

ANNUAL REPORT

2010



DOĞUŞ | GE | R.E.I.T.

ANNUAL REPORT 2010



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BOARD OF DIRECTORS



Chairman of the Board
/ General Manager
Murat İNAN



Vice Chairman
Lennart STEN



Member
H. Murat AKA



Member
R. Erk ÖZBELGE



Independent Member
M. Bahadır TEKER



Independent Member
M. Ahmet ÜNAYDIN

AUDITORS



Auditor
S. Hakkı GÜZET



Auditor
Adem DURAK

Dear Shareholders,

As it is obvious to all of you, there is a recovery that became stronger in 2010 revealed itself in Asian countries and developing countries which also include Turkey. The Turkish economy entered into a powerful recovery period as of the second quarter of the year 2009. Turkey which displayed a fast development in economical terms as from the last quarter of 2009 closed the last quarter with a growth rate of 6%. The Turkish economy grew 11,7% during the first quarter of the year 2010; whereas, a growth rate of 10,3% has been obtained during the second quarter. Thus, this period of recovery has resulted with a double-digit growth during the first two quarters on end, since the year 2004. It can be said that the average growth rate at a level of 11% that has been realized during the first half of 2010 has partially removed the problems which arouse due to the global crisis. However, during the second half of the year 2010, it has been monitored that this double-digit growth has slackened and whereas the growth rate during the third quarter of the year 2010 has been realized as 5,5%. Thus, the total growth rate during the first nine months of the year in question has been realized as 8,9%. As a result, we foresee an average growth rate of 6,8% for Turkey with respect to the year 2010.

Let us evaluate the real estate industry both in our country and the entire world for the year 2010:

During the first quarter of the year 2010, growth was realized in all developed countries following the global crisis. While the US economy grew 2,5%, the growth at the Euro region remained at a level of 0,5%. The construction activities at the Euro region narrowed by 10%; on the other hand the construction industry in our country grew 8%.

Growth following the global crisis was realized all over the world during the second quarter of the year 2010 together with the first quarter. The US economy grew 3,2%; whereas, the growth in the Euro region remained at 1,7%. The construction industry has become the fastest growing industry with a growth rate of 21,9% during the second quarter of the year 2010. The shrinkage in the construction activities in the Euro region continues since a long time.

The growth graphic of developed countries within the world economy during the third quarter of the year 2010 has improved slightly. But when it is compared with the performance graphic during the first half year, it can be said that there was a recession. When we take a look at the sectors, we can easily say that the fastest growing sector is the construction sector with a rate of 24,6% during the third quarter of the year 2010.

When we take a look at the Turkish economy, we can see that this growth was realized at a level of 5,5%. Besides, the total number of malls in Turkey reached to 232 with 9 newly opened malls.

Together with this, when we entered the last quarter of 2010, we would like to mention that the total numbers of real estate investment companies have reached to 17. This situation proves how important real estate investment companies have become important with respect to investors thanks to the changed regulations. Our company that was very successful even during the difficult conditions during the year 2009 was very successful also in the year 2010 with cautious strategies whereas our country was successful in terms of economical conditions. Our success was realized in parallel to this success of the country.

Our country continues to implement the savings measures in 2010 which have also been implemented during the previous year. In this respect, savings in general management expenses have been at a rate of 24,6%. Besides, during the year 2010, the entire financial debts have been paid and a reduction of 82,7% was realized in financial expenses.

Through all these developments, the net profit of our company which was TL 2.979.578 for the year 2009 rose at a rate of 225% and became TL 9.711.486 in 2010. This successful performance that we displayed in 2010 also made reflections in the stock Exchange value of our country. Thus, our market value mounted up to TL 161.3 million through an increase of 54,9% with respect to the previous year.

We think that the growth of Turkey in the year 2010 which was beyond the expected figures will continue consistently during 2011 and that such growth is going to be permanent. Thus, we truly believe that the year 2011 is going to be a very important year for our shareholders with the new vision and mission of our company; and I would like to mention that we will work hard to reach this target.

Herewith, I would once again like to thank to all of our shareholders, investors, stakeholders and all of my colleagues within the company due to their valuable efforts.



Sincerely yours;
Murat INAN
Chairman of Board of Directors

COMPANY PROFILE



The mission of Dogus-GE REIT is to increase the value of its investment portfolio by means of achieving a stable growth, and thus, to provide its partners with the greatest interest in their shares in respect of increases in both dividends and market value, and also to provide its customer group with great satisfaction by means of developing projects focused on their needs.



History

Real Estate Investment Trust (REIT) companies, for which first legal arrangements were made by the Capital Markets Board in 1995, started being accepted for trading on the Stock Exchange by going public as of 1997.

Our Company started being accepted for trading on the Stock Exchange by going public on 25th July 1997 and listed in Istanbul Stock Exchange 100 Index, as the third REIT Company on the Stock Exchange under the commercial title Osmanlı REIT with an authorized capital of 5 million TL and a paid-up capital of 250,000 TL.

The Company, 51% of capital share of which was transferred to Garanti Bank as a result of a merging of Osmanlı Bank and Garanti Bank, both of which belonged to Dogus Group at the end of 2001, became a financial affiliate of Garanti Bank. Its commercial title was changed to Garanti, and its authorized capital was increased to 500 million TL and its paid-up capital to 93.78 million TL as of the end of 2005 respectively.

As a result of the fact that Garanti Bank sold 50% of its shares to GE Real Estate Europe and 50% of its shares to Dogus Holding A.S., the shareholding of Doğuş-GE REIT was changed to 25.5% to Dogus Holding A.S., 25.5% to GE Real Estate Europe, and 49% was to open to the public as 01st December 2006.

Its shares are still included in ISE-National 100 and ISE-REIT sector index, and traded in the national market under the code "DGGYO".

Vision

Based on its new shareholding structure, Doğuş-GE REIT aims to be one of the leading investor and developer companies in Turkey thanks to the synergy created by means of combining global experiences and strong capital of GE Real Estate with experiences of Dogus Group in finance, construction and real estates.

Mission

The mission of Dogus-GE REIT is to increase the value of its investment portfolio by means of achieving a stable growth, and thus, to provide its partners with the greatest interest in their shares in respect of increases in both dividends and market value, and also to provide its customer group with great satisfaction by means of developing projects focused on their needs.

Shareholding Structure

49% of Doğuş-GE REIT is traded at the Stock Exchange.

Commercial Title	Group	Type	Amount of Shares
Dogus Holding AS	A	Registered	938.425
Dogus Holding AS	B	Bearer	22.976.475
			23.913.900
GE Real Estate Europe	A	Registered	938.425
GE Real Estate Europe	B	Bearer	22.976.475
			23.913.900
Portion open to public	B	Bearer	45.952.000
		Grand Total	93.780.000

Total paid-up capital

93.780.000

Authorized Capital

500.000.000

Doğuş-GE REIT strategically aims to make investments in housing development projects in metropolitans, mainly in Istanbul city, which focuses on middle, middle-high income groups, have a certain concept approach, are authentic in an architectural manner and financially affordable and in regular, low-risk commercial real estates and development projects, which may create high rental incomes.



Evidea

Investment Strategy

Doğuş-GE REIT considers its real estate development and investment activities as a productive and profitable source of income, which requires experiences and expertness in construction, financing and marketing, and which must be carried out in a corporate structure in a professional manner.

Doğuş-GE REIT strategically aims to make investments in housing development projects in metropolitans, mainly in Istanbul city, which focuses on middle, middle-high income groups, have a certain concept approach, are authentic in an architectural manner, and financially affordable, and in regular, low-risk commercial real estates and development projects, which may create high rental incomes.

It is planned to sell residences in housing projects developed by the Company in case of low rental incomes. In this manner, it is aimed to ensure that the incomes from the sales of real estates and the rentals from already leasable commercial real estates that create high incomes would be in balance in the portfolio, and, thus, to diversify the incomes from the sales and rents on the basis of investment segments.

On the other hand, it is aimed to provide a certain balance between already leasable real estates and development projects, and thus, to ensure that the Company has at all times a strong cash flow as well as it gets benefit from high incomes from real estate developments and growth potential, which may be created through development projects.

Another diversification criteria taken as a basis in the portfolio is geographical diversity. To that end, it is important for the Company to locate real estates, which form its portfolio, in different districts in the country, and it is also aimed to balance the risks that may occur in such districts and countries by means of making a certain amount of investments in foreign countries.

Productivity and liquidity principles are always taken into consideration in formation of the portfolio of the Company. Some measures are taken to increase the incomes of such real estates, for which profitability is being reduced. It is always to focus on keeping the liquidity strong, and actively managing the cash and real estate portfolio in a professional manner. It is always aimed to obtain an income that is higher than alternative investment opportunities and recourse cost.

Doğuş-GE REIT, always considers not only commercial concerns but also top-quality standards of the range. It is always important that housing projects developed by the Company must have some certain architectural concept and life gusto, bring the quality standards of the range one step forward, and also be financially affordable. It is also aimed in commercial projects to increase the value of commercial real estates by showing creative ideas and pioneering designs. To this end, the Company closely follows industrial developments inland and abroad, and takes a leading role in Turkey in implementation of innovations.



Corporate Management

a. Relations with Shareholders:

Doğuş-GE REIT, makes the best effort to act in compliance with the principles of corporate management, issued by the Capital Markets Board. To that end, relations with shareholders are carried out through the department of Accounting and Financing. The said unit is in charge to reply to applications made to the Company in writing or through the internet. This unit is accessible through the head office address or the web site of the Company via electronic mail. The shareholders may access the Company related information by following the special condition explanations made on the Stock Exchange. Other than this, the Company provides the investors with updated important information broadcasted on its web site.

b. Internal and External Audit:

The articles of association of Doğuş-GE REIT, contain no provision related to the appointment of a private auditor. The Company has no obligation to have an independent audit performed other than its internal auditors in accordance with the Capital Markets Legislations.

c. Attendance to the General Assembly:

Doğuş-GE REIT, makes invitations to annual general meetings in accordance with provisions of the Turkish Commercial Code and the Capital Markets Legislations, and announces the same in at least two daily newspapers. The shareholders may attend the general meeting, freely ask questions and get answers thereto by means of submitting the share certificates blockage letters, which evidence that they hold shares in the Company, or presenting their share certificates. The agenda of the general meeting of the Company, attendance schedule, and the minutes of the general meeting are broadcasted in the web site of the Company.

d. Privileged Shares:

The shareholders who hold group (A) shares in the Company have a privilege to nominate candidates to the board of directors, which shares are owned by Dogus Holding A.S. and GE Real Estate Europe.

e. Distribution of Profit:

There is no privilege in the distribution of profits of the Company. The Capital Markets Legislations are obeyed in this respect. The profit that is to be distributed each year is determined by the general meeting upon a proposal from the board of directors, and distributed within the period provided by the said legislations.

f. Share Transfers:

There is no restriction in the transfers of the shares of the Company.

g. Public Information:

The Company's information policy is created by and under the responsibility of the top management of the Company. The Company sends special condition explanations to the Stock Exchange and the Capital Markets Board for the conditions listed in the Capital Market Legislations. The Company's shares are not listed in any Stock Exchanges but Istanbul Stock Exchange. All explanations that are made must also be broadcasted in the web site.

h. Shareholders having Prevailing Shares:

In the Company, there is no natural person who has prevailing shares. 49% of the Company is open to the public and the shares certificates of the Company are traded at the Stock Exchange as bearer shares.

i. Human Resources Policy:

The Company has no separate human resources policy made available to the public. Practices applied in Dogus Group are followed in this respect.

i. Board of Directors:

The board of directors includes no executive directors. Two members of the board of directors composed of six members are the independent members and have no relations with Dogus Group or GE Real Estate Europe. There is no restriction in duties to be assumed by the members outside the Company. Restrictive provisions of the Capital Markets Legislations shall apply to the qualities of the members. The Board of Directors makes available to the public the vision, mission and strategic aims of the Company through the activity report and the web site. Powers and liabilities of the members as well as their election criteria are indicated in the articles of association of the Company. In the board of directors, each member has equal voting right, and meetings are held not less than one time in each month; and secretariat of such meetings is assumed by the Company. There is an Internal Auditing Committee which report to the board of directors, which committee is composed of two members and in charge to approve the information provided in financial statements. The Company pays each year an attendance fee, which is determined by the general meeting, to the independent members of the Board of Directors only.

j. Information Policy

Our Company adopts its main principle of its "information policy" that it, within the obligation of "public disclosure", shall inform and submit special condition explanations to the Istanbul Stock Exchange (IMKB) and the Capital Markets Board (SPK) in such a manner indicated in the relevant legislations when some important events and developments occur, which may change the market values of the share certificates of the investors, or, which may affect the investment decisions of the investors, always taking into consideration that sufficient and constant information shall be made available to the public.

The web site of the Company is effectively used so that all information related to the Company is accessible through electronic media. The following updated documents are broadcasted; portfolio value statements of the Company, financial statements by periods, share certificates performances, annual activity reports, the articles of association of the Company, special condition explanations, explanation notes, public offerings circulars, and the documents related to the general meetings.



Necessary arrangements have been made, and a technological infrastructure has been created within the Company so that the Company may make relations with the public using all ways available, and provide them with information in all respects.

Within this information policy, information distribution channels are as follows;

Activity Report

Annual activity reports are prepared in two counterparts in Turkish and English, and made available to the investors for their reviews 15 days before the date of the general meeting. Such reports are forwarded in electronic media or sent to the address by mail upon request.

Web site

The web site of the Company is effectively used so that all information related to the Company is accessible through electronic media. The following updated documents are broadcasted; portfolio value statements of the Company, financial statements by periods, share certificates performances, annual activity reports, the articles of association of the Company, special condition explanations, explanation notes, public offerings circulars, and the documents related to the general meetings. Communication information etc. is collected from the visitors in order to provide more efficient information within the web site of the Company. Such information is kept confidentially, and not shared with third parties. In addition, within the scope of the definition and marketing of current portfolio and new developed projects, some documents, bulletins, brochures, surveys and similar publications may be broadcasted in the web site or sent through e-mails.

Press Bulletins and Relations

Bulletins that are to be prepared by the Company within the scope of public disclosure and/or corporate communication are prepared by the department of financial affairs by getting support in respect of subjects that require specialty. Requests by media organs for interview, explanations, questions and materials are accepted and replied to in writing. Requests from media are replied to by Chairman of the Board of Directors and General Manager.

Press Meetings

Some meetings may be held for the purpose of informing media about the continuing projects, medium and long term strategies etc. In invitations to such meetings, the equality principle is respected. Locations that are easily accessible are preferred in order to get high levels of attendance. In case of the presence of groundless rumors from those who are not authorized to represent our Company in media organs, it is ensured that an explanation is made in respect of whether such rumors are true or sufficient, and forward the same to media organs on the day such rumors were published in case of a need for correction, and publish the same on the page such rumors were published on the following day.

Information to Investors and Analysts

Requests from people/corporations for the purpose of knowing our Company are assessed and related meeting dates are determined accordingly.

In addition, our Company may attend such meetings organized by national and international financial institutions for the purpose of introduction to existing or potential investors.

Requests for information made through telephone are replied to on the same day or not later than 3 days in case of a need for detailed information.

Persons who are responsible to execute the Information Policy;

Responsible person is Mr. Hasan Hüsnü GÜZELÖZ, legal advisor, having Advance Level License for Capital Market Activities and Corporate Management Grading License.

k. Rules that should be respected by the Management and Employees

Shareholders;

The greatest aim of Doğuş - GE REIT, is to make use of investments of the investors in the best manner and create added values. The Company tries to minimize the risks that may arise from such investments by means of successfully applying a risk management.

The Company, as a public company, engages in its activities in compliance with arrangements made by the Capital Markets Board. No manipulation against its shareholders or others with which the Company has a relation would be in question. Doğuş-GE REIT, informs legal authorities, its shareholders and partners of the resolutions adopted by the management, their reasons and consequences in full, true and timely manner.

Each shareholder gets equal respect irrespective of the number of shares they hold.

Providing its shareholders with true and update information has always been and will be a priority.

Activity Standards

Management processes of Doğuş-GE REIT are always carried out in a transparent, reliable and professional manner.

Doğuş-GE REIT respects all legal rules in the country, and obeys all legal restrictions to which it is subject in respect of its activities. The Company respects rights and freedom of its employees and others with whom it has relations.

Doğuş-GE REIT assumes its duty to act honestly in its relations with other companies engaging in the same activities, and to respect fair competition principles, and expects others to act in the same manner.

Doğuş-GE REIT aims to take a role in industrial associations inland and abroad. Doğuş-GE REIT aims to contribute to social, cultural, artistic and economic development of regions where it implements its projects, and carries out social responsibility projects to that end.



Employees;

Doğuş-GE REIT commits itself to protect personal honors of each employee and their rights conferred by laws. The Company provides them with all opportunities so that they can work under reliable and healthy conditions.

The Company determines the workplace policy being in constant communication with its employees, and taking into consideration their requests.

Employees are expected to adopt the management concept created based on performance assessment, and to be aware that their personal involvements would contribute to the customers and shareholders.

Employees are expected to communicate with shareholders and others with whom they have a relationship in a clear and honest manner.

Employees are expected to understand and protect the name and reputation of Doğuş-GE REIT. Employees always keep a distance and act in a professional manner in all relationships created in respect of corporate activities. Employees may not illegally act and behave, and they are responsible for forthwith informing the management about illegal offers made to them.

Customers - Suppliers - Partners;

Doğuş-GE REIT commits itself to act in an honest and equal manner in all professional relationships with its customer. The Company always gives particular importance to the reliability of the agreements, and keeps its promises.

Doğuş-GE REIT aims to create long term relationships with the suppliers instead of short term ones.

Doğuş-GE REIT always attaches importance to developing collaborations with only the partners which adopt ethical values.

Being reliable in the industries in which the Company provides and gets services has always been and will be a priority.

The management and employees of Doğuş-GE REIT will try to apply such principles without any exceptions. Further, the employees are obliged to forthwith inform the management about any thing considered to be contrary to ethical rules. No loss that may arise from the obedience to such rules will be considered as negativity.

Doğuş-GE REIT aims to contribute to social, cultural, artistic and economic development of regions where it implements its projects, and carries out social responsibility projects to that end. One of the most remarkable examples for that is that the Company became sponsor to the Cultural Center of Dudullu, for the purpose of backing up social and cultural development in Dudullu region within the scope of the project Evidea in Çekmeköy.



Social Responsibility

Doğuş-GE REIT aims to contribute to social, cultural, artistic and economic development of regions where it implements its projects, and carries out social responsibility projects to that end. One of the most remarkable examples for that is that the Company became sponsor to the Cultural Center of Dudullu, for the purpose of backing up social and cultural development in Dudullu region within the scope of the project Evidea in Çekmeköy.

On the other hand, weekly programs at certain periods of the year have been caused to be made to students of Fine Arts Faculty Conservatory Department, so a platform has been created for income possibilities and playing instruments by students.

Sectoral Relations

In 2010, Doğuş-GE REIT has participated in several activities aiming to develop local and international involvements in its industry. The aim of these activities is to keep abreast of local and international developments, to take appropriate actions concerning the company's investment projects, and to shape public opinion and establish pressure groups. With this aim in mind, the Company is in close contact and undertakes joint efforts with such national and international organizations as GYODER, AMPD, ULI, EPRA and GRI.

INVESTMENT PORTFOLIO



Antalya / Centrum, Shopping Center, "Antalya 2000 Plaza"

Antalya 2000 Plaza is an office and shopping center building located in Recep Peker Street, where urban rents have the most value and vehicle and pedestrian traffic is very dense, which offers 92 independent sections and other sections of 9000 m² for offices, shopping area, bazaars, cinemas and fast food restaurants. 56,8% of the building was included in the Company's portfolio in 2000.

Value of building having 3,4% share in company portfolio is 5.855.000 TL current value in accordance to expertise report dated 06 December 2010 prepared by Taksim Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş.



Istanbul / Maslak, Shopping Center Project, "Dogus Power Center"

Dogus Power Center broke new ground in Turkey by exclusively hosting large stores and offering a unique store mix. This mix includes car showrooms and service areas, supermarkets, music stores, and retailers of home furniture, home textiles and sports equipment, and food courts. Located in Istanbul's main business center Maslak and exclusively featuring big stores known as "big boxes", Dogus Power Center offers a high-quality of interior design and equipment unlike its foreign counterparts. The main reason behind this choice is that Maslak-Levent area is Turkey's banking and finance center where educated white-collar personnel are working. The center is also easily accessible: It is quite close to the coast road, TEM and E5 highway, the junctions of both bridges that cross the Bosphorus and the new underground station (Metro Station).

Dogus Power Center also offers significant benefits to the brands included in its store mix. Such brands are usually unable to find adequately large and cost-effective spaces in downtown malls and forced to move to outskirts of the city, which results in an inability to attract their target audience. Dogus Power Center offers such stores the opportunity to occupy large spaces in Maslak in the heart of the city. Total covered space of the center is 58.000 m², with stores occupying 32.830 m². Closed parking space with total 634 vehicle capacity and it has an open auto park area. Construction of Doğuş Power Center Project was completed in November 2006 and opened for us. Value of building having 87,7 % share in company portfolio is 149.695.000 TL in accordance with expertise report dated 06 December 2010 prepared by Taksim Kurumsal Değerleme ve Danışmanlık A.Ş. with Capital Market Board (SPK) license.

In accordance with Portfolio table as per 31 December 2010, portfolio value of our company is 170.6 Millions. TL and asset value is 176.9 Millions TL respectively.



Major Developments in 2010

Following the letter of intent signed on 15.09.2010, a Share Purchase and Sale Agreement has been entered into by and between the parties Doğuş Holding and General Electric Capital Corporation on 12.11.2010 for sale of all of the shares with nominal price TL 23.913.900 (25,5% of the company capital) owned by General Electric Capital Corporation at Doğuş-GE Gayrimenkul Yatırım Ortaklığı A.Ş. to Doğuş Holding in consideration of USD 28.000.000. The parties shall fulfill the necessary applications for the purpose of obtaining the approvals of relevant public enterprises for completion of the shares' transfer and closing procedures.

FINANCIAL INFORMATION

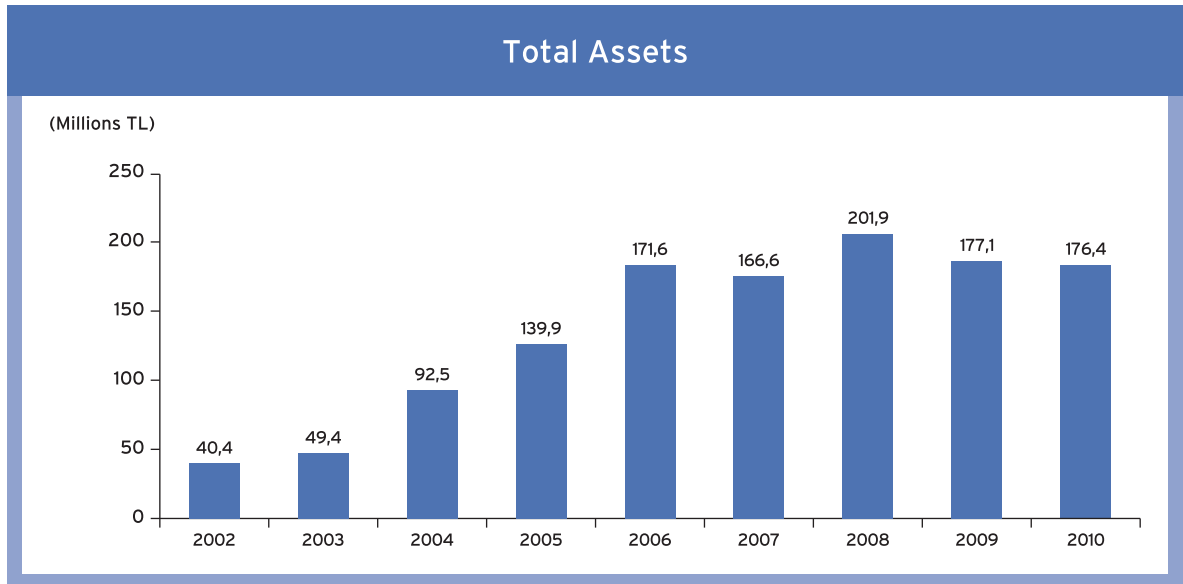


Information about Financial Statements

The company prepared its financial statements of 31 December 2010 in consolidation with the financial statements of Yapı Kredi Koray GYO and Doğuş - GE GYO Joint Venture subsidiary within the framework of the Capital Market Board's Communiqué No: 29 Serial: XI.

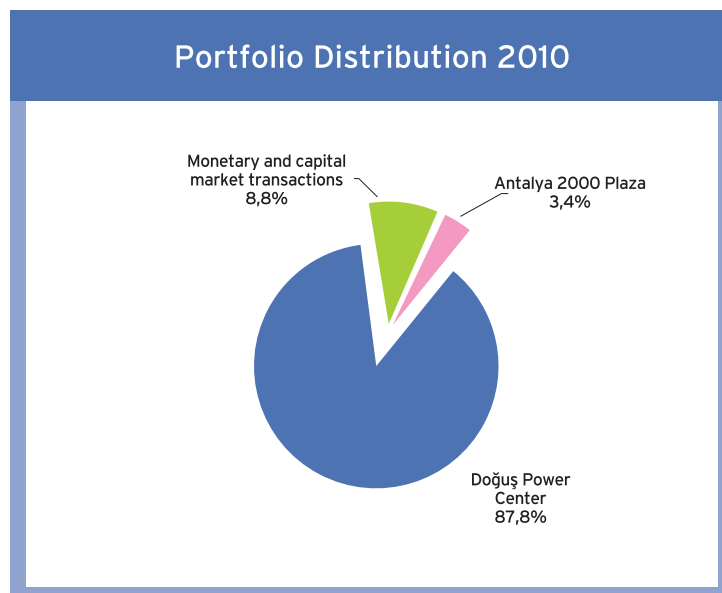
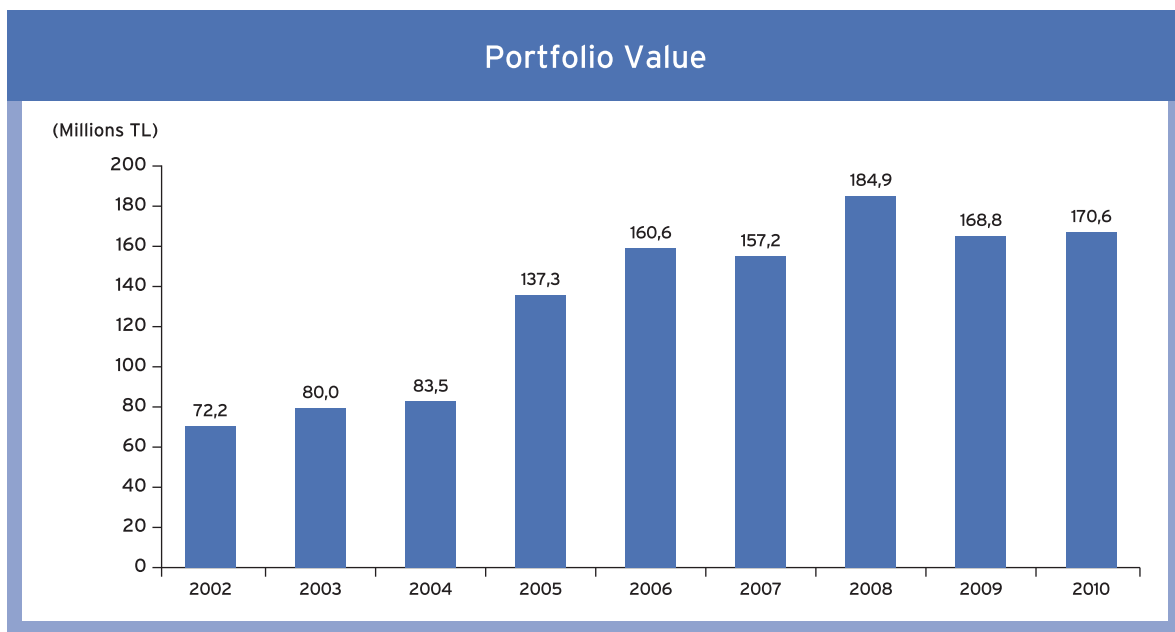
Total Assets

Consolidated asset value of the company, which has been adjusted according to CMB's Communiqué No. 29, Serial XI, went down to TL 176,4 million with a slight decrease in 0,4% rate in 2010, when compared to 2009.



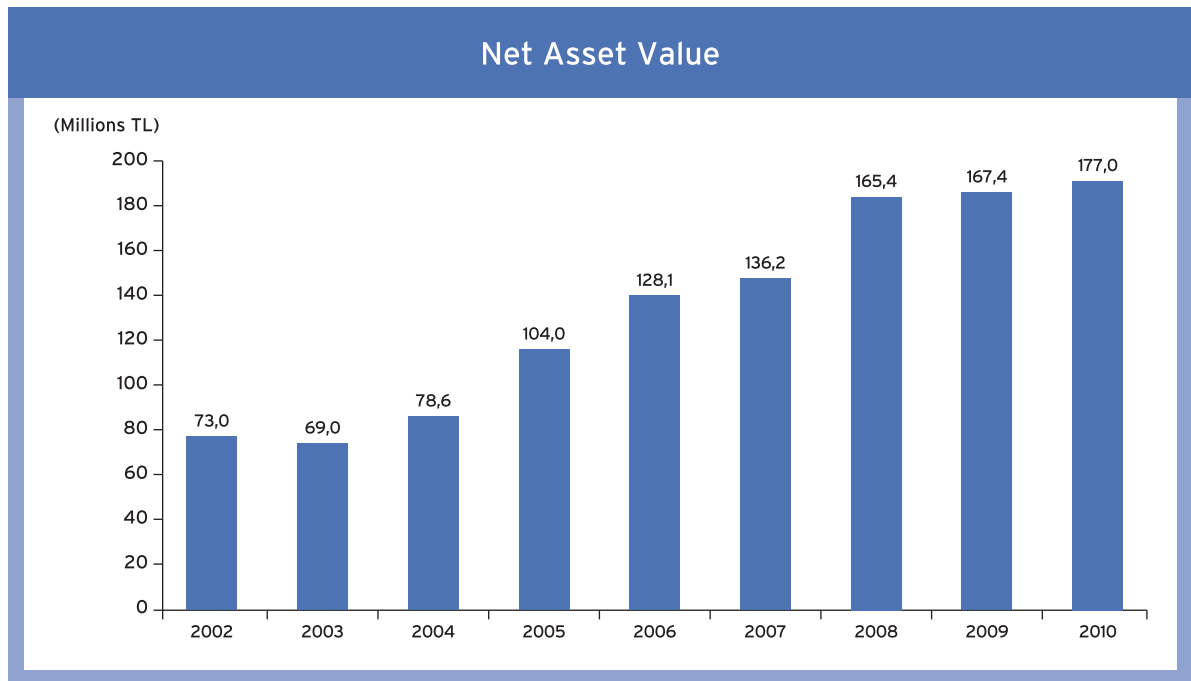
Portfolio Value

Portfolio value figure showing current total value of assets in company's portfolio is TL 170,6 million in 2010 by decrease 1% rate as per the year 2009.



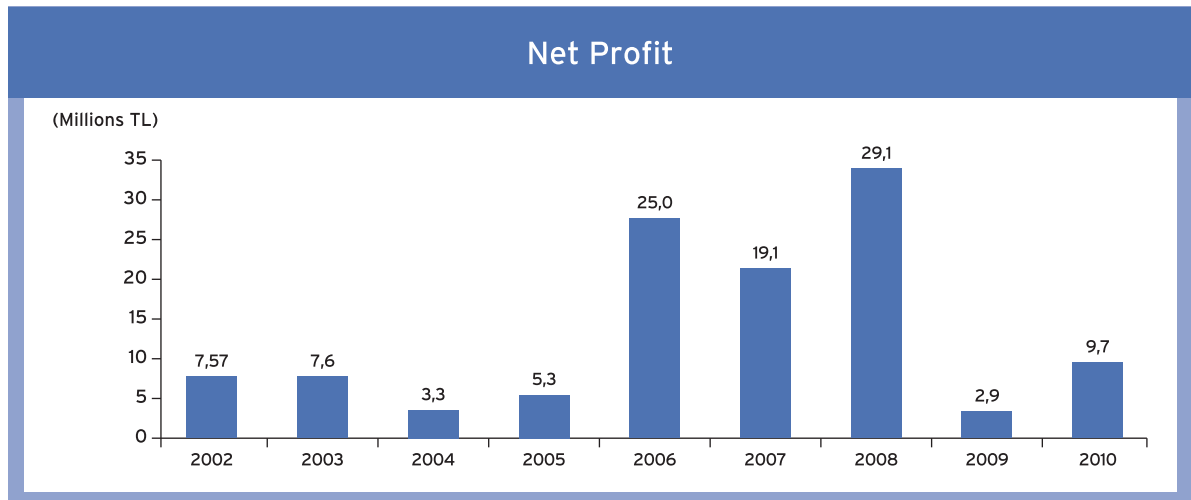
Net Asset Value (NAV)

Net Asset Value of the company increased by 5,7% and appeared to be TL 177 million at the end of 2010.



Profit

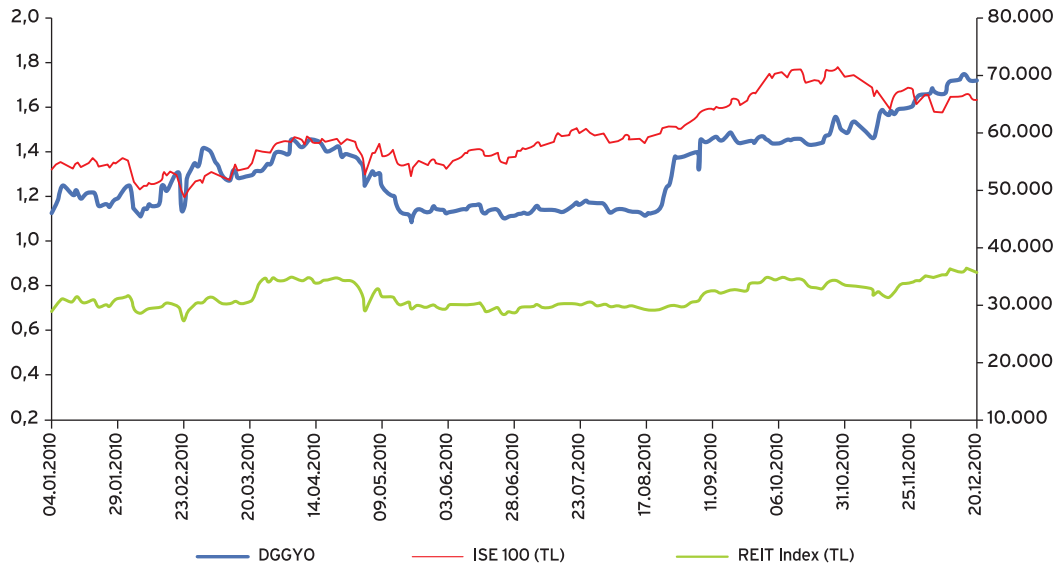
Company profit realized in accordance with notification No: 29 series XI of Capital Market Board has been TL 9,71 million.



Istanbul Stock Exchange Board (IMKB) Performance

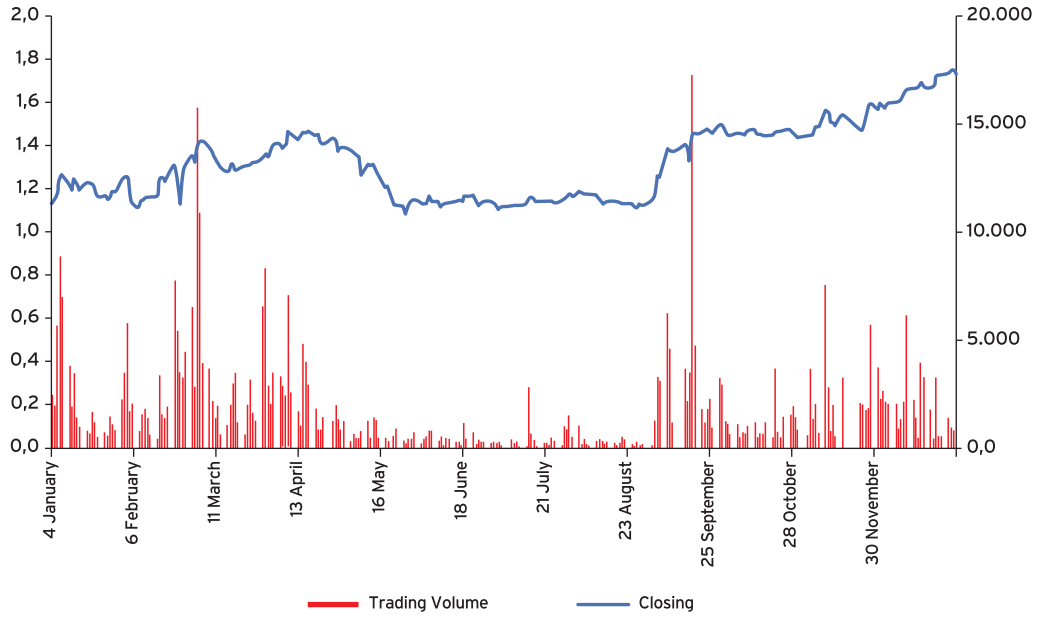
In the year 2010, based on Turkish Lira, Istanbul Stock Exchange Board National 100 Index has gained 23,68% rate value, Real Estate Investment Partnership Index 24,96% rate value, Doğuş GE GYO share has gained 52,21% rate value respectively.

In 2009 Year Istanbul Stock Exchange Board 100,
REIT Index and Doguş-GE REIT



The daily average trading volume of the shares of Doğuş-GE GYO in the year 2010 was TL 1,838 thousand. The share, the closing price of which was TL 1,72 at the end of 2010, had a discount at 8,8% at the end of the year according to the active value per each share in the met amount of TL 1,88.

Doğuş GE GYO, Daily Trading Volume and Price in the year 2010





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