul Hüseyinağa neighbourhood with 338 city block and 8<sup>th</sup> plot. It is a massive office block with a place of 195 m<sup>2</sup>.

The value of the investment property has been determined as TL 12,000,000 according to the report dated 9 December 2009 prepared by real estate appraisal company licensed by CMB and it was devolved as capital in kind on 28 October 2010 by Halkbank. The fair value of Beyoğlu Building has been determined as TL 19,270,000 according to market value approach based on the report dated 9 December 2014 prepared by real estate appraisal company licensed by CMB. There is no restriction on the investment property. The Company rented 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup>, 5<sup>th</sup> and 6<sup>th</sup> floors of this property to Turkish Treasury and other divisions to Halkbank. The Company earned TL 659,779 of rental income for the period started 1 January 2015 and ended 30 June 2015.

##### *vi. İstanbul Beşiktaş Building*

İstanbul Beşiktaş Building is registered to Beşiktaş/İstanbul Sinanpaşa neighbourhood with 291 city block and 93<sup>rd</sup> plot. It is a massive block office building with a place of 267 m<sup>2</sup>.

The value of the investment property has been determined as TL 11,893,840 according to the report dated 3 February 2010 prepared by the experts assigned by Commercial Court and it was devolved as capital in kind on 27 October 2010 by Halkbank. The fair value of Beşiktaş Building has been determined as TL 15,114,000 according to market value approach based on the report dated 9 December 2014 prepared by real estate appraisal company licensed by CMB. There is no restriction on the investment property. The Company rented 2<sup>nd</sup> and 3<sup>rd</sup> floors to Pension Fund and other floors of this property to Halkbank. The Company earned TL 536,314 of rental income for the period started 1 January 2015 and ended 30 June 2015. The rent relation has ended up with Emekli Sandığı Vakfı as at 20 February 2015.

##### *vii. İstanbul Etiler Building*

İstanbul Etiler Building is registered to Beşiktaş/İstanbul 1<sup>st</sup> Region with 578 city block and 3<sup>rd</sup> plot. It is a massive house with a place of 617 m<sup>2</sup>.

The value of the investment property has been determined as TL 11,000,000 according to the report dated 13 November 2009 prepared by the experts assigned by Commercial Court and it was devolved as capital in kind on 27 October 2010 by Halkbank. The fair value of Etiler Building has been determined as TL 14,575,000 according to market value approach based on the report dated 9 December 2014 prepared by real estate appraisal company licensed by CMB. There is no restriction on the investment property. The Company rented this property to Halkbank. The Company earned TL 489,816 of rental income for the period started 1 January 2015 and ended 30 June 2015.



## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE INTERIM PERIOD ENDED 30 JUNE 2015

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

#### 10. INVESTMENT PROPERTY (continued)

##### *Buildings (continued)*

##### *viii. İstanbul Şişli Building*

İstanbul Şişli Building is registered to Şişli/İstanbul Meşrutiyet neighbourhood with, 129 plate, 954 city block and 62<sup>nd</sup> plot. It is a massive block apartment with a place of 200 m<sup>2</sup>.

The value of the investment property has been determined as TL 11,000,000 according to the report dated 9 December 2009 prepared by the experts assigned by Commercial Court and it was devolved as capital in kind on 2 November 2010 by Halkbank. The fair value of Şişli Building has been determined as TL 13,000,000 according to market value approach based on the report dated 9 December 2014 prepared by real estate Appraisal Company licensed by CMB. There is no restriction on the investment property. The Company rented this property to Halkbank. The Company earned TL 489,816 of rental income for the period started 1 January 2015 and ended 30 June 2015.

##### *ix. İzmir Konak Building -2*

Izmir Konak Building is registered to Konak/İzmir Akdeniz neighbourhood with 2802 city block and 15<sup>rd</sup> plot. It is a massive block bank building with a place of 616 m<sup>2</sup>.

The value of the investment property has been determined as TL 10,290,000 according to the report dated 9 December 2009 prepared by real estate appraisal company licensed by CMB and it was devolved as capital in kind on 2 November 2010 by Halkbank. The fair value of Konak Building has been determined as TL 12,600,000 according to market value approach based on the report dated 9 December 2014 prepared by real estate appraisal company licensed by CMB. There is no restriction on the investment property. The Company rented 180 m<sup>2</sup> of ground floor and 400 m<sup>2</sup> of first floor to Halk Sigorta AŞ ("Halk Sigorta"), 171 m<sup>2</sup> of first floor to Halk Hayat Emeklilik and other divisions to Halkbank. The Company earned TL 435,442 of rental income for the period started 1 January 2015 and ended 30 June 2015.

##### *x. Ankara Başkent Building*

Ankara Başkent Building and Service Building is registered to Çankaya/Ankara Cumhuriyet neighbourhood with 1046 city block and 27<sup>th</sup> plot. It is a massive block apartment with a place of 205 m<sup>2</sup>.

The value of the investment property has been determined as TL 9,541,729 according to the report dated 11 February 2010 prepared by the experts assigned by Commercial Court and it was devolved as capital in kind on 28 October 2010 by Halkbank. The fair value of Başkent Building has been determined as TL 13,224,000 according to market value approach based on the report dated 25 December 2014 prepared by real estate appraisal company licensed by CMB. There is no restriction on the investment property. The Company rented this property to Halkbank and Ceda Akaryakıt. The Company earned TL 525,186 of rental income for the period started 1 January 2015 and ended 30 June 2015.

##### *xi. İstanbul Bakırköy Building*

İstanbul Bakırköy Building is registered to Bakırköy/İstanbul Zeytinlik neighbourhood with 101 city block and 29<sup>th</sup> plot. It is an eight-storey massive block apartment with a place of 213 m<sup>2</sup>.

The value of the investment property has been determined as TL 9,023,500 according to the report that was prepared at 5 February 2010 by the experts assigned by Commercial Court and it was devolved as capital in kind at 28 October 2010 by Halkbank. According to 9 December 2014 dated report of a real estate valuation firm was licensed by CMB, the fair value of Bakırköy Building has been determined as TL 19,602,000 according to market value approach. There is no restriction on the investment property. The Company has rented this property to Halkbank. The Company earned TL 612,270 TL of rental income for the period started 1 January 2015 and ended 30 June 2015.

## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE INTERIM PERIOD ENDED 30 JUNE 2015

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

#### 10. INVESTMENT PROPERTY (continued)

##### *Buildings (continued)*

##### *xii. Bursa Building*

Bursa Building is registered to Osmangazi/Bursa Kayıhan neighbourhood with 4306 city block and 1<sup>st</sup> plot. It is a seven-storey massive block apartment with a place of 306 m<sup>2</sup>.

The value of the investment property has been determined as TL 8,500,000 according to the report dated 18 January 2010 prepared by the experts assigned by Commercial Court and it was devolved as capital in kind on 28 October 2010 by Halkbank. The fair value of Bursa Building has been determined as TL 10,865,000 according to market value approach based on the report dated 9 December 2014 prepared by real estate appraisal company licensed by CMB. There is no restriction on the investment property. The Company rented this property to Halkbank. The Company earned TL 383,689 of rental income for the period started 1 January 2015 and ended 30 June 2015.

##### *xiii. Ankara Bahçelievler Building-1*

Ankara Bahçelievler Building-1 is registered to Çankaya/Ankara Yukarı Bahçelievler neighbourhood with 2758 city block and 29<sup>th</sup> plot. It is a five-storey massive block apartment with a place of 612 m<sup>2</sup>.

The value of the investment property has been determined as TL 6,681,356 according to the report dated 11 February 2010 prepared by the experts assigned by Commercial Court and it was devolved as capital in kind on 28 October 2010 by Halkbank. The fair value of Ankara Bahçelievler Building has been determined as TL 9,077,500 according to market value approach based on the report dated 11 December 2014 prepared by real estate appraisal company licensed by CMB. There is no restriction on the investment property. The Company rented this property to Halkbank. The Company earned TL 334,708 of rental income for the period started 1 January 2015 and ended 30 June 2015.

##### *xiv. Kocaeli Building*

Kocaeli Building is registered to İzmit/Kocaeli Ömerağa neighbourhood with 870 city block and 48<sup>th</sup> plot. It is a massive block building with a place of 284 m<sup>2</sup>.

The value of the investment property has been determined as TL 6,519,193 according to the report dated 18 January 2010 prepared by the experts assigned by Commercial Court and it was devolved as capital in kind on 28 October 2010 by Halkbank. The fair value of Kocaeli Building has been determined as TL 8,567,000 according to market value approach based on the report dated 9 December 2014 prepared by real estate appraisal company licensed by CMB. There is no restriction on the investment property. The Company rented this property to Halkbank. The Company earned TL 408,180 of rental income for the period started 1 January 2015 and ended 30 June 2015.

## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE INTERIM PERIOD ENDED 30 JUNE 2015

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

#### 10. INVESTMENT PROPERTY (continued)

##### *Buildings (continued)*

##### *xv. İstanbul Fatih Building*

İstanbul Commercial Building is registered to Fatih/İstanbul Hobyar neighbourhood with 418 city block and 2<sup>nd</sup> plot. It is a massive block bank building with a place of 208 m<sup>2</sup>.

The value of the investment property has been determined as TL 6,380,000 according to the report dated 9 December 2009 prepared by real estate appraisal company licensed by CMB and it was devolved as capital in kind on 28 October 2010 by Halkbank. The fair value of Fatih Building has been determined as TL 9,050,000 according to market value approach based on the report dated 9 December 2014 prepared by real estate appraisal company licensed by CMB. There is no restriction on the investment property. The Company rented this property to Halkbank. The Company earned TL 269,399 of rental income for the period started 1 January 2015 and ended 30 June 2015.

##### *xvi. İstanbul Caddebostan Building*

İstanbul Caddebostan Building is registered to Kadıköy/İstanbul Erenköy neighbourhood with 368 city block and 25<sup>th</sup> plot. It is a massive block apartment with a garden with a place of 902 m<sup>2</sup>.

The value of the investment property has been determined as TL 6,300,000 according to the report dated 11 January 2010 prepared by the experts assigned by Commercial Court and it was devolved as capital in kind on 3 November 2010 by Halkbank. The fair value of Caddebostan Building has been determined as TL 7,165,000 according to market value approach based on the report dated 9 December 2014 prepared by real estate appraisal company licensed by CMB. There is no restriction on the investment property. The Company rented this property to Halkbank. The Company earned TL 285,726 of rental income for the period started 1 January 2015 and ended 30 June 2015.

##### *xvii. Sakarya Adapazarı Building*

Sakarya Adapazarı Building is registered to Adapazarı/Sakarya Cumhuriyet neighbourhood with 130 city block and 167<sup>th</sup> plot. It is a land with a place of 3,000 m<sup>2</sup>.

The value of the investment property has been determined as TL 5,960,000 according to the report dated 11 January 2010 prepared by the experts assigned by Commercial Court and it was devolved as capital in kind on 28 October 2010 by Halkbank. The fair value of Adapazarı Building has been determined as TL 8,212,050 according to market value approach based on the report dated 11 December 2014 prepared by real estate appraisal company licensed by CMB. There is no restriction on the investment property. The Company rented this property to Halkbank. The Company earned TL 368,146 of rental income for the period started 1 January 2015 and ended 30 June 2015.

##### *xviii. Ankara Bahçelievler Building-2*

Ankara Bahçelievler Building -2 is registered to Çankaya/Ankara Yukarı Bahçelievler neighbourhood with 2763 city block and 10<sup>th</sup> plot. It is a stone apartment with a place of 610 m<sup>2</sup>.

The value of the investment property has been determined as TL 5,684,746 according to the report dated 11 February 2010 prepared by the experts assigned by Commercial Court and it was devolved as capital in kind on 28 October 2010 by Halkbank. The fair value of Bahçelievler Building has been determined as TL 7,735,000 according to market value approach based on the report dated 9 December 2014 prepared by real estate appraisal company licensed by CMB. There is no restriction on the investment property. The Company rented this property to Koton Mağazacılık Tekstil Sanayi ve Ticaret A.Ş. ("Koton"). The Company earned TL 309,377 of rental income for the period started 1 January 2015 and ended 30 June 2015.

## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE INTERIM PERIOD ENDED 30 JUNE 2015

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

#### 10. INVESTMENT PROPERTY (continued)

##### *Buildings (continued)*

##### *xix. İstanbul Ataköy Building*

İstanbul Ataköy Building is registered to Bakırköy/İstanbul Kartaltepe neighbourhood with 115 city block and 174<sup>th</sup> plot. It is a massive block bank building with a place of 515 m<sup>2</sup>.

The value of the investment property has been determined as TL 5,061,500 according to the report dated 5 February 2010 prepared by the experts assigned by Commercial Court and it was devolved as capital in kind on 28 October 2010 by Halkbank. The fair value of Ataköy Building has been determined as TL 10,290,000 according to market value approach based on the report dated 9 December 2014 prepared by real estate appraisal company licensed by CMB. There is no restriction on the investment property. The Company rented this property to Halkbank. The Company earned TL 351,035 of rental income for the period started 1 January 2015 and ended 30 June 2015.

##### *xx. İstanbul Nişantaşı Building*

İstanbul Nişantaşı Building is registered to Şişli/İstanbul Halaskargazi neighbourhood with 680 city block and 14<sup>th</sup> plot. It is an eight-storey massive apartment with a restaurant with a place of 221.50 m<sup>2</sup>. Related property is classified as a cultural asset that is needed to be protected.

The value of the investment property has been determined as TL 5,000,000 according to the report dated 3 February 2010 prepared by the experts assigned by Commercial Court and it was devolved as capital in kind on 2 November 2010 by Halkbank. The fair value of Nişantaşı Building has been determined as TL 7,475,000 according to market value approach based on the report dated 9 December 2014 prepared by real estate appraisal company licensed by CMB. There is no restriction on the investment property. The Company rented this property to Halkbank. The Company earned TL 244,908 of rental income for the period started 1 January 2015 and ended 30 June 2015.

##### *xxi. Ataşehir Finans Plaza*

Ataşehir Finans Plaza is registered to Ataşehir/Küçükbakkalköy neighbourhood with 3332 city block and 24<sup>th</sup> plot. It is a land with a place of 7,995 m<sup>2</sup>. The investment property has been purchased from the K Yapı Gayrimenkul Geliştirme İnş. San. ve Dış Tic. A.Ş. Due to related agreement, the payment of half of the cost value included VAT, TL 72,275,000 has been made concurrently transfer of 103 unit land register with servitude. 25% portion of sale price TL 36,137,500 was paid on 13 June 2012 and the last payment portion of sale price TL 33,237,500 was paid on 30 July 2012. The other part of payment TL 2,900,000 due to purchase is net off with the other transactions with the K Yapı Gayrimenkul Geliştirme İnş. San. ve Dış Tic. A.Ş. With the payment of first part, register fee of TL 2,070,600, settling expense of TL 509,253 and finance expense of TL 1,466,224 of the loan related with land are added to the building cost. TL 150,000,000 of mortgage has been given as collateral for the loan which obtained from the Halkbank (Note 13).

The fair value of Ataşehir Finans Plaza has been determined as TL 167,471,005 according to market value approach based on the report dated 26 December 2014 prepared by real estate appraisal company licensed by CMB. The Company rented this property to Halkbank and three-year rent of TL 33,460,200 has been taken in advance. The Company has recognized TL 6,752,350 of rental income for the period started 1 January 2015 and ended 30 June 2015.

## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE INTERIM PERIOD ENDED 30 JUNE 2015

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

#### 10. INVESTMENT PROPERTY (continued)

##### *Investment property under construction*

###### *Levent Hotel Project*

Levent Land is registered to Mecidiyeköy/Şişli neighbourhood with 1957 city block and 6<sup>th</sup> plot. The land is place of 2,791 m<sup>2</sup>. The value of investment property has been determined as TL 25,799,000 according to the report dated 22 February 2010 by the experts assigned by Commercial Court and transferred to the Company as capital in kind on 3 November 2010 by Halkbank. The Hotel Project on the land has been started with the agreement between Dedeman Turizm Yönetimi AŞ. The fair value of Levent Otel Project has been determined as TL 108,160,115 according to market value approach based on the report dated 11 December 2014 prepared by real estate appraisal company licensed by CMB. There is no restriction on the investment property.

The Company has recognized TL 16,667 of advertising income from the related investment property for the period started 1 January 2015 and ended 30 June 2015.

###### *İstanbul Financial Center Project*

Ataşehir Land is registered to Ümraniye/İstanbul Küçükbakkalköy neighbourhood with 3323 city block and 3<sup>rd</sup> plot. It has a place of 57,462 m<sup>2</sup>. The value of the investment property has been determined as TL 229,846,920 according to the report dated 18 January 2010 prepared by the experts assigned by Commercial Court and it was devolved as capital in kind at 28 October 2010 by Halkbank. The fair value of Ataşehir Land has been determined as TL 574,633,400 according to market value approach based on the report dated 9 December 2014 prepared by real estate appraisal company licensed by CMB. There is no restriction on the investment property. The Company applied for construction licence as at 31 December 2014.

Istanbul Finance Centre project is developed under coordination of Ministry of Environment and Urbanisation of Turkish Republic. A protocol and initial confirmation is signed between the Company and the Ministry regarding the administration process of the Project.

At 25 December 2012, previous 3323 city block and 3<sup>rd</sup> plot of the Company has revised at the new partition plan of the Project and new land is registered as 3328 block 4<sup>th</sup> plot and 3328 block 11<sup>th</sup> plot. Plots have surface area of 16,337 m<sup>2</sup> and 12,395 m<sup>2</sup>, 135,835 m<sup>2</sup> and 250,173 m<sup>2</sup> constructions areas respectively as 3328 block 4<sup>th</sup> plot and 11<sup>th</sup> plot are parcelled from previous 3323 block 3<sup>rd</sup> plot and total construction area of the Company on the Land is protected during the partition. At 10 June 2015, the construction permits for IFC in İstanbul have been granted for the mixed use (office&retail) project

###### *Kocaeli Şekerpınar Project*

Kocaeli Şekerpınar Land is registered to Şekerpınar/Kocaeli neighbourhood with 420 block and 26 plot. It has place 15,652 m<sup>2</sup>. The Company has signed an agreement for the architectural design of office buildings on the land due to construction a building for banking operational centre and licence is received for the first and second zone as at 28 August 2013 and 28 March 2014, respectively. The fair value of the investment property has been determined as TL 104,366,363 according to market value approach based on the report dated 29 April 2015 prepared by real estate appraisal company licensed by CMB. There is no restriction on the investment property.

##### **Operating leases**

###### *The Company as lessor*

The Company has signed operating lease agreements with Halk Bank, Koton, Halk Sigorta, Turkish Treasury and Ceda Akaryakıt Turizm as lessor.

**HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED 30 JUNE 2015*(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)***10. INVESTMENT PROPERTY (continued)****Operating leases (continued)***The Company as lessor (continued)*

The future minimum lease payments as at 30 June 2015 and 31 December 2014 under non-cancellable leases are as follows:

	<b>30 June 2015</b>	<b>31 December 2014</b>
Less than one year	20,250,331	25,573,539
Between one and five years	3,068,557	6,823,753
More than five years	257,814	575,785
<b>Total</b>	<b>23,576,702</b>	<b>32,973,077</b>

**11. TANGIBLE ASSETS**

Movement schedule of tangible assets for the period from 1 January 2015 to 30 June 2015 are as follows:

	<b>1 January 2015</b>	<b>Additions</b>	<b>Disposals</b>	<b>30 June 2015</b>
<b>Cost</b>				
Furniture and fixtures	1,119,413	652	(3,729)	1,116,336
Leasehold improvements	661,327	--	--	661,327
	<b>1,780,740</b>	<b>652</b>	<b>(3,729)</b>	<b>1,777,663</b>
<b>Accumulated depreciation</b>				
Furniture and fixtures	(385,003)	(57,983)	1,537	(441,449)
Leasehold improvements	(480,342)	(134,808)	--	(615,150)
	<b>(865,345)</b>	<b>(192,791)</b>	<b>1,537</b>	<b>(1,056,599)</b>
	<b>915,395</b>	<b>(192,139)</b>	<b>(2,192)</b>	<b>721,064</b>

For the interim period ended 30 June 2015 tangible assets amounting to TL 652 were acquired.

As at 30 June 2015, total insurance on tangible assets amounting TL 1,090,005 (31 December 2014: TL 1,090,005).

Movement schedule of tangible assets for the period from 1 January 2014 to 30 June 2014 are as follows:

	<b>1 January 2014</b>	<b>Additions</b>	<b>Disposals</b>	<b>30 June 2014</b>
<b>Cost</b>				
Furniture and fixtures	816,873	284,499	--	1,101,372
Leasehold improvements	659,382	1,946	--	661,328
	<b>1,476,255</b>	<b>286,445</b>	<b>--</b>	<b>1,762,700</b>
<b>Accumulated depreciation</b>				
Furniture and fixtures	(170,155)	(101,820)	--	(271,975)
Leasehold improvements	(208,640)	(134,766)	--	(343,406)
	<b>(378,795)</b>	<b>(236,586)</b>	<b>--</b>	<b>(615,381)</b>
	<b>1,097,460</b>	<b>49,859</b>	<b>--</b>	<b>1,147,319</b>

**HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED 30 JUNE 2015*(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)***12. INTANGIBLE ASSETS**

Movement schedule of intangible assets for the period from 1 January 2015 to 30 June 2015 are as follows:

	<b>1 January 2015</b>	<b>Additions</b>	<b>Disposals</b>	<b>30 June 2015</b>
<b><u>Cost</u></b>				
Other intangible assets	716,678	37,408	--	754,086
	<b>716,678</b>	<b>37,408</b>	--	<b>754,086</b>
<b><u>Accumulated depreciation</u></b>				
Other intangible assets	(12,745)	(105,049)	--	(117,794)
	<b>(12,745)</b>	<b>(105,049)</b>	--	<b>(117,794)</b>
	<b>703,933</b>	<b>(67,641)</b>	--	<b>636,292</b>

For the interim period ended 30 June 2015 intangible assets amounting TL 37,408 were acquired.

As at 30 June 2015, there is no insurance on intangible assets (31 December 2014: None).

Movement schedule of intangible assets for the period from 1 January 2014 to 30 June 2014 are as follows:

	<b>1 January 2014</b>	<b>Additions</b>	<b>Disposals</b>	<b>30 June 2014</b>
<b><u>Cost</u></b>				
Other intangible assets	227,361	326,949	--	554,310
	<b>227,361</b>	<b>326,949</b>	--	<b>554,310</b>
<b><u>Accumulated depreciation</u></b>				
Other intangible assets	(3,862)	(4,170)	--	(8,032)
	<b>(3,862)</b>	<b>(4,170)</b>	--	<b>(8,032)</b>
	<b>223,499</b>	<b>322,779</b>	--	<b>546,278</b>

**13. LOANS AND BORROWINGS**

As at 30 June 2015 and 31 December 2014, financial borrowings are as follows:

	<b>30 June 2015</b>	<b>31 December 2014</b>
<b><u>Short-term financial liabilities:</u></b>		
Short-term portion of long-term borrowings	3,395,727	3,397,361
<b>Total short-term borrowings</b>	<b>3,395,727</b>	<b>3,397,361</b>
<b><u>Long-term borrowings:</u></b>		
Long-term bank loans	12,364,993	13,340,555
<b>Total long-term liabilities</b>	<b>12,364,993</b>	<b>13,340,555</b>
<b>Total financial liabilities</b>	<b>15,760,720</b>	<b>16,737,916</b>

**HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED 30 JUNE 2015**

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

**13. LOANS AND BORROWINGS (continued)**

Financial debt repayment schedule is as follows:

	<b>30 June 2015</b>	<b>31 December 2014</b>
Less than 1 year	3,395,727	3,397,361
1–2 between years	3,071,258	3,073,017
2–3 between years	2,778,664	2,779,488
3–4 between years	2,513,607	2,514,646
4–5 between years	2,273,639	2,274,931
More than 5 years	1,727,825	2,698,473
<b>Total</b>	<b>15,760,720</b>	<b>16,737,916</b>

**30 June 2015:**

<b>Currency</b>	<b>Nominal interest rate (%)</b>	<b>Maturity</b>	<b>Short-term</b>	<b>Long-term</b>
TL <sup>(1)</sup>	8	2021	3,395,727	12,364,993
<b>Total</b>			<b>3,395,727</b>	<b>12,364,993</b>

**31 December 2014:**

<b>Currency</b>	<b>Nominal interest rate (%)</b>	<b>Maturity</b>	<b>Short-term</b>	<b>Long-term</b>
TL <sup>(1)</sup>	8	2021	3,397,361	13,340,555
<b>Total</b>			<b>3,397,361</b>	<b>13,340,555</b>

(1) Real estate located in İstanbul Beyoğlu Asmalımescit purchased with Halkbank loan at 25 April 2011 (sold out 8 September, 2011).



## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE INTERIM PERIOD ENDED 30 JUNE 2015

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

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

As at 30 June 2015, The Company is subject of three labour law suits and one administrative suit which has been filed against the Company. A possible claim against the Company is not expected.

According to the decision of CMB's on 9 September 2009 related to the commitments of publicly owned companies given to the guarantee 3<sup>rd</sup> party's debts, the commitments given;

For companies other than publicly owned associations and financial institutions;

i) For their own corporate identities

ii) In favour of fully consolidated associations

iii) In favour of 3<sup>rd</sup> parties to continue their operations will not be limited.

After the decision is published at the Platform of Public Enlightenment, publicly owned companies will not give commitments to real people or corporations other than mentioned at the bullets (i) and (ii) above or to third parties other than mentioned at the bullet (iii). If any commitments have already been given it will be reduced to nil until 31 December 2014.

As at 30 June 2015 and 31 December 2014 commitments given are as follows:

	30 June 2015		31 December 2014	
	Original amount	Book value	Original amount	Book value
A. Commitments given in the name of own legal entity <sup>(1)</sup>	248,487,066	248,487,066	150,849,009	150,849,009
B. Commitments given in favour of full consolidated subsidiaries	--	--	--	--
C. Commitments given to guarantee the debts of third parties to continue their operations	--	--	--	--
D. Other commitments given;	--	--	--	--
- in favour of parent company	--	--	--	--
- in favour of group companies other than mentioned in bullets B and C	--	--	--	--
- in favour of third parties other than mentioned in bullets C	--	--	--	--
<b>Total</b>	<b>248,487,066</b>	<b>248,487,066</b>	<b>150,849,009</b>	<b>150,849,009</b>

<sup>(1)</sup> The mortgages have been given to Halkbank related to loan used for the Ataşehir Finans Plaza amounting to TL 150,000,000 (31 December 2014: TL 150,000,000) (Although loan agreement has been closed, mortgage has not been cancelled under general loan agreement between Halkbank and the Company) guarantee letter given for road accession commitment of and guarantee letter given for road accession commitment of Ataşehir Finans Plaza amounting to TL 97,504,542 (31 December 2014: none) and Levent Dedeman Otel Project amounting to TL 437,327 (31 December 2014: TL 263,811), guarantee letter given for electricity supply commitment of Eskişehir Project amounting to TL 6,750 and guarantee letter given for Kocaeli project amounting to TL 538,447 (31 December 2014: TL 6,750 and TL 578,448).

**HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ****NOTES TO THE FINANCIAL STATEMENTS****FOR THE INTERIM PERIOD ENDED 30 JUNE 2015***(Amounts expressed in Turkish Lira (“TL”) unless otherwise stated.)***14. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (continued)**

As at 30 June 2015 and 31 December 2014, the details of letter of guarantees are presented below:

	<b>30 June 2015</b>	<b>31 December 2014</b>
Haldız İnşaat Otomotiv ve Tic Ltd.Şti <sup>(2)</sup>	11,135,000	13,635,000
Ericsson Telekomünikasyon AŞ <sup>(1)</sup>	10,711,006	9,245,910
Biskon Yapı AŞ <sup>(3)</sup>	8,960,400	8,960,400
K Yapı Gayrimenkul Geliştirme İnş. San. ve Dış Tic. AŞ <sup>(1)</sup>	7,004,413	9,913,239
Dedeman Turizm Yönetimi AŞ <sup>(2)</sup>	5,964,400	5,641,400
İlgazlar İnşaat Tic. ve San. AŞ <sup>(6)</sup>	4,375,807	5,189,392
Seyş Sey Mimarlık Mühendislik Müşavirlik AŞ <sup>(4)</sup>	1,750,000	3,950,000
Entegre Proje Yönetim Dan.Müh.Tic. AŞ	949,000	569,000
Borusan Makine ve Güç Sistemleri San.ve Tic. AŞ <sup>(1)</sup>	758,672	717,586
YPU Yapı Proje Uygulama Ltd.Şti <sup>(7)</sup>	736,200	--
Koton Mağazacılık Tekstil San ve Tic AŞ <sup>(5)</sup>	412,503	300,000
Mutlu Çilingiroğlu Mimarlık İnş. San. ve Tic. Ltd.Şti <sup>(7)</sup>	321,000	--
Megapol Mühendislik Tic. AŞ <sup>(1)</sup>	198,000	243,000
Proplan Proje Yönetim AŞ <sup>(6)</sup>	73,800	124,181
Diğer	237,331	310,618
<b>Total</b>	<b>53,587,532</b>	<b>58,799,726</b>

<sup>(1)</sup> The Company has received letter of guarantee from the suppliers for architectural and construction activities within the scope of banking operations center project that being built on Kocaeli Şekerpınar Land.

<sup>(2)</sup> The Company has received letter of guarantee from the suppliers for architectural and construction activities within the scope of Dedeman Otel Project.

<sup>(3)</sup> The Company has received letter of guarantee from the contractor Biskon Yapı AŞ for the “Land Sale of Revenue Sharing” project.

<sup>(4)</sup> The Company has received letter of guarantee from the suppliers for architectural and construction activities within the scope of İstanbul Financial Center (IFC) Project.

<sup>(5)</sup> Koton is the lessee of the Company.

<sup>(6)</sup> The Company the is contractor company of Eskişehir Panaroma Project.

<sup>(7)</sup> Guarantee letter has been received from suppliers relating to architectural and construction businesses of Sancaktepe project.

**HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ****NOTES TO THE FINANCIAL STATEMENTS**

FOR THE INTERIM PERIOD ENDED 30 JUNE 2015

*(Amounts expressed in Turkish Lira (“TL”) unless otherwise stated.)***15. EMPLOYEE BENEFITS**

As at 30 June 2015 and 31 December 2014, the details of employee benefits are presented below:

<b>Short-term liabilities</b>	<b>30 June 2015</b>	<b>31 December 2014</b>
Vacation pay liability	199,141	184,088
Employee premium provision	255,556	492,513
<b>Total</b>	<b>454,697</b>	<b>676,601</b>

<b>Long-term liabilities</b>	<b>30 June 2015</b>	<b>31 December 2014</b>
Provision for employee benefits	152,105	130,142
<b>Total</b>	<b>152,105</b>	<b>130,142</b>

In accordance with the existing labour code in Turkey, the Company is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The Company calculated the severance pay liability for the retirement of its employees by discounting the future liabilities to their present values and reflected to the financials.

TAS 19 – *Benefits for Employees Reserves* Standard, requires the company to book the severance pay liability by developing actuarial valuation methods.

Primary actuarial estimations used at the attached financial statements are stated below regarding 30 June 2015 and 31 December 2014:

	<b>30 June 2015</b>	<b>31 December 2014</b>
Discount rate	2.83%	2.83%
Expected salary/limit increase rate	6.00%	6.00%
Estimated retirement turnover rate	96%	96%

**HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED 30 JUNE 2015**

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

**16. PREPAID EXPENSES, OTHER CURRENT, NON-CURRENT ASSETS****Prepaid expenses**

As at 30 June 2015 and 31 December 2014, the details of prepaid expenses are presented below:

	<b>30 June 2015</b>	<b>31 December 2014</b>
Prepaid insurance expenses	175,933	192,728
Prepaid advertising and promotion expenses	83,998	12,563
Other	16,465	39,621
<b>Total short term prepaid expenses</b>	<b>276,396</b>	<b>244,912</b>
Investment advances <sup>(*)</sup>	6,965,546	19,604,382
Other	75,311	12,459
<b>Total long term prepaid expenses</b>	<b>7,040,857</b>	<b>19,616,841</b>
<b>Total prepaid expenses</b>	<b>7,317,253</b>	<b>19,861,753</b>

(\*) As at 30 June 2015, advances given consist of followings, due to the planned banking base Project on Kocaeli Şekerpinar Land, advance amounting TL 2,427,538 (31 December 2014: TL 9,539,007) is given to the contractor architecture and engineering company, due to the Dedeman Otel Project advance amounting TL 1,320,001 (31 December 2014: TL 5,394,588) is given to the contractor architecture and engineering company, due to the IFC Project advance amounting TL 1,841,844 (31 December 2014: TL 1,868,291) is given to the contractor architecture and project administration firms, due to the Eskişehir Project advance amounting TL 1,208,806 (31 December 2014: TL 2,802,496) is given to the contractor architecture and project administration firms and due to the Sancaktepe Project advance amounting TL 167,357 (31 December 2014: None) is given.

**Other current assets**

As at 30 June 2015 and 31 December 2014, the details of other current assets are presented below:

	<b>30 June 2015</b>	<b>31 December 2014</b>
Deferred value added tax (“VAT”)	24,389,376	19,897,516
Other current assets from related parties (Note 4)	285,239	--
Deposits and guarantees given	68,007	35,140
Advances given	365	7,357
Other	702,231	478,695
<b>Total</b>	<b>25,445,218</b>	<b>20,418,708</b>

**Other non-current assets**

As at 30 June 2015 and 31 December 2014, the details of other non-current assets are presented below:

	<b>30 June 2015</b>	<b>31 December 2014</b>
Deferred value added tax (“VAT”)	10,065,480	9,901,360
<b>Total</b>	<b>10,065,480</b>	<b>9,901,360</b>

As at 30 June 2015, VAT receivable amounting to TL 10,065,480 caused by purchasing Sancaktepe land of Halk GYO-Vakıf GYO Adi Ortaklığı is classified to “other non-current assets”.

## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ

### NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2015

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

#### 17. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

##### 17.1. Paid in capital

As at 30 June 2015 and 31 December 2014, the issued and fully paid in capital of the Company is as follows:

	Group	30 June 2015		31 December 2014	
		Share %	Amount	Share %	Amount
Halkbank	A	1.58	11,739,936	1.58	11,027,324
Halkbank	B	70.38	522,939,686	70.38	491,197,355
Halk Yatırım	A	0.04	280,377	0.04	263,358
Halk Finansal Kiralama	A	<0.01	1	<0.01	1
Publicly held <sup>(*)</sup>	B	28.00	208,040,000	28.00	195,411,962
<b>Pain in capital</b>		<b>100.00</b>	<b>743,000,000</b>	<b>100.00</b>	<b>697,900,000</b>

(\*) Halkbank has 45.374.312 B group shares with the share rate of 6.11 on publicly held (31 December 2013: 42.620.098).

The Company shares are issued into two type of groups; Group A and Group B to names. The Group A shares have the right to vote for the election of members of the Board of Directors (“BOD”). One more member of half of BOD members are elected through A Group shares’ candidates and remaining members are elected through A Group and B Group shares’ candidates by General Board. Capital increases in the Group A and B shares are issued as the Group A and B shares, respectively. However, if the BOD restricts the right of owning new shares for shareholders, new shares are issued as the Group B shares.

The Company has been established with registered capital ceiling is TL 1,500,000,000 registered shares of TL 1. The Company’s nominal capital value is amounting to TL 743,000,000 and had been portioned to 743,000,000 shares. All capital value has been subscribed by the founders; amounting to TL 196,217,979 has been paid as cash, amounting to TL 80,500,000 has been paid as capital increase from reserves and amounting to TL 466,282,021 has been paid in kind by Halkbank which is the lead shareholder.

Due to the numbered 49/110 Board of the Directors of the Company as at 15 August 2012, the Company increased the capital to TL 662,500,000. Increased capital of TL 185,500,000, 185,500,000 unit shares, is publicly offered as at 13-15 February 2013. As at 20 June 2013, the Company increased its share capital by TL 11,138,704 from retained earnings.

As at 5 June 2014, the Company increased its share capital by TL 24,261,296 from retained earnings.

As at 11 June 2015, the Company increased its share capital to TL 743,000,000 by transferring TL 45,100,000 from retained earnings to share capital.

## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ

### NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2015

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

#### 17. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (continued)

##### 17.2. Own shares acquired

The Company's own shares acquired are accounted at their costs. The Company acquired its own shares having a notional amount of 20,946,784 (31 December 2014: 19,675,318 shares).

As at 30 June 2015 The Company's own shares acquired detail as follows:

Transaction	Transaction date	Notional Amount	Weighted average share price	Transaction amount
Repurchase share	26 February 2013	933,649	1.34	1,251,090
Repurchase share	27 February 2013	736,571	1.34	987,004
Repurchase share	28 February 2013	1,000,000	1.34	1,340,000
Repurchase share	1 March 2013	2,297,269	1.32	3,021,922
Repurchase share	5 March 2013	3,455,130	1.33	4,608,678
Repurchase share	11 March 2013	457,867	1.32	604,384
Repurchase share	12 March 2013	586,245	1.32	773,843
Repurchase share	15 March 2013	2,000,000	1.32	2,640,000
Repurchase share	21 March 2013	7,210,586	1.33	9,582,612
Bonus shares	20 June 2013	314,024	0.00	--
Bonus shares	5 June 2014	683,977	0.00	--
Bonus shares	11 June 2015	1,271,466	0.00	--
<b>Total own shares acquired</b>		<b>20,946,784</b>	<b>1.18</b>	<b>24,809,533</b>

##### 17.3. Share premiums

The surplus of sales price over nominal value of shares amounted to TL 64,925,000 during the initial public offering on 13-15 February 2013 were accounted as share premium. Commission expenses, advertising expenses and consultancy expenses which are related with the initial public offering amounting to TL 8,847,688 are net off with share premium. Additionally, the difference of sales price over nominal value of own shares acquired amounted to TL 6,132,216 are net off with share premium.

##### 17.4. Restricted reserves

The legal reserves consist of first and second reserves, in accordance with the Turkish Commercial Code. The first legal reserve appropriated out of the statutory profit at the rate of 5% until the total reserve reaches a maximum of 20% of the Company's paid-in capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's paid-in capital. The first and second legal reserves are not available for distribution unless they exceed 50% of the share capital but may be used to absorb losses in the event that the general reserve is exhausted.

In accordance with the Turkish Commercial Code, the Company has to appropriate restricted reserve equivalent of acquisition amount of the company's own shares acquired. The reserve for the company's own shares may be written back in the amount of any sold or destroyed shares valued at cost.

As at 30 June 2015, the Company's restricted reserves are legal reserves and amounting to TL 32,833,600 (31 December 2014: TL 28,363,063).

##### 17.5. Dividend

At 17 April 2015, the Company has decided to distribute dividends to the shareholders amounting to TL 5,960,066. Since the Company has written back its own shares in the amount of TL 168,035, net amount of dividend distributed to the shareholders is amounting to TL 5,792,041 (2014: 2,922,142).

**HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ****NOTES TO THE FINANCIAL STATEMENTS**

FOR THE INTERIM PERIOD ENDED 30 JUNE 2015

*(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)***18. REVENUE AND COST OF SALES**

For the interim periods ended 30 June 2015 and 30 June 2014, revenue is as follows:

	<b>1 January – 30 June 2015</b>	<b>1 April – 30 June 2015</b>	<b>1 January – 30 June 2014</b>	<b>1 April – 30 June 2014</b>
Income from sales of residence	17,510,234	9,837,390	4,837,713	3,582,864
Rental income	15,764,900	8,427,530	15,171,577	7,571,320
<b>Total property income</b>	<b>33,275,134</b>	<b>18,264,920</b>	<b>20,009,290</b>	<b>11,154,184</b>
Income from financial assets at fair value through profit and loss	1,462,628	607,157	1,580,686	966,019
Interest income on deposits	346,636	186,265	4,213,400	2,219,190
Interest income from financial assets available for sale financial assets	--	--	801,966	318,360
Interest income from held to maturity financial assets	--	--	3,267,976	1,696,582
Dividend income	--	--	12,273	12,273
Other incomes	121,996	121,996	--	--
<b>Total income from debt securities</b>	<b>1,931,260</b>	<b>915,418</b>	<b>9,876,301</b>	<b>5,212,424</b>
<b>Total revenue</b>	<b>35,206,394</b>	<b>19,180,338</b>	<b>29,885,591</b>	<b>16,366,608</b>

For the interim periods ended 30 June 2015 and 30 June 2014 cost of sales are as follows:

	<b>1 January – 30 June 2015</b>	<b>1 April – 30 June 2015</b>	<b>1 January – 30 June 2014</b>	<b>1 April – 30 June 2014</b>
Cost of residence sales	4,594,290	2,577,166	1,335,568	964,007
Depreciation expense	575,540	289,359	575,540	289,359
Property tax expense	320,679	320,679	297,002	297,002
Other	144,748	72,280	84,606	51,424
<b>Total cost of property</b>	<b>5,635,257</b>	<b>3,259,484</b>	<b>2,292,716</b>	<b>1,601,792</b>
Expense from financial assets at fair value through profit and loss	464,620	2,835	884,041	301,750
Commission expenses	28,358	17,528	114,497	57,284
<b>Total cost of borrowing instruments</b>	<b>492,978</b>	<b>20,363</b>	<b>998,538</b>	<b>359,034</b>
<b>Total cost of sales</b>	<b>6,128,235</b>	<b>3,279,847</b>	<b>3,291,254</b>	<b>1,960,826</b>

**HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ**

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE INTERIM PERIOD ENDED 30 JUNE 2015

*(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)***19. ADMINISTRATIVE EXPENSES**

For the interim periods ended 30 June 2015 and 30 June 2014, administrative expenses are as follows:

	<b>1 January – 30 June 2015</b>	<b>1 April – 30 June 2015</b>	<b>1 January – 30 June 2014</b>	<b>1 April – 30 June 2014</b>
Personnel expenses	2,936,014	1,477,484	2,325,485	1,273,703
Tax and duties expenses	473,478	319,177	383,192	340,787
Amortisation expenses	297,840	221,599	240,756	123,888
Outsourced service expenses	254,081	114,117	289,036	159,085
Consultancy expenses	242,047	165,910	168,913	62,996
Rent expenses	220,779	110,340	201,150	100,575
Advertisement expenses	181,770	101,117	234,778	86,460
Travel and rent a car expenses	145,909	56,057	133,109	67,581
Office and IT related expenses	64,427	37,107	64,095	35,258
Maintenance expenses	24,717	7,375	11,189	5,985
Sponsorship expenses	--	--	440,791	294,777
Donation and aid expenses	--	--	2,000,000	2,000,000
Other	15,896	1,938	20,268	11,464
<b>Total</b>	<b>4,856,958</b>	<b>2,612,221</b>	<b>6,512,762</b>	<b>4,562,559</b>

***Personnel expenses***

	<b>1 January – 30 June 2015</b>	<b>1 April – 30 June 2015</b>	<b>1 January – 30 June 2014</b>	<b>1 April – 30 June 2014</b>
Salaries and wages	2,091,781	1,005,092	1,759,299	990,135
Social security payroll tax	313,409	166,063	239,747	126,628
Attendance fee	118,563	67,371	120,229	63,606
Other	412,261	238,958	206,210	93,334
<b>Total</b>	<b>2,936,014</b>	<b>1,477,484</b>	<b>2,325,485</b>	<b>1,273,703</b>

**20. OTHER OPERATING INCOME / (EXPENSES)**

For the interim periods ended 30 June 2015 and 30 June 2014 other operating income / (expense) are as follows:

	<b>1 January – 30 June 2015</b>	<b>1 April – 30 June 2015</b>	<b>1 January – 30 June 2014</b>	<b>1 April – 30 June 2014</b>
<b>Other operating income</b>				
Foreign exchange gains	418,877	94,768	1,036,038	759,416
<b>Other operating expense</b>				
Foreign exchange expenses	(481,613)	(103,549)	(1,495,399)	(932,618)



## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ

### NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2015

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

#### 21. FINANCIAL EXPENSES

For the interim periods ended 30 June 2015 and 30 June 2014, financial expenses are as follows:

	1 January – 30 June 2015	1 April – 30 June 2015	1 January – 30 June 2014	1 April – 30 June 2014
Interest expenses	815,795	407,175	906,085	450,001
<b>Total</b>	<b>815,795</b>	<b>407,175</b>	<b>906,085</b>	<b>450,001</b>

#### 22. INCOME TAX

According to Article 5/1(d) (4) of the Corporate Tax Law numbered 5520, the income of real estate investment trusts is exempt from Corporate Income Tax in Turkey.

#### 23. EARNINGS PER SHARE

Earnings per share stated in statement of comprehensive income are calculated by dividing net income for the period by the weighted average number of the Company’s shares for the year.

There is no dilutive shares within the Company.

	1 January – 30 June 2015	1 April – 30 June 2015	1 January – 30 June 2014	1 April – 30 June 2014
Net profit for the period	23,342,670	12,872,314	18,716,129	9,220,020
Weighted average number of shares	743,000,000	743,000,000	743,000,000	743,000,000
Earnings per share	0.03141	0.01732	0.02518	0.01240

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

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

- credit risk,
- liquidity risk,
- market risk.

##### 24.1. Credit risk

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

The Company has rented the substantial portion of its portfolio to main shareholder, group companies and government’s institutes. Guarantee letters has been taken from the rest of its tenants and limits the credit risk.

**HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ**

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE INTERIM PERIOD ENDED 30 JUNE 2015

*(Amounts expressed in Turkish Lira (“TL”) unless otherwise stated.)***24. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS** *(continued)***24.1. Credit risk** *(continued)*

As at 30 June 2015, credit risk exposure of financial assets is as follows:

30 June 2015	Receivables				Bank deposits	Financial Investments	Other	Total
	Trade receivables		Other receivables					
	Related parties	Other parties	Related parties	Other parties				
<b>Exposure to maximum credit risk as at reporting date (A+B+C+D)</b>	--	<b>7,788,394</b>	--	--	<b>14,315,211</b>	--	--	<b>22,103,605</b>
A. Net carrying value of financial assets which are neither impaired nor overdue	--	7,788,394	--	--	14,315,211	--	--	22,103,605
B. Net carrying value of financial assets which are overdue but not impaired	--	--	--	--	--	--	--	--
C. Net carrying value of impaired assets	--	--	--	--	--	--	--	--
- Past due (gross book value)	--	--	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--	--	--
- Covered portion of net book value (with letter of guarantee etc.)	--	--	--	--	--	--	--	--
- Overdue (gross book value)	--	--	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--	--	--
- Covered portion of net book value (with letter of guarantee etc.)	--	--	--	--	--	--	--	--
D. Off balance sheet items with credit risks	--	--	--	--	--	--	--	--

The Company does not have any overdue but impaired financial assets as at 30 June 2015.

**HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ**

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE INTERIM PERIOD ENDED 30 JUNE 2015

*(Amounts expressed in Turkish Lira (“TL”) unless otherwise stated.)***24. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS** *(continued)***24.1. Credit risk** *(continued)*

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

31 December 2014	Receivables				Bank deposits	Financial investments	Other	Total
	Trade receivables		Other receivables					
	Related parties	Other parties	Related parties	Other parties				
<b>Exposure to maximum credit risk as at reporting date (A+B+C+D)</b>	--	<b>12,301,751</b>	--	--	<b>8,658,261</b>	<b>37,928,769</b>	--	<b>58,888,781</b>
A. Net carrying value of financial assets which are neither impaired nor overdue	--	12,301,751	--	--	8,658,261	37,928,769	--	58,888,781
B. Net carrying value of financial assets which are overdue but not impaired	--	--	--	--	--	--	--	--
C. Net carrying value of impaired assets	--	--	--	--	--	--	--	--
- Past due (gross book value)	--	--	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--	--	--
- Covered portion of net book value (with letter of guarantee etc.)	--	--	--	--	--	--	--	--
- Overdue (gross book value)	--	--	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--	--	--
- Covered portion of net book value (with letter of guarantee etc.)	--	--	--	--	--	--	--	--
D. Off balance sheet items with credit risks	--	--	--	--	--	--	--	--

The Company does not have any overdue but impaired financial assets as at 31 December 2014.

**HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ****NOTES TO THE FINANCIAL STATEMENTS**

FOR THE INTERIM PERIOD ENDED 30 JUNE 2015

*(Amounts expressed in Turkish Lira (“TL”) unless otherwise stated.)***24. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS**  
*(continued)***24.2. Liquidity risk**

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

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

<b>Contractual maturities</b>						
	<b>Carrying value</b>	<b>Total of contractual cash flows</b>	<b>Up to 3 months</b>	<b>3 months to 1 year</b>	<b>1 year to 5 years</b>	<b>More than 5 years</b>
<b>30 June 2015</b>						
<i>Non-derivative financial liabilities</i>						
Loans and borrowings	15,760,720	20,883,576	596,674	2,983,368	14,320,167	2,983,367
Trade payables	2,000,196	2,000,196	2,000,196	--	--	--
<b>Total</b>	<b>17,760,916</b>	<b>22,883,772</b>	<b>2,596,870</b>	<b>2,983,368</b>	<b>14,320,167</b>	<b>2,983,367</b>
<b>Contractual maturities</b>						
	<b>Carrying value</b>	<b>Total of contractual cash flows</b>	<b>Up to 3 months</b>	<b>3 months to 1 year</b>	<b>1 year to 5 years</b>	<b>More than 5 years</b>
<b>31 December 2014</b>						
<i>Non-derivative financial liabilities</i>						
Loans and borrowings	16,737,916	22,673,596	895,010	2,685,031	14,320,167	4,773,388
Trade payables	606,561	606,561	606,561	--	--	--
<b>Total</b>	<b>17,344,477</b>	<b>23,280,157</b>	<b>1,501,571</b>	<b>2,685,031</b>	<b>14,320,167</b>	<b>4,773,388</b>

## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ

### NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2015

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

#### 24. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (continued)

##### 24.3. Market risk

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

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

##### *Foreign currency risk*

Exchange risk comprises the effects arising from exchange movements in the event foreign currency assets, liabilities and off-balance sheet items are owned. The Company is exposed to foreign currency risk regarding the sale of residential units to foreign customers at Bakırköy Project as generally US Dollar (“USD”) bonds and checks.

As at 30 June 2015 and 31 December 2014, foreign currency assets and liabilities are as follows:

	<b>30 June 2015</b>	<b>31 December 2014</b>
	<b>(Balance TL)</b>	<b>(Balance TL)</b>
Total foreign currency assets	1,298,197	5,901,343
Total foreign currency liabilities	(3,581,676)	(1,372,565)
<b>Net exposure</b>	<b>(2,283,479)</b>	<b>4,528,778</b>

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE INTERIM PERIOD ENDED 30 JUNE 2015

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

### 24. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (continued)

#### 24.3. Market risk (continued)

##### Foreign currency risk (continued)

	30 June 2015				31 December 2014			
	TL (functional currency)	USD	EURO	GBP	TL (functional currency)	USD	EURO	GBP
1. Trade receivables	1,033,097	384,580	--	--	1,424,338	614,230	--	--
2a. Monetary financial assets	--	--	--	--	91,233	38,332	500	260
2b. Non-monetary financial assets	203,315	75,686	--	--	4,332,437	1,868,316	--	--
3. Other	--	--	--	--	--	--	--	--
<b>4. CURRENT ASSETS</b>	<b>1,236,412</b>	<b>460,266</b>	--	--	<b>5,848,008</b>	<b>2,520,878</b>	<b>500</b>	<b>260</b>
5. Trade receivables	61,785	23,000	--	--	53,335	23,000	--	--
6a. Monetary financial assets	--	--	--	--	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--	--	--	--	--
7. Other	--	--	--	--	--	--	--	--
<b>8. NON-CURRENT ASSETS</b>	<b>61,785</b>	<b>23,000</b>	--	--	<b>53,335</b>	<b>23,000</b>	--	--
<b>9. TOTAL ASSETS</b>	<b>1,298,197</b>	<b>483,266</b>	--	--	<b>5,901,343</b>	<b>2,543,878</b>	<b>500</b>	<b>260</b>
10. Trade payables	1,197,045	437,447	7,354	--	1,372,565	588,614	2,704	--
11. Financial liabilities	--	--	--	--	--	--	--	--
12a. Monetary other liabilities	--	--	--	--	--	--	--	--
12b. Non-monetary liabilities	2,384,631	887,701	--	--	--	--	--	--
<b>13. Short-term liabilities</b>	<b>3,581,676</b>	<b>1,325,148</b>	<b>7,354</b>	--	<b>1,372,565</b>	<b>588,614</b>	<b>2,704</b>	--
14. Trade payables	--	--	--	--	--	--	--	--
15. Financial liabilities	--	--	--	--	--	--	--	--
16a. Financial liabilities	--	--	--	--	--	--	--	--
16b. Non-monetary liabilities	--	--	--	--	--	--	--	--
<b>17. Long-term liabilities</b>	--	--	--	--	--	--	--	--
<b>18. TOTAL LIABILITIES</b>	<b>3,581,676</b>	<b>1,325,148</b>	<b>7,354</b>	--	<b>1,372,565</b>	<b>588,614</b>	<b>2,704</b>	--
19. Off balance sheet derivatives net asset/liability position(19a-19b)	--	--	--	--	--	--	--	--
19a Active off balance sheet derivative(foreign currency)	--	--	--	--	--	--	--	--
19b. Passive off balance sheet derivative(foreign currency)	--	--	--	--	--	--	--	--
20. Net foreign currency asset liability position	--	--	--	--	--	--	--	--
21. Monetary accounts net foreign currency asset/liabilities position (1+2a+5+6a-10-11-12a-14-15-16a)	--	--	--	--	--	--	--	--
22. Fair value of financial assets used for foreign currency hedge	--	--	--	--	--	--	--	--
23. Hedged foreign currency assets amount	(2,283,479)	(841,882)	(7,354)	--	4,528,778	1,955,264	(2,204)	260
24. Hedged foreign currency liabilities amount	(102,163)	(29,867)	(7,354)	--	196,341	86,948	(2,204)	260

# HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE INTERIM PERIOD ENDED 30 JUNE 2015

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

### 24. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (continued)

#### 24.3. Market risk (continued)

##### Foreign currency risk (continued)

Foreign currency sensitivity analysis:

30 June 2015	Profit/(loss)		Shareholder's equity	
	Devaluation of TL	Evaluation of TL	Devaluation of TL	Evaluation of TL
<b>10% change in USD against TL;</b>				
1-USD net assets/(liabilities)	(8,023)	8,023	(8,023)	8,023
2-USD proportion hedged from changes (-)	--	--	--	--
<b>3-USD net effect (1+ 2)</b>	<b>(8,023)</b>	<b>8,023</b>	<b>(8,023)</b>	<b>8,023</b>
<b>10% change in EURO against TL;</b>				
4-EURO net assets/(liabilities)	(2,193)	2,193	(2,193)	2,193
5-EURO proportion hedged from changes (-)	--	--	--	--
<b>6-EURO net effect (4+ 5)</b>	<b>(2,193)</b>	<b>2,193</b>	<b>(2,193)</b>	<b>2,193</b>
<b>10% change in GBP against TL;</b>				
7-GBP net assets/(liabilities)	--	--	--	--
8-GBP proportion hedged from changes (-)	--	--	--	--
<b>9-GBP net effect (7+ 8)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total (3+6+9)</b>	<b>(10,216)</b>	<b>10,216</b>	<b>(10,216)</b>	<b>10,216</b>
<b>31 December 2014</b>				
	Profit/(loss)		Shareholder's equity	
	Devaluation of TL	Evaluation of TL	Devaluation of TL	Evaluation of TL
<b>10% change in USD against TL;</b>				
1-USD net assets/(liabilities)	20,162	(20,162)	20,162	(20,162)
2-USD proportion hedged from changes (-)	--	--	--	--
<b>3-USD net effect (1+ 2)</b>	<b>20,162</b>	<b>(20,162)</b>	<b>20,162</b>	<b>(20,162)</b>
<b>10% change in EURO against TL;</b>				
4-EURO net assets/(liabilities)	(622)	622	(622)	622
5-EURO proportion hedged from changes (-)	--	--	--	--
<b>6-EURO net effect (4+ 5)</b>	<b>(622)</b>	<b>622</b>	<b>(622)</b>	<b>622</b>
<b>10% change in GBP against TL;</b>				
7-GBP net assets/(liabilities)	94	(94)	94	(94)
8-GBP proportion hedged from changes (-)	--	--	--	--
<b>9-GBP net effect (7+ 8)</b>	<b>94</b>	<b>(94)</b>	<b>94</b>	<b>(94)</b>
<b>Total (3+6+9)</b>	<b>19,634</b>	<b>(19,634)</b>	<b>19,634</b>	<b>(19,634)</b>

**HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ****NOTES TO THE FINANCIAL STATEMENTS****FOR THE INTERIM PERIOD ENDED 30 JUNE 2015**

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

**24. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (continued)****24.3. Market risk (continued)*****Interest rate risk***

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

The table below shows the financial instruments sensitive to interest rates as at 30 June 2015 and 31 December 2014:

	<b>30 June 2015</b>	<b>31 December 2014</b>
<b><i>Financial instruments with fixed interest rates</i></b>		
Financial assets	10,728,807	45,831,057
<i>Time deposits</i>	10,728,807	7,902,288
<i>Bank bonds</i>	--	34,841,163
<i>Lease certificates</i>	--	3,087,606
Financial liabilities	15,760,720	16,737,916

Weighted interest rates which are applied to financial instruments as at 30 June 2015 and 31 December 2014 are as follows:

	<b>30 June 2015</b>	<b>31 December 2014</b>
<b><i>Financial instruments</i></b>		
Time deposits –TL	8.60%	8.11%
Financial investment-TL	--	8.58%
Loans and borrowings-TL	8.00%	8.00%



## **HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2015**

*(Amounts expressed in Turkish Lira (“TL”) unless otherwise stated.)*

#### **24. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS *(continued)***

##### **24.4. Capital management**

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

#### **25. FINANCIAL INSTRUMENTS**

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

A number of the Company’s accounting policies and disclosures require the determination of fair value for financial assets and liabilities.

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

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

##### ***Financial assets***

Financial investments, recognised in financial statements are reflected at fair values. The Company assumes that the carrying values of the cash and cash equivalents are close to their fair value because of their short-term nature.

##### ***Trade receivables***

As at 30 June 2015, fair value of the long term trade receivables are computed based on the Company’s default interest on contracts for trade receivable as at reporting date. The carrying values of short-term trade receivables are assumed to be close to their fair values due to their short term nature.

## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ

### NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2015

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

#### 25. FINANCIAL INSTRUMENTS (continued)

##### *Financial liabilities*

##### **Loans and borrowings**

As at 30 June 2015, the fair value of loans and borrowings are calculated by using the Company's borrowing rate at the reporting date.

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

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

##### *Fair value of financial instruments*

Except assets and liabilities presented below, the Company's management thought that recognised amounts of financial assets and liabilities in financial statements are close to fair values.

The table below represents comparison of fair value and recorded amount of financial instruments.

		30 June 2015		31 December 2014	
	Note	Carrying value	Fair value	Carrying value	Fair value
<b><i>Financial assets</i></b>					
Trade receivables	7	7,788,394	7,753,899	12,301,751	12,254,151
<b><i>Financial liabilities</i></b>					
Loans and borrowings	13	15,760,720	15,670,784	16,737,916	16,635,443

##### ***Classification of fair value measurement***

TFRS 7 – Financial Instruments requires the classification of fair value measurements into a fair value hierarchy by reference to the observability and significance of the inputs used in measuring fair value of financial instruments measured at fair value to be disclosed. This classification basically relies on whether the relevant inputs are observable or not. Observable inputs refer to the use of market data obtained from independent sources, whereas unobservable inputs refer to the use of predictions and assumptions about the market made by the Company.

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

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Fair value measurements using inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Classification requires using observable market data if possible.

**HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED 30 JUNE 2015*(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)***25. FINANCIAL INSTRUMENTS (continued)***Classification of fair value measurement (continued)*

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

<b>30 June 2015</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<i>Financial investments:</i>				
Bank bonds	--	--	--	--
<b>Total financial assets</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>31 December 2014</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<i>Financial investments:</i>				
Bank bonds	34,841,163	--	--	34,841,163
Lease certificates	3,087,606	--	--	3,087,606
<b>Total financial assets</b>	<b>37,928,769</b>	<b>--</b>	<b>--</b>	<b>37,928,769</b>

**26. SUBSEQUENT EVENTS**

None.

## HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ

### CONTROL OF COMPLIANCE WITH RESTRICTIONS ON THE INVESTMENT PORTFOLIO AS AT 30 JUNE 2015 ADDITIONAL NOTE

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

#### APPENDIX I-CONTROL OF COMPLIANCE WITH RESTRICTIONS ON THE INVESTMENT PORTFOLIO

The information contained herein, is summary information derived from the financial statements according to “Communiqué on Financial Reporting in Capital Market” of CMB and these information has been prepared in accordance with the control of portfolio limit compliance of CMB’s “Communiqué on Principles Regarding Real Estate Investment Trusts”, published in the Official Gazette numbered 28660 and III-48.1. In addition, as indicated in Note 1, information in the financial statement of the Company is unconsolidated data due to the Company has no subsidiary or joint venture.

As at 30 June 2015, the Company complied with the restrictions that stated on the paragraph “a, b, c, ç and d” of 24<sup>th</sup> substance, 22<sup>nd</sup> and 38<sup>th</sup> substance of CMB’s “Communiqué on Principles Regarding Real Estate Investment Trusts”, published in the Official Gazette numbered 28660 and III-48.1 and the ratios related with these restrictions is shown below (31 December 2014: There is no incompliance).

	Financial statement primary accounts items	Regulations	30 June 2015 (TL)	31 December 2014 (TL)
<b>A</b>	Monetary and capital market instruments	Serial: III-48.1, Article 24/(b)	14,315,211	46,587,030
<b>B</b>	Real estates, based on real estates, rights based on real estates	Serial: III-48.1, Article 24/(a)	871,142,767	816,622,098
<b>C</b>	Subsidiaries	Serial: III-48.1, Article 24/(b)	--	--
	Due from related parties (non-trade)	Serial: III-48.1, Article 23/(f)	--	--
	Other assets		52,023,680	65,197,538
<b>D</b>	<b>Total assets</b>	Serial: III-48.1, Article 3/(k)	<b>937,481,658</b>	<b>928,406,666</b>
<b>E</b>	Loans and borrowings	Serial: III-48.1, Article 31	15,760,720	16,737,916
<b>F</b>	Other financial liabilities	Serial: III-48.1, Article 31	--	--
<b>G</b>	Financial leasing obligation	Serial: III-48.1, Article 31	--	--
<b>H</b>	Due to related parties (non-trade)	Serial: III-48.1, Article 23/(f)	--	--
<b>I</b>	Equity	Serial: III-48.1, Article 31	845,344,524	827,793,895
	Other liabilities		76,376,414	83,874,855
<b>D</b>	<b>Total liabilities and equity</b>	Serial: III-48.1, Article 3/(k)	<b>937,481,658</b>	<b>928,406,666</b>
	<b>Other financial information</b>	<b>Regulations</b>	<b>30 June 2015 (TL)</b>	<b>31 December 2014 (TL)</b>
<b>A1</b>	Financial markets instruments held for three years payment of real estates	Serial: III-48.1, Article 24/(b)	--	--
<b>A2</b>	Time deposit/ demand deposit/ TL / foreign currency	Serial: III-48.1, Article 24/(d)	11,051,556	8,326,483
<b>A3</b>	Foreign capital market instruments	Serial: III-48.1, Article 24/(d)	--	--
<b>B1</b>	Foreign real estates, projects, based on real estates	Serial: III-48.1, Article 24/(d)	--	--
<b>B2</b>	Idle land	Serial: III-48.1, Article 24/ç	--	--
<b>C1</b>	Foreign Subsidiaries (operating companies)	Serial: III-48.1, Article 24/(d)	--	--
<b>C2</b>	Subsidiaries (operating companies)	Serial: III-48.1, Article 28	--	--
<b>J</b>	Non-cash loans	Serial: III-48.1, Article 31	--	--
<b>K</b>	Mortgage amounts on land that project to be developed and the ownership does not belong the partnership	Serial: III-48.1, Article 22/(e)	--	--

**HALK GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ****CONTROL OF COMPLIANCE WITH RESTRICTIONS ON THE INVESTMENT PORTFOLIO  
AS AT 30 JUNE 2015 ADDITIONAL NOTE***(Amounts expressed in Turkish Lira (“TL”) unless otherwise stated.)***APPENDIX I-CONTROL OF COMPLIANCE WITH RESTRICTIONS ON THE INVESTMENT PORTFOLIO (continued)**

	<b>Portfolio Restrictions</b>	<b>Regulations</b>	<b>Calculation</b>	<b>Min/Max Rate</b>	<b>30 June 2015 (TL)</b>	<b>31 December 2014 (TL)</b>
1	Mortgage Amounts on Land that Project to be Developed and the Ownership Does Not Belong the Partnership	Serial: III-48.1, Article22/(e)	K/D	Maximum %10	--	--
2	Monetary and Capital Market Instruments	Serial: III-48.1, Article24/(a),(b)	(B+A1)/D	Minimum %51	92.92%	87.96%
3	Real estates, based on Real Estates, Rights based on Real Estates	Serial: III-48.1, Article24/(b)	(A+C-A1)/D	Maximum %49	1.53%	5.02%
4	Monetary and Capital Market Instruments	Serial: III-48.1, Article24/(d)	(A3+B1+C1)/D	Maximum %49	--	--
5	Idle Land	Serial: III-48.1, Article24/©	B2/D	Maximum %20	--	--
6	Subsidiaries (Operating Companies)	Serial: III-48.1, Article28	C2/D	Maximum %10	--	--
7	Borrowing Limit	Serial: III-48.1, Article31	(E+F+G+H+J)/İ	Maximum %500	1.86%	2.02%
8	Time Deposit/ Demand Deposit/ TL / Foreign Currency	Serial: III-48.1, Article24/(b)	(A2-A1)/D	Maximum %10	1.18%	0.90%