



ALARKO GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
Annual Report 2011

May 14, 2012
General Assembly Meeting
2011 Fiscal Year

Registered Capital
TL 20.000.000

Issued Capital
TL 10.650.794



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MESSAGE FROM THE BOARD OF DIRECTORS

Dear Shareholders,

2011 has been a highly tough year, especially for the developed countries. In the second half of the year, global uncertainty increased and economic growth slowed down as a result of shrinkage in the supply as monetary and financial precautions remained insufficient. The growth rate was 2,7 % on global scale, 1,7 % in the USA, 1,6 % in the Euro Zone, and 9,2 % in China. The Japanese economy contracted by 0,9 %. The developing countries whose growth rate was 6 % acted as the engine of global economic growth.

In many developed countries, especially in the EU members, the public loans and budget deficits reached unacceptable levels, problems arose in the banking sector, and the unemployment rate increased. The unemployment rate went up to 8,3 % in the USA and 9,3 % in EU members. The fact that the increasing rate of unemployment has become a permanent situation and that loss in wages and incomes could not be compensated in the developed world pose a serious social risk in the society. The cost of this last three-year period is now becoming noticeable, and there has been an intense struggle about which countries and which social strata in a nation will suffer the cost of this crisis. Because of the immense loss, all countries are trying to hold back from taking the responsibility. Since there has been no agreement on a fair and well-balanced distribution of this cost among nations, the risky and vulnerable situation on a global scale is still going on. The considerably serious political and social consequences of this process are becoming apparent on a global scale. Social explosions have been experienced in some European countries, mainly in Greece, and in Greece and Italy technocratic governments took office taking over the responsibilities of elected governments.□

However, in the year 2011, the Turkish economy showed a remarkable performance, and had a growth rate of about 8 %. Private consumption and investment expenditures constitute the source of this growth rate. As a result of this growth, the unemployment rate materialized at 9,8 %. Turkey's export was 135 billion US \$ while the import reached 241 billion US \$. Also, the foreign trade deficit of the country was 106 billion US \$ while the current account deficit was 77,1 billion US \$. The current account deficit to GDP ratio swelled to 9,8 %. Increasing current account deficit caused by high foreign trade deficit constitutes the weakest point of Turkish economy. When compared with the previous year's figures, foreign direct investments rose by 74 % in 2011, and reached to 15,7 billion US \$. And the budget deficit in the same year was realized as 17,4 billion TL, which is much lower than expected. The budget deficit to GNP ratio fell to 1,5 %, which is way too low when compared to ratio in the developed countries. Lastly, the inflation rate rose to 10,45 % in 2011, which is considerably higher than the inflation rate in 2010.

It is estimated that the growth rate for global economy will be 2,5 %, and approximately 3-4 % for Turkey in 2012.

The construction sector has always been one of the driving forces of the economy with the added value it creates, its high employment potential, and the variety of sectors it affects. In 2011, the construction sector grew more rapidly than the economy in general. The most important indicator proving this fact is the 19,1 % increase observed in occupancy permits in the first half of 2011. Interest rates of housing loans increased significantly in the second half of the year. Therefore, the significant increase has the potential of bringing a serious stock problem to the agenda.□

The proposed bills regarding urban transformation and the cancellation of rule of reciprocity in real estate sales to foreigners are expected to go into effect in the first quarter of 2012. We have to watch closely how this will affect depletion of surplus supply.

As construction activities of our housing project were completed, the sales of the mansions went on in 2011, and our rent incomes increased with the addition of new real estate to the company's portfolio. Following the economic indicators closely, our company will continue carrying out new projects at the right time and with high quality.

We would like to present our thanks to all esteemed shareholders and all our personnel working in the different echelons of the company who have supported us in our endeavors.□

With best regards to your esteemed committee.

Board of Directors



BOARD OF DIRECTORS AND AUDITORS

<u>Board of Directors</u>	<u>Duty</u>	<u>Commencement Date of Duty</u>	<u>Expiry Date of Duty</u>
Mustafa Filiz	Chairman	28.03.2011	14.05.2012
Ahmet Önder Kazazoğlu	Vice Chairman	28.03.2011	14.05.2012
Mehmet Alper Kaptanoğlu	Director	28.03.2011	14.05.2012
Mehmet Ahkemoğlu	Director	28.03.2011	14.05.2012
Hilmi Önder Şahin	Director	28.03.2011	14.05.2012
Sarper Volkan Özten	Director (independent)	28.03.2011	14.05.2012
İzzet Cemal Kışmir	Director (independent)	28.03.2011	14.05.2012

Board of Auditors

Ümit Nuri Yıldız	28.03.2011	14.05.2012
Aykut Baycan	28.03.2011	14.05.2012
Erol Uçmazbaş	28.03.2011	14.05.2012

Independent Auditor

Denet Bağımsız Denetim Yeminli Mali Müşavirlik A.Ş.
(Member, BDO International Network)

Authorisation Limit of Board Members and Statutory Auditors

The Chairman and Directors are having the power and responsibility in accordance with the Turkish Commercial Legislations and Company's Articles of Association. Member of the Board of Directors do not have any executive duties in the company. Powers and responsibilities of Statutory Auditors are set forth in the 16th and 17th articles of the Company's Articles of Association.



AGENDA OF THE ANNUAL GENERAL ASSEMBLY MEETING OF MAY 14, 2012

1. □ Moment of silence.
2. □ Deliberations and decision on the election of the Presiding Committee.
3. □ Deliberations and decision to authorize the Presiding Committee to sign the minutes □ of the General Assembly Meeting.
4. □ a) □ Reading of the Annual Report of the Board of Directors of 2011 and Balance Sheet □ and Income Statement of 2011. □
b) □ Reading of the Statutory Auditors' Report. □
c) □ Reading of the Independent Auditors' Report. □
d) □ Approval of the Balance Sheet and Income Statement of 2011. □
e) □ Deliberations and decision to acquit the Members of the Board of Directors and the □ Statutory Auditors for the results of the Company in 2011.
5. □ Reading and discussion of the letters of permission received from the Capital Market □ Board and the Directorate-General of Domestic Trade of the Customs and Commerce □ Ministry regarding the inclusion of article 37, the amendments to the articles 6., 7., 11. □ and 29. of the articles of association of the company and of the old and new forms of □ the said articles and passing of a resolution for adoption of the same. □
6. □ Presentation of information regarding the remuneration principles for members of the □ Board and top executives.
7. □ Deliberations and decision on the proposal of the Board of Directors for the profit □ distribution for the year 2011.
8. □ Deliberations and decision on the election of the Board of Directors and determination □ of the salaries and terms of office of the members.
9. □ Deliberations and decision on the election of the Statutory Auditors and determination □ of the salaries and terms of office of the members.
10. □ Deliberations and decision concerning the signing of a contract for the auditing of the □ company's accounts by an independent auditing company selected by the Board of □ Directors in accordance with the Capital Market Regulations and approval of the draft □ of the contract.

Board of Directors



ANNUAL REPORT OF THE BOARD OF DIRECTORS

Dear Shareholders,

We hereby present the Balance Sheet and Income Statement together with the other financial statements which reflect the results of our Company's activities in 2011 for your consideration and criticism.

- a) Our annual report covers the period between January 1, 2011 and December 31, 2011.
- b) The Members of the Board and the Statutory Auditors during 2011 and their terms in office are presented on page 4.
- c) The Board of Directors held 15 meetings during the term. All members of the Board actually participated in 14 meetings. One Board member was unable to participate in one of the meetings due to an excuse.

The financial statements showing the results of the activities of Alarko Gayrimenkul Yatırım Ortaklığı A.Ş. in 2011 have been audited independently by Denet Bağımsız Denetim Yeminli Mali Müşavirlik A.Ş. (Member, BDO International Network).

- d) The Company's registered capital ceiling in 2011 was TL 20.000.000.
- e) Our issued capital is TL 10.650.794 and our net profit for the period TL 31.229.378.
- f) The rate of participation to our Ordinary General Assembly Meeting held on March 28, 2011 was 57,19 %. The shareholders that hold more than 10 % of our capital are; Alarko Holding A.Ş. with 16,42 % of the shares and Alsim Alarko Sanayi Tesisleri ve Ticaret A.Ş. with 34,78 % of the shares.

During the last three-year operational periods, in 2008 a dividend of 94,00 % was paid in 2008 in the form of bonus shares. No dividend was paid in 2009. In 2010 a dividend of 12,62 % over issued capital was paid in cash.

The proposal for profit distribution for the year 2011 submitted by the Board of Directors to the approval of the General Assembly is at 15th page of the report. At the time this report was written, the nominal value of TL 1 of our share certificate registered with the İstanbul Stock Exchange, where their transaction is carried out, was TL 17,15.

- g) No donation was made to foundations and associations in 2011.
- h) Information concerning the ownership percentage in participation as of December 31, 2011, the dividends obtained in 2010 and 2011 are given in notes 4 and 19 to the Financial Statements.
- i) There are no lawsuits against our company as of 31 December 2011.
- j) The Statutory Auditors Board of our company was formed within its legal term. Members of the Statutory Auditors Board are Mustafa Filiz and Önder Kazazoğlu. The Board performs the duties determined by Capital Markets Board regulations. The Statutory Auditors Board met 5 times during 2011.
- k) Shareholders who control the management, members of the board of directors, top executives and their spouses and blood and in-law relatives up to and including second kin have not executed any transaction which may lead to conflict of interest with the Company or its affiliates.
- l) Footnote 28 contains information related to checking compliance with portfolio limitations.



GENERAL INFORMATION REGARDING OUR ACTIVITIES

The year 2011 was one in which efforts were made to deplete existing stocks. Companies involved in the construction sector preferred to act with extreme caution due to the increasing risks in the sustainability of public loans in Euro Zone, problems in the banking sectors of these countries, and the USA economic growth rate which came out lower than expected.

Construction of the Lake Mansions, the last phase of the Alkent Istanbul 2000 project in Büyükçekmece, has been completed and most of the mansions have been sold. The few remaining mansions are intended to be sold in 2012. The site management of this project has been organized and families have started to live on the site. The Lake Mansions Project has become a highly prestigious residential development with its social facilities center and outstanding landscape architecture. We are also continuing developing plans for our project on our estate in Maslak.

We have reinforced our real estate portfolio by purchasing the factory building on 13.503 square meter land in Eyüp Istanbul.

Fethiye Hillside Beach Club Holiday Village, stores at Alkent Etiler Shopping Center, then Alarko Business Center in Karaköy Necatibey Caddesi, the stores at Tepebaşı Alarko-Dim Business Center, and at the Alarko Business Center in Çankaya, Ankara are the highly prestigious real estate which we bought in the previous years and keep on getting rental income. We will go on reinforcing our real estate portfolio which provides us a stable source of income.

In 2011, our company increased its net asset value and profit considerably.

DATA ABOUT HUMAN RESOURCES

The average employee quantity on the 01.01.2011 - 31.12.2011 term is 7

As of 31.12.2011, the company has calculated TL 106.386 employment termination indemnities with full provision.

All employees are treated fairly and equally in terms of training and promotion opportunities, training plans and policies aiming at improving the knowledge, skills and experience of the employees are developed. The employees receive training regularly during the year.

Job descriptions are developed for every position. Performance and reward criteria are determined on a yearly basis and are then implemented upon agreement with the employees.

A safe working environment is provided to the personnel and it is improved continuously.



CHANGES IN THE LEGISLATION OF REAL ESTATE INVESTMENT PARTNERSHIPS

The important changes made in the Communiqué of Principles Regarding Real Estate Investment Partnerships with the Communiqué Serial: VI, No: 29 of the Capital Markets Board that went into effect following its publication in the Official Gazette of 28.07.2011 are summarized below.

The above Communiqué has ruled out the application consisting of informing the public about the portfolio reports in three month terms. The amendments will require real estate investment companies to disclose all relevant information regarding their portfolio in their financial statements in accordance with the CMB Communiqué Serial: XI, No: 29 on Principles Regarding Financial Reporting in Capital Markets. The implementation of the amendment will start as of the financial reports dated September 30, 2011.

The ratio of plots and land in the portfolio on which no action towards developing a project has been taken although five years have elapsed since their purchase is not to exceed 20% of the total active.

With the new regulation, the limitations on investments and other activities calculated on the basis of portfolio value in the portfolio statement are to be calculated on the basis of "Balance Sheet Total Assets" and information regarding the control of portfolio limitations is to be given in the annual report of the Board of Directors.

The term for compliance with portfolio limitations is until 31.12.2012.□

The Real Estate Investment Partnerships are being allowed to invest in capital market instruments without stipulating that it be based on real estate.

The limit regarding loans that Real Estate Investment Partnerships can use has been redetermined as five times the non-consolidated equity on the financial statements prepared at the end of term and announced to the public.

PROFIT DISTRIBUTION POLICY

The company has no shares bearing dividend concession. Profit distribution is carried out within the period set forth in applicable laws.

The profit to be distributed is determined in accordance with the new investments to be made and the liquidity situation.

If the capital Markets Board terminates profit distribution obligation in 2012 and the following years, decision concerning profit distribution will be determined taking into account the new investments to be made and the liquidity status.

AMENDMENTS MADE TO THE ARTICLES OF ASSOCIATION WITHIN THE TERM AND REASONS

There were no amendments made to the Articles of Association within the term.



FINANCIAL INDEXES

According to the independently audited financial statements prepared as of December 31, 2011

- a) Net Sales are TL 19.704.608. A total of TL 36.618 of this amount consists of land sales, TL 9.816.388 consists of villa sales, TL 9.851.602 consists of rent income.
- b) Net Profit for the Period is TL 31.229.378. As known, the profit of real estate investment trust companies is exempt from corporation tax.
- c) Total assets of the company increased by about 9 % from TL 215.872.769 at the end of 2010 to TL 234.803.141 at the end of 2011.
- As of 31.12.2011, the number of shares at par value of TL 1.00 is 10.650.794 and the current value per share is TL 22,05.
- According to the balance sheet of the company as at 31.12.2011, the current ratio is 29,08 and the liquidity ratio 22,97.
- d) Information regarding assets in our portfolio is summarized below :

i – Real Estates

Real Estates, Real Estate Projects, Chattel Real		Appraisal Date	Appraisal Value (TL)	
			VAT excluded	VAT Included
- Land in Büyükçekmece Eskice Village	Büyükçekmece / İstanbul, Land for the Real Estate project consisting of 63 villas on 1 parcel 239.466 m ² .	05.12.2011	3.615.000	4.265.700
- Land in Büyükçekmece Eskice Village	Büyükçekmece / İstanbul, 5 parcels, 819.272 m ² .	05.12.2011	8.770.000	10.348.600
- Villas in Büyükçekmece Eskice Village	Büyükçekmece Eskice Village, 1 social premises and 15 villas remaining from the 63 villa project built over an area of 239.466 m ² .	05.12.2011	16.596.459	19.583.822
- Maslak Land	Sarıyer / İstanbul, 2 parcels, in Maslak, on the Şişli-İstinye Büyükdere motorway 18.961,90 m ² .	12.12.2011	35.080.000	41.394.400
- İstanbul Şişhane Business Center	Beyoğlu / İstanbul, gross 730 m ² , 3 floors offices, 1 floor/entrance-store, with elevator, generator, air conditioning and floor heating.	12.12.2011	1.920.000	2.265.600
- İstanbul Karaköy Business Center	Karaköy / İstanbul, gross 1.730 m ² , single block, elevator, fuel-oil heating, 1/2 bought in 1997, 1/2 bought in 1999.	12.12.2011	1.730.000	2.041.400
- Ankara Çankaya Business Center	Çankaya / Ankara, gross 1.887 m ² , single block, 6 storeys, elevator, chiller air conditioning, natural gas heating.	09.12.2011	2.720.000	3.209.600



Real Estates, Real Estate Projects, Chattel Real		Appraisal Date	Appraisal Value (TL)	
			VAT excluded	VAT Included
-Fethiye Hillside Beach Club III Holiday Village	10.103 m ² , in Fethiye / Muğla, Parcel 1464 with 1. Class Holiday Village in Kaya Village, Kalemya Bay.	16.12.2011	5.825.000	6.873.500
-Fethiye Hillside Beach Club III Holiday Village (usufruct)	Fethiye / Muğla, 2 parcels, 84.750 m ² , usufruct for parcel 1542 in Kaya Village, Kalemya Bay.	16.12.2011	57.175.000	67.466.500
-Factory and land in Eyüp - Topçular	Eyüp / İstanbul, 15.675 m ² , facilities located in Topçular neighborhood. Door no. 8 , block 247, parcel 56.	16.12.2011	26.430.000	31.187.400
-39 shops in Etiler Alkent Housing Estate	39 shops in Etiler Alkent Shopping Center in Beşiktaş, İstanbul.	12.12.2011	7.935.000	9.363.300
TOTAL			167.796.459	197.999.822

ii – Money and Capital Market Instruments

Type	Total (TL)	Ratio (%)
Government Bonds and Bills	105.075.714	81,30
Foreign Currency Time Deposits	21.423.286	16,58
Share Certificates	1.824.665	1,41
Mutual Funds	853.452	0,66
Cheques	35.146	0,03
TL Time Deposit	32.235	0,02
TOTAL	129.244.498	100

iii – Participations

Type	Total (TL)	Ratio (%)
Participations	1.696	100

INFORMATION REGARDING PORTFOLIO ASSETS LEASED

Information Regarding Portfolio Assets Leased	Insurance Value (TL)	Rent Appraisal Date	Rent Appraisal Value (TL)	Monthly Rent (TL)	Leasee	Lease Start	Lease Term
- İstanbul Şişhane Business Center	450.000	12.12.2011	7.200	6.942	Altek Alarko Elektrik Sant. Tesis İşl.ve Tic. A.Ş.	30.06.2011	1 year
			5.700	5.399	4C Tüketim Malzemeleri İth. İhr. Ltd. Şti.	01.05.2011	1 year
- İstanbul Karaköy Business Center			2.480	3.077	Çırakoğlu Mim. Tas. ve Dan. Ltd.Şti.	01.10.2007	5 years
			1.540	2.135	Evo Bilgi Teknolojileri San. Tic. Ltd.Şti.	01.03.2011	1 year
			1.540	1.950	Kırcı Elektro Teknik San. ve Tic. Ltd. Şti.	14.01.2011	1 year
	650.000	12.12.2011	1.540	1.852	Züccacıyeciler Derneği İktisadi İşletmesi	01.11.2008	5 years
			600	800	Benim Ev ve Mutfak Eşyaları San. Tic. A.Ş.	01.11.2009	4 years
			6.100	9.000	Kırcı Elektro Teknik San. ve Tic. Ltd. Şti.	02.01.2011	1 year
Ankara Çankaya Business Center	1.000.000	09.12.2011	17.500	27.861	Alarko Carrier Sanayi ve Ticaret A.Ş. - Ankara Şb.	01.02.2011	1 year
- Factory in Eyüp - Topçular (1)	2.200.000	16.12.2011	45.520	37.778	Karyer Isı San. ve Tic. Ltd. Şti	01.07.2011	2,5 years
- 39 Shops in Etiler Alkent Shopping Center	1.913.000	12.12.2011	65.860	96.868			
1	122.926	12.12.2011	4.400	5.883	Migros Ticaret A.Ş.	01.02.2010	10 years
2	263.478	12.12.2011	9.420	12.609	Migros Ticaret A.Ş.	01.02.2010	10 years
3	73.291	12.12.2011	2.620	3.508	Migros Ticaret A.Ş.	01.02.2010	10 years
4	25.049	12.12.2011	520	861	Kırkyıl Kahve Fırat Şerif Hatipoğlu ve Ortağı	01.01.2012	1 year
5	56.128	12.12.2011	1.830	2.500	Niüfer Şengül	01.12.2011	1 year
6	41.284	12.12.2011	1.350	-	Not rented as of 31.12.2011	-	-
7	41.284	12.12.2011	1.350	1.750	Doruk Uumlu Mam.San. ve Perakende Hizm. A.Ş.	01.10.2011	5 years
8	41.284	12.12.2011	1.350	1.750	Doruk Uumlu Mam. San. ve Perakende Hizm. A.Ş.	01.10.2011	5 years
9	41.284	12.12.2011	1.350	4.371	Aycin Eczanesi	01.06.2011	1 year
10	15.772	12.12.2011	571	1.885	Oniks Gıda Pazarlama Tic. Ltd. Şti.	01.08.2011	1 year
	31.079	12.12.2011	1.119	1.715	İSS Tesis Yönetim Hizmet A.Ş.	01.05.2011	1 year
11	32.471	12.12.2011	1.164	1.791	İSS Tesis Yönetim Hizmet A.Ş.	01.05.2011	1 year
	14.844	12.12.2011	536	1.774	Oniks Gıda Pazarlama Tic. Ltd. Şti.	01.08.2011	1 year





Information Regarding Portfolio Assets Leased	Insurance Value (TL)	Rent Appraisal Date	Rent Appraisal Value (TL)	Monthly Rent (TL)	Leasee	Leasee Start	Leasee Term
12	31.079	12.12.2011	1.170	-	Not rented as of 31.12.2011	-	-
13	63.086	12.12.2011	2.260	-	Not rented as of 31.12.2011	-	-
14	15.772	12.12.2011	760	-	Not rented as of 31.12.2011	-	-
15	31.079	12.12.2011	1.010	1.519	Erhan Yılmaz	01.03.2011	1 year
16	15.772	12.12.2011	510	542	Kırkyl Kahve Fırat Şerif Hatipoğlu ve Ortağı	01.01.2012	1 year
17	15.772	12.12.2011	520	1.500	Tanjerine Rek. Org. Dan. Tek. ve Gıda Tic. Ltd. Şti.	01.08.2011	1 year
18	75.611	12.12.2011	1.720	2.598	Kırkyl Kahve Fırat Şerif Hatipoğlu ve Ortağı	01.01.2012	1 year
19	7.886	12.12.2011	280	1.168	Nur Ünal	01.09.2011	1 year
20	15.772	12.12.2011	568	1.349	Tülin Özdemir	01.07.2011	1 year
21	7.886	12.12.2011	280	1.400	Ebru İsmihan Kocubaş	01.09.2011	1 year
22	15.772	12.12.2011	563	451	Berrin - Bünyamin Özgültekin	01.10.2011	1 year
23	31.543	12.12.2011	1.030	1.826	Emor Emlak Kırtasiye Tic. Ltd. Şti.	01.02.2011	1 year
24	31.543	12.12.2011	1.030	1.583	STR Film Yapımcılığı Eğitim Turizm Ltd. Şti.	01.04.2011	1 year
25	31.543	12.12.2011	1.030	1.490	E-Lab Sağlık Hizmetleri A.Ş.	01.07.2011	1 year
26	31.543	12.12.2011	1.030	1.490	E-Lab Sağlık Hizmetleri A.Ş.	01.07.2011	1 year
27	63.086	12.12.2011	2.150	4.216	Akbank A.Ş.	01.04.2009	5 years
28	15.772	12.12.2011	1.530	907	Gülşay Egemen	01.07.2011	1 year
29	47.315	12.12.2011	510	2.915	Gülşay Egemen	01.11.2011	1 year
30	25.977	12.12.2011	960	1.000	STR Film Yapımcılığı Eğitim Turizm Ltd. Şti.	01.11.2011	1 year
31	31.543	12.12.2011	1.190	1.738	STR Film Yapımcılığı Eğitim Turizm Ltd. Şti.	01.03.2011	1 year
32	25.977	12.12.2011	960	1.432	STR Film Yapımcılığı Eğitim Turizm Ltd. Şti.	01.03.2011	1 year
33	31.543	12.12.2011	1.190	1.735	Duru Otomotiv Turizm Tic. Ltd. Şti.	01.04.2011	1 year
34	31.543	12.12.2011	920	902	Berrin - Bünyamin Özgültekin	01.10.2011	1 year
35	31.543	12.12.2011	920	902	Berrin - Bünyamin Özgültekin	01.10.2011	1 year

Information Regarding Portfolio Assets Leased	Insurance Value (TL)	Rent Appraisal Date	Rent Appraisal Value (TL)	Monthly Rent (TL)	Leasee	Leasee Start	Leasee Term
	F3-12	12.12.2011	460	1.226	Santeks Saner Tekst. Tic. Ltd. Şti.	01.03.2011	1 year
	30	12.12.2011	610	1.002	Gülşay Egemen	01.08.2011	1 year
	F4-01A	12.12.2011	589	1.115	Osman Güllü	01.10.2011	1 year
	31	12.12.2011	585	1.247	Emor Emlak Org. San. Tic. Ltd. Şti.	01.06.2011	1 year
	F4-02A	12.12.2011	605	670	Tatlı Rüyalar Gıda ve Dan. San. Tic. Ltd. Şti.	01.04.2011	2 year
	32	12.12.2011	1.040	1.611	Bambino Oyuncak San. Tic. Ltd. Şti.	01.11.2011	1 year
	33	12.12.2011	760	1.383	Hülya Çanga	01.07.2011	1 year
	34	12.12.2011	760	1.485	Candostlar Kuaför Güzellik Salon İş. Ltd. Şti.	01.06.2011	1 year
	35	12.12.2011	1.170	2.926	Candostlar Kuaför Güzellik Salon İş. Ltd. Şti.	01.06.2011	1 year
	36	12.12.2011	1.210	1.545	Akip Gıda San. Tic. A.Ş.	01.09.2011	1 year
	37	12.12.2011	2.190	3.047	Akip Gıda San. Tic. A.Ş.	01.09.2011	1 year
	38	12.12.2011	1.195	3.145	Candostlar Kuaför Güzellik Salon İş. Ltd. Şti.	01.06.2011	1 year
	F4-09	12.12.2011	1.485	1.722	Tatlı Rüyalar Gıda ve Dan. San. Tic. Ltd. Şti.	01.04.2011	1 year
	39	12.12.2011	1.530	1.684	Tatlı Rüyalar Gıda ve Dan. San. Tic. Ltd. Şti.	01.04.2011	1 year
- Fethiye Hillside Beach Club Holiday Village (2)	31.870.000	12.12.2011	6.200.000	7.518.897	Attaş Alarko Turistik Tesisler A.Ş.		
				7.428.897	Attaş Alarko Turistik Tesisler A.Ş.	21.04.2004	limited
				90.000	Topal İnş. Kuyumculuk San. Tic. İhr. ve İth. Ltd. Şti.	20.04.2011	1 Season

Footnotes:

(1) The lease held by Karyer Isı San. ve Tic. Ltd. Şti. who is the current tenant of the acquired property since 2003 will expiry on 31.12.2013. 11.368 m² part of the indoor space of total 15.675 m² has been let lease for USD 20.000 + VAT per month. Expenses of alteration, maintenance and repair of all buildings will be borne by the tenant throughout the term of the lease.

(2) The main operator of Hillside Beach Club Holiday Resort in Fethiye is Attaş Alarko Turistik Tesisler A.Ş. According to the operation contract, the annual rent income is minimum USD 2.585.000. This rent includes 2 shops within the Holiday Resort. Pursuant to the operation contract, the rent income from the said shops belongs to the operator. Leasing is done by our company and the rent earned from these shops is deducted from the main rent income of USD 2.585.000. Value appraisal report covers the entire facility, including these shops. Hillside Beach Club Holiday Resort in Fethiye has been rented for Turkish lira equivalent of US Dollar. Turkish lira value of the rent changes according to the change in the exchange rate. In addition to the annual fixed rent of USD 2.585.000, if the amount of land allocation fee paid in TL to the Ministry of Forestry for the facility, the rent for land paid in TL at 2% of the operation income, and the annual gross operation profit of the operator exceed USD 3.500.000, 50% of the sum in excess is added to the annual rent.





STATUTORY AUDITORS' REPORT TO THE ANNUAL GENERAL ASSEMBLY OF ALARKO GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

THE COMPANY

- **NAME** : ALARKO GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
- **HEAD OFFICE** : Muallim Naci Cad. No: 69 34347 Ortaköy – Istanbul / TURKEY
- **CAPITAL** : REGISTERED TL 20.000.000.
ISSUED : TL 10.650.794.
- **SCOPE OF ACTIVITY** : As described in the Articles of Association.

NAMES, TERMS OF OFFICE AND COMPANY SHAREHOLDER / EMPLOYEE STATUS OF THE STATUTORY AUDITORS :

1. ÜMIT NURI YILDIZ (Term of office: 28.03.2011 – 14.05.2012. He is not a shareholder or a personnel of the Company.)
2. AYKUT BAYCAN (Term of office: 28.03.2011 – 14.05.2012. He is not a shareholder or a personnel of the Company.)
3. EROL UÇMAZBAŞ (Term of office: 28.03.2011 – 14.05.2012. He is not a shareholder or a personnel of the Company.)

NUMBER OF BOARD OF DIRECTORS MEETINGS ATTENDED AND BOARD OF STATUTORY AUDITORS MEETINGS HELD :

The number of Board of Directors Meetings attended was three. The number of Board of Statutory Auditors Meetings held was two.

SCOPE OF EXAMINATION PERFORMED ON COMPANY ACCOUNTS, BOOKS AND DOCUMENTS, DATES OF EXAMINATION, CONCLUSION REACHED :

The Company's legal books of accounts and documents were inspected twice for compliance with the provisions of the Turkish Commercial Code, of laws and regulations, of the Company's Article of Incorporation and of General Assembly and Board of Directors regulations. The first inspection was performed on July 21-22, 2011 for the first six months of the year, and the second on January 26-27, 2012 for the second six months. The results of the both inspections were satisfactory.

NUMBER OF COUNTS MADE AT THE COMPANY'S CASH OFFICE AS REQUIRED BY ARTICLE 353 PARAGRAPH 1, SUBPARAGRAPH 3 OF THE TURKISH COMMERCIAL CODE AND THE CONCLUSION REACHED :

The Company's cash office was inspected and counted four times.

DATES OF INSPECTION PERFORMED AS REQUIRED BY ARTICLE 353, PARAGRAPH 1, SUBPARAGRAPH 4 OF THE TURKISH COMMERCIAL CODE AND THE CONCLUSION REACHED :

The Company's records were checked every month to see whether the instruments referred to in Article 353/I-4 of the Turkish Commercial Code were present. The instruments were found to be in accordance with the records.

COMPLAINTS AND IRREGULARITIES REFERRED TO THE STATUTORY AUDITORS AND ACTION TAKEN CONCERNING THEM :

No complaints or irregularities were referred to the statutory auditors since March 28, 2011, the date we assumed our duty.

We have examined the accounts and transactions of Alarko Gayrimenkul Yatırım Ortaklığı Anonim Şirketi for the period of January 1, 2011 to December 31, 2011, according to the requirements of the Turkish Commercial Code, the Company's Articles of Association, and other laws and regulations as well as of generally accepted accounting principles and standards. It is our opinion that the attached Statement of Financial Position issued as of December 31, 2011, the contents of which we approve, realistically and accurately reflects the financial standing of the Company on that date; that the Statement of Comprehensive Income for the period of January 1, 2011 to December 31, 2011 similarly reflects the results of its activities for the same period and that the proposal for profit distribution is in compliance with laws and the Company's Articles of Association.

We recommend a vote for the approval of the Statement of Financial Position and the Statement of Comprehensive Income and for the acquittal of the Board of Directors of their fiduciary responsibilities.

BOARD OF AUDITORS

Ümit Nuri YILDIZ

Aykut BAYCAN

Erol UÇMAZBAŞ



PROPOSAL FOR PROFIT DISTRIBUTION

Pursuant to the Capital Market Legislation, the Company's Articles of Association and other applicable laws, TL 30.735.131 is the amount representing the distributable profit to remain after setting aside TL 494.247 as first order legal reserves from TL 31.229.378 representing the profit for the year 2011 as in the financial statements for the period presented to the General Assembly.

We propose ;

- To assess TL 6.147.026 corresponding to 20 % of net distributable profit as first dividend and to distribute TL 3.089.547 of this first dividend to shareholders and the remaining sum to be added to extraordinary reserves,
- To set aside TL 255.701 out of the profit to be distributed as second order legal reserve,
- To transfer the remaining sum to extraordinary reserves,
- To start profit distribution as of 31st May 2012.

Board of Directors

According to this and in accordance with the Capital Market Legislation, the Articles of the Association and other relevant laws, profit distribution is as follows :

- Profit for the Period	TL 31.229.378
- First Order Legal Reserves	TL 494.247
- Net Distributable Profit for the Period	TL 30.735.131
- Dividends to Shareholders (cash)	TL 3.089.547
- Second Order Legal Reserves	TL 255.701
- Balance to be Transferred to Extraordinary Reserves	TL 27.389.883
- Ratio of Dividends to Total Issued Capital	29 %
- Ratio of Dividend to be Distributed to the Net Distributable Profit	10,05 %



REPORT ON COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

1. Statement of Compliance with Corporate Governance Principles

Our Company takes due care for implementation of the rules mentioned in Corporate Governance Principles published by the Capital Markets Board. Explanations on this issue are here below.

PART I - SHAREHOLDERS

2. Unit in Charge of Relations with Shareholders

The duties of the unit in charge of relations with the shareholders are carried out by the manager of the Relations with Shareholder's Unit form within the company.

Fatma Acar is the manager of Relations with Shareholder's.

For communication:

Phone: +90 212 310 33 00 - 227 52 00 pbx

Fax : +90 212 261 84 31

E-mail: fatma.acar@alarko.com.tr

The general assembly meeting of the Company was held, documents to be referred by the shareholders at the meeting were prepared and outcomes of the meeting were informed to Istanbul Stock Exchange and Capital Markets Board for publishing. Questions of about 30 investors have been answered during the year.

3. Exercise of Right to Obtain Information by the Shareholders

Questions of the shareholders commonly relate to investments, turnover, capital increase and dividend payments of the Company. Some 30 questions were asked within the year. Questions and answers given were communicated to the Board of Directors.

The Company's articles of association contain no provision regarding appointment of an independent auditor. No request was made during the year for appointment of an independent auditor.

4. Information About General Assembly

Ordinary annual general assembly meeting of the company was held with a quorum of 57,19 %. The meeting was attended by representatives of the media.

Invitation to the meeting was made by way of public announcement and the Istanbul Stock Exchange was duly notified.

The activity report, auditor's report, financial statements, articles of association, meeting agenda and profit distribution proposal by the Board of Directors were presented to the shareholders at the company's headquarters prior to the general assembly meeting. The Istanbul Stock Exchange and Capital Markets Board were notified of the profit distribution proposal prior to the general assembly meeting. At the general assembly meetings, the shareholders exercise their right to ask questions and such questions are duly answered. No proposal was made other than by the major shareholders.

The Company's articles of association contain no provision regarding vesting the authority for making decisions on splitting, sale, purchasing and letting of assets in the general assembly.

Minutes of general assembly meetings are maintained at the Company's headquarters open to the shareholders for review.



5. **Voting Rights and Minority Rights**

Voting rights bear no concession. Minority shares are not represented at the governance.
No cumulative voting is applicable.

6. **Policy and Time of Profit Distribution**

The company has no shares bearing dividend concession. Profit distribution is carried out within the period set forth in applicable laws.

The profit to be distributed is determined in accordance with the new investments to be made and the liquidity situation.

If the capital Markets Board terminates profit distribution obligation in 2012 and the following years, decision concerning profit distribution will be determined taking into account the new investments to be made and the liquidity status.

7. **Transfer of Shares**

Articles of Association of the Company contains no provision restricting transfer of shares.

PART II - PUBLIC INFORMATION AND TRANSPARENCY

8. **Company's Informing Policy**

Below you will find our company's Informing Policy developed within the scope of the Corporate Governance Principles and in Article 43 of the Capital Markets Board's communiqué Series VI, No.11 "Principles Concerning Real Estate Investment Companies".

1. **Main Framework of our Informing Policy**

Our Public Information and Clarification Policy has been developed based on the principles explained in our Corporate Governance Principles Report and our company's rules of ethics. Our Informing Policy is based on principals of transparency and our shareholders and stakeholders are informed fairly, equally and correctly. All technical infrastructure necessary for the information to reach the public, shareholders, stakeholders and other interested parties is ready.

2. **Scope of Information to be Presented to the Public**

Information will be given on subjects and in the way determined by communiqué Series IV, No. 1 "Principles to be Observed by Corporations Amenable to the Capital Markets Law", communiqué Series VI, No.11 "Principles Concerning Real Estate Investment Companies", communiqué Series VIII, No.54 "Principles Concerning Informing the Public About Special Cases"

3. **Ways to Inform the Public**

The necessary Special Case Declaration is made if there are developments important enough to be made public during the year.

In addition to informing the Istanbul Stock Exchange and Capital Markets Board, the manner in which Special Case Declarations made within the scope of the Capital Markets Board communiqués mentioned above are made public is given below.



a. Web Page:

- i. All information concerning our company is given in detail in our web page www.alarkoyatirim.com.tr
- ii. Information on our real estate portfolio is given in our portfolio table as well in the “General Information on our Portfolio” link with photographs attached.
- iii. The list showing the information included in our web page is given in Part II article 10 of the “Report on Compliance with Corporate Governance Principles”.
- iv. The continuous information form can be found in the links section of our web page.
- v. Changes excluding information made public periodically is updated weekly.

b. Annual Report

Our annual reports are prepared in Turkish and English and are offered to the inspection of investors at our company headquarters and web page 21 days prior to the General Assembly. If they so wish, the Report is sent to those who cannot come to headquarters electronically or by mail.

c. Press Bulletins

Information offered to the public in the form of press bulletins are prepared by Investors Relations Department of the company and is distributed in accordance with the informing policy principles.

d. Interviews and Press Conferences

- i. Following the Annual Ordinary General Assembly information regarding the year and expectations for the coming year are made public by the General Manager through the printed and visual media.
- ii. Declarations through interviews and press conferences are made by the Investors Relations Department. The interview must be in the form of a written text approved by us.
- iii. Media meetings are held when necessary to give information on projects started by the company, continuing projects, long and short term strategies and other similar issues.
- iv. The meeting agenda and summary in the form of a press bulletin is distributed before the meeting.
- v. All the press is treated equally on the issue of invitation to interviews or press conferences.

e. Informing Investors and Brokerage House Analysts

- i. In such requests, a meeting time is set and information is given at this meeting.
- ii. If a meeting is requested by a group, or if there is more than one meeting request, the meeting is set as a group.
- iii. Presentations to be made at the meetings are prepared by our company and also made available on the internet to everybody.



Requests Made by Telephone

- i. If information requested by telephone is available in our web page, the party/parties concerned are directed to the internet address.
- ii. If information requested is not available in our web page, information requests should be given by e-mail and are answered in the same way within one week. If the request is not made by e-mail, the answer is given in writing.

Staff Responsible of Executing the Informing Policy

The Relations with Shareholders' unit is in charge of everything concerning enlightening the public and answering questions directed to the company. Questions asked to the company during the year verbally or in writing are answered by this department and the Board of Directors is informed accordingly.

The staff in charge of implementing the Company's informing policy are;

1. Harun Hanne Moreno : General Manager
2. Ahmet Yüksel Varol : Assistant General Manager
3. Fatma Acar : Manager of Relations with Shareholder

9. Announcement of Special Cases

During the year 2011, announcements in connection with 17 special cases were made. No additional explanation was requested.

10. Company's Web page and Its Content

The web page of Alarko Gayrimenkul Yatırım Ortaklığı A.Ş. is: www.alarkoyatirim.com.tr

"Report on Compliance with Corporate Governance Principles of the Capital Markets Board" which contains a number of links for the following headings may accessed from the "Investor Relations" link of the web page.

Information provided in Corporate Governance Principles in effect, Part II, Article 1.11.5 as mentioned in Article 10 of this report is accessible via the following links.

LIST OF LINKS :

- 1) **Statement Of Compliance With Corporate Governance Principles**

PART I - SHAREHOLDERS

- 2) Shareholders Relations Department
- 3) Exercise of Right to Obtain Information by the Shareholders
- 4) Information About General Assembly
- 5) Voting and Minority Rights
- 6) Policy and Time of Profit Distribution
- 7) Transfer of Shares



PART II - PUBLIC INFORMATION AND TRANSPARENCY

- 8) Company's Informing Policy
- 9) Announcement of Special Cases
- 10) Company's Web page and Its Contents
 - Trade register information
 - Recent partnership and management structure
 - Detailed information on preference stocks
 - Current text of Company's Articles of Association including date and issue number of Trade Register Gazettes where amendments thereto are published
 - Announcement of special cases
 - Annual Reports
 - Periodical financial statements and reports
 - Portfolio table
 - Registration statements and public offering circulars
 - Agendas of General Assembly Meetings
 - Lists of Attendance and Minutes of General Assembly Meetings
 - Specimen form for voting by proxy
 - Specimen forms for compulsory information prepared in collection of share certificates or proxy by way of invitation
 - Minutes of Board Meetings where important decisions are taken which may effect the value of Capital Market Tools
 - Frequently asked questions (demands for information, questions and denunciations to the Company and their answers)
 - Continuous Information Form
 - Portfolio Data
 - Ratios According to the Total Portfolio Value
 - Members of the Board of Directors and General Manager
 - Purpose / Strategy of Investment
 - Articles of Association
 - Explanations
 - Financial Statements
 - Explanation of Special Cases
 - Real Estate Appraisal (Inspection) Reports
- 11) Announcement of Real Person Plenary Shareholder(s)
- 12) Publication of Insiders

PART III - OWNERS OF INTEREST

- 13) Informing the Stakeholders
- 14) Participation of Stakeholders in Management
- 15) Human Resources Policy
- 16) Information About Relations with Customers and Suppliers
- 17) Social Accountability



PART IV - BOARD OF DIRECTORS

- 18) Structure, Composition of Board of Directors and Independent Members of Board of Directors
- 19) Qualifications of members of the Board of Directors
- 20) Mission, Vision and Strategic Objectives of the Company
- 21) Risk Management and Internal Audit Mechanism
- 22) Powers and Responsibilities of Board Members and Managers
- 23) Operational Principles of Board of Directors
- 24) Restraint on Doing Business and Competition with the Company
- 25) Rules of Ethics
- 26) Number, Composition and Independence of Board of Director's sub-committees
- 27) Financial Rights Granted to Board of Directors

11. Announcement of Real Person Plenary Shareholder(s)

Real person plenary shareholders of the Company are announced by the Company upon request.

12. Announcement of Insiders

List of insiders has been announced to public firstly in the annual report of 2004, and the names of insiders are as follows at the end of year 2011.

- Ayhan Yavrucu
- Mustafa Filiz
- Ümit Nuri Yıldız
- Mehmet Ahkemoğlu
- Ahmet Önder Kazazoğlu
- Mehmet Alper Kaptanoğlu
- Hilmi Önder Şahin
- Harun Hanne Moreno
- Sarper Volkan Özten
- İzzet Cemal Kışmir
- Aykut Baycan
- Erol Uçmazbaş
- Necati Akgün
- Ömer Çelik
- Ahmet Yüksel Varol
- Aysel Yürür
- Fatma Acar

PART III - OWNERS OF INTEREST

13. Informing Owners of Interest

Owners of interest of the Company are regularly informed on matters of interest to them.

Employees of the Company are informed through annual meetings regularly held. In addition, developments within the Company are announced on a continuous basis through our web page, e-bulletins, technical publications and books.



14. Participation of Owners of Interest in Management

No particular model has been developed regarding participation of stakeholders in the Company's management.

Rights of stakeholders are protected by virtue of applicable legislation.

15. Human Resources Policy

Human resources policy of the company is defined in the manual "Our Policy" issued annually and announced to the employees in annual meetings.

Recruitment criteria, which should be strictly complied with by the staff in charge of recruitment, are defined in writing.

The physiological, psychological and intellectual characteristics required by each job are taken into consideration in the recruitment process. These characteristics are measured and evaluated by a written test. Following the initial evaluation by the human resources department, the candidate is interviewed by the manager of the particular unit to employ him/her.

All employees are treated fairly and equally in terms of training and promotion opportunities, training plans and policies aiming at improving the knowledge, skills and experience of the employees are developed. The employees receive training regularly during the year.

Job descriptions are developed for every position. Performance and reward criteria are determined on a yearly basis and are then implemented upon agreement with the employees.

The performance and evaluation system used in measuring and evaluating individual performance is taken into account at wage and career planning.

On the other hand, a certain number of personnel are granted "Golden Badge" as a reward of their outstanding performance. And employees winning the "Invention Prize" competition are also awarded. Thus, the creative personnel are motivated.

A safe working environment is provided to the personnel and it is improved continuously.

16. Information on Relations with Customers and Suppliers

Our company works as customer focused and measures and evaluates the level of customer satisfaction on a regular basis. Questions asked to our post-sales services department are answered within 48 hours at most.

17. Social Accountability

Social contributions are made through the GYO (Real Estate Investment) Association and the Education Foundation founded by the Group of Companies being the major shareholder.

There is no litigation or warning filed against our Company either during the current year or in the past for damages on the environment.



PART IV - BOARD OF DIRECTORS

18. Structure, Composition and Independent Members of Board of Directors

Board of Directors

Mustafa Filiz	Chairman
Ahmet Önder Kazazođlu	Vice Chairman
Mehmet Alper Kaptanođlu	Director
Mehmet Ahkemođlu	Director
Hilmi Önder Şahin	Director
Sarper Volkan Özten	Director (independent)
İzzet Cemal Kışmir	Director (independent)

Members of the Board of Directors don't have any executive function in the Company.

General Manager

Harun Hanne Moreno

There are 2 independent members at the Board of Directors.

Board members are in no way restricted in assuming positions in other organizations or entities other than the company.

19. Qualifications of Board Members

Minimum qualifications required in election of Board members comply with the Corporate Governance Principles of Capital Markets Board. Articles of Association of the Company contains no such principles as due care is taken in the election of Board members in accordance with the said principles.

20. Mission, Vision and Strategic Objectives of the Company

Our trust is the first real estate investment trust established in Turkey and publicly held by 49 % with the objective of experience and knowledge of the Alarko Group of Companies in the land development sector more efficiently.

The main purpose of our land development projects dating back 37 years is to provide people construction that;

- Have perfectly designed infrastructures,
- Meet all requirements of contemporary life-style,
- Integrate and preserve all particulars of the natural environment,
- Maintain the character of being a profitable investment.

At the same time, our publicly held Investment Trust offers the opportunity of investing in securities which are of similar risk character but more liquid instruments instead of investing directly in such residences.



21. Risk Management and Internal Audit Mechanism

A risk governance and internal Audit mechanism is set by the Board of Directors. Managerial risks are reviewed periodically by the Auditing Committee constituted by the Board members. The Committee has decided to establish, audit and update an internal control mechanism and this duty is assigned to an Auditing Group. The Auditing Group inspects the internal control mechanism regularly through the approved annual audit plans and communicates its opinions and findings to top management.

Furthermore, the established Auditing Committee reviews related matters and advises the Board of Directors accordingly. The Committee and the Board determine the measures to be taken and instruct the company's managers through the General Manager.

22. Powers and Responsibilities of Board Members and Managers

Powers and responsibilities of Board members and managers are set forth in the company's articles of association.

23. Operational Principles of Board of Directors

The Board of Directors held 15 meeting during the term. The agenda is determined by the Chairman of the Board. All members of the Board actually participated in 14 meetings. One member of the Board did not participate in a meeting due to an excuse.

Board decisions are taken unanimously. No weighed voting right is granted to the Board members.

24. No Business or Competition with the Company

Board members are banned to do business or compete with the company within the year.

25. Rules of Ethics

Rules of ethics approved by the Company's Board of Directors, agreed by all Alarko Gayrimenkul Yatırım Ortaklığı A.Ş. personnel and managers and defined in the Alarko Group of Companies Philosophy are summarized here below.

These rules are integrated to the policies, objectives, procedures and principles of Alarko.

- Act honestly in all business activities towards the government, clients, shareholders, personnel, partners and sub- and By- industries,
- Protect the environment and maintain the inter-company social balance,
- Orient the customers without forcing and give priority to their needs,
- Maintain high-quality; try to supply the best at the lowest price even when the customers are satisfied and contented with what is given already,
- Achieve the profits deserved by the shareholders under the current conditions,
- Give priority to teamwork as a corporation performing systematically on the basis of pre-defined procedures; share profit, loss and success and failure.



Our policies are shaped by this philosophy. And this philosophy is affixed at easily visible points in various units of our Company. In addition, all employees are informed through annual Policy Meetings and “Our Policy” book published. Our existing and newly recruited personnel are trained on this philosophy and related rules regularly.

Our philosophy including the rules of ethics is accessible via the intranet and our web page www.alarkoyatirim.com.tr

All Alarko Gayrimenkul Yatırım Ortaklığı A.Ş. personnel are obliged to act in compliance with these rules.

Rules of ethics are followed-up by the superiors of all employees in the hierarchical order.

The management must be immediately notified of any act or behavior contrary to the rules of ethics.

Any infraction of rules noticed, notified or suspected by the Board of Auditors, General Manager or other managers are reviewed by the Board of Directors or instructed to be reviewed by the Board of Auditors to ensure compliance therewith.

Disciplinary sanctions are applied to doers of actually proven infractions by the General Manager authorized by the Board of Directors.

26. Number, Composition and Independence of Board of Directors' Sub-Committees

The Auditing Committee is established within the legal term and performs the duties set forth in the communiqué of Capital Markets Board. This committee is constituted by Mustafa Filiz and Ahmet Önder Kazazoğlu.

27. Financial Rights Granted to the Board of Directors

No right or interests are granted to the Board members including remuneration as per the decision of general assembly.

No money is lent to the Company’s Board Members or Managers including credit utilization or suretyship.



INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders Alarko Gayrimenkul Yatırım Ortaklığı A.Ş.

We have audited the accompanying financial statements of Alarko Gayrimenkul Yatırım Ortaklığı A.Ş. (the Company) which comprise the statement of financial position as at 31 December 2011, and the statements of comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Turkish Accounting / Financial Reporting Standards (TAS / TFRS) which are issued by the Turkish Accounting Standards Board (TASB) and which are similar to the International Accounting / Financial Reporting Standards (IAS / IFRS). This responsibility includes: designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the independent auditing standards issued by the Capital Markets Board. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

Our independent audit involves the application of independent auditing techniques to obtain audit evidence about the amounts and disclosures in the financial statements. The selection of the independent auditing techniques including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error, is made by our professional judgment. In making those risk assessments; the internal control system of the entity is taken into consideration. However, this is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control but for displaying the relationship between the financial statements and the internal control system prepared by the entity in order to design audit procedures that are appropriate in the circumstances. Our audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

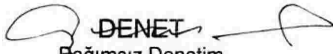
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Alarko Gayrimenkul Yatırım Ortaklığı A.Ş. as of 31 December 2011, and of its financial performance and its cash flows for the year then ended in accordance with the TAS/TFRS issued by the TASB.

İstanbul, 15 March 2012

DENET BAĞIMSIZ DENETİM
YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.
Member, BDO International Network


DENET
Bağımsız Denetim
Yeminli Mali Müşavirlik A.Ş.
Mehmet Maç
Partner in charge

**FINANCIAL STATEMENTS AUDITED
BY INDEPENDENT AUDITORS**



ALARKO GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AUDITED STATEMENTS OF FINANCIAL POSITION
AS OF 31 DECEMBER 2011 AND 31 DECEMBER 2010 (TL)

ASSETS	Notes	Current Period 31 December 2011	Previous Period 31 December 2010
CURRENT ASSETS		173.617.653	91.867.310
Cash and Cash Equivalents	2,3	22.344.119	39.813.703
Financial Assets	2,4	105.075.714	—
Trade Receivables			
Trade Receivables	2,5	170.866	162.929
Trade Receivables From Related Parties	2,5	9.560.116	6.598.327
Inventories	2,7	36.069.907	44.571.872
Other Current Assets	2,13	396.931	720.479
NON-CURRENT ASSETS		61.185.488	124.005.459
Other Receivables	2,6	12.205	14.127
Financial Assets	2,4	1.826.361	88.632.600
Investment Properties (net)	2,8	59.307.337	35.349.140
Tangible Assets (net)	2,9	4.616	5.905
Intangible Assets (net)	2,10	34.969	3.687
TOTAL ASSETS		234.803.141	215.872.769

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



LIABILITIES	Notes	Current Period 31 December 2011	Previous Period 31 December 2010
SHORT-TERM LIABILITIES		5.971.033	16.929.186
Trade Payables			
Trade Payables	2,5	10.929	591.466
Trade Payables to Related Parties	2,5	4.678	1.173.125
Other Liabilities	2,6	9.856	14.435
Debt Provisions	2,11	805.506	771.714
Other Short Term Liabilities	13	5.140.064	14.378.446
LONG-TERM LIABILITIES		951.086	521.713
Other Payables	2,6	248.792	381.833
Provision For Termination Indemnity	2,12	106.386	107.652
Other Long Term Liabilities	13	595.908	32.228
EQUITY		227.881.022	198.421.870
Paid-in Capital	1,14	10.650.794	10.650.794
Capital Adjustment Differences	14	54.712.578	54.712.578
Value Increase Funds	14	563.210	988.966
Restricted Profit Reserves	14	1.837.887	1.460.770
Retained Earnings / (Accumulated Losses)	14	128.887.175	124.618.916
Net Profit / (Loss) for the Period	22	31.229.378	5.989.846
TOTAL LIABILITIES AND EQUITY		234.803.141	215.872.769



ALARKO GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 31 DECEMBER 2010 (TL)

	Note Reference	Current Period 01 January 2011 31 December 2011	Previous Period 01 January 2010 31 December 2010
CONTINUING OPERATIONS			
Sales Income	15	19.704.608	8.180.695
Cost of Sales (-)	15	(10.957.967)	(2.563.234)
GROSS PROFIT / (LOSS)		8.746.641	5.617.461
General Administration Expenses (-)	16,17	(3.161.114)	(2.264.109)
Other Operating Income	18	1.225.611	1.162.133
Other Operating Expenses (-)	18	(2.107.356)	(2.449.168)
OPERATING PROFIT / (LOSS)		4.703.782	2.066.317
Financial Income	19	29.025.977	10.279.559
Financial Expenses (-)	20	(2.500.381)	(6.356.030)
PROFIT / (LOSS) BEFORE TAX ON CONTINUING OPERATIONS		31.229.378	5.989.846
Tax Income / (Expense) for the Period	2,21	—	—
Deferred Tax Income / (Expense)	2,21	—	—
Tax Income / (Expense) on Continuing Operations		—	—
PROFIT / (LOSS) FOR THE PERIOD ON CONTINUING OPERATIONS		31.229.378	5.989.846
OTHER COMPREHENSIVE INCOME / (LOSS)			
Changes in Value Increase Fund of Financial Assets	14	(425.756)	(158.136)
TOTAL COMPREHENSIVE INCOME / (LOSS)		30.803.622	5.831.710
EARNINGS / (LOSS) PER SHARE FROM CONTINUING OPERATIONS	2,22	2,932	0,562

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

ALARKO GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 31 DECEMBER 2010 (TL)

	Notes	Paid-in Capital	Capital Adjustment Differences	Restricted Profit Reserves	Financial Assets Value Increase Fund	Retained Earnings / (Accumulated Losses)	Net Profit / (Loss) for the Period	Total
Balances as at 1 January, 2010		10,650,794	54,712,578	1,218,802	1,147,102	116,473,571	8,387,313	192,590,160
Transfer to Retained Earnings / (Accumulated Losses)	14	—	—	—	—	8,145,345	(8,145,345)	—
Other Comprehensive Income	14	—	—	—	(158,136)	—	—	(158,136)
Transfer to Restricted Profit Reserves	14	—	—	241,968	—	—	(241,968)	—
Dividends to be Added to the Share Capital	14	—	—	—	—	—	—	—
Net Profit For the Period	22	—	—	—	—	—	5,989,846	5,989,846
Balance as at 31 December 2010		10,650,794	54,712,578	1,460,770	988,966	124,618,916	5,989,846	198,421,870
Transfer to Retained Earnings / (Accumulated Losses)	14	—	—	—	—	4,268,259	(4,268,259)	—
Other Comprehensive Income	4,14	—	—	—	(425,756)	—	—	(425,756)
Transfer to Restricted Profit Reserves	14	—	—	377,117	—	—	(377,117)	—
Dividend paid in cash		—	—	—	—	—	(1,344,470)	(1,344,470)
Net Profit For the Period	22	—	—	—	—	—	31,229,378	31,229,378
Balance as at 31 December 2011		10,650,794	54,712,578	1,837,887	563,210	128,887,175	31,229,378	227,881,022

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





ALARKO GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AUDITED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED
31 DECEMBER 2011 AND 31 DECEMBER 2010 (TL)

	Note Reference	Current Period 01 January 2011 31 December 2011	Previous Period 01 January 2010 31 December 2010
A. CASH FLOWS FROM PRINCIPAL ACTIVITIES			
Net Profit Before Tax (+)		31.229.378	5.989.846
Adjustments :			
Termination Indemnity, net	12	(1.266)	(29.924)
Provision for Doubtful Receivables, net	5	(2.431)	129.512
Depreciation and amortisation (+)	8, 9, 10, 17	2.050.879	1.654.022
Rediscount Interest Expense (+)	20	1.192	699
Rediscount Interest Income (-)	19	(700)	(688)
Debt provisions	11	33.792	23.700
Operating Profit Before Working Capital Changes (+)		33.310.844	7.767.167
Increase (-) / Decrease (+) in Trade Receivables and Other Receivables	5, 6	(2.965.866)	703.395
Decrease (+) / Increase (-) in Inventories	7	8.501.965	(3.000.033)
Increase (-) / Decrease (+) in Other Current and Non - Current Assets	13	323.548	(34.395)
Increase (+) / Decrease (-) in Trade Payables and Other Debts	5, 6	(1.886.604)	297.333
Decrease (-) / Increase (+) in Other Liabilities	13	(8.674.700)	9.197.595
Net Cash Provided from Principal Activities		28.609.187	14.931.062
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of Tangible and Intangible Assets, net (-)	9,10	(39.070)	(420)
Acquisition of Investment Properties (-)	8	(26.000.000)	(1.206.219)
Increase in Financial Assets (-)	4	(18.695.231)	(1.657.694)
Net Cash (Used in) / Provided from Investing Activities		(44.734.301)	(2.864.333)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends Paid		(1.344.470)	—
Net Cash (used in) Provided from Financing Activities		(1.344.470)	—
Increase / (Decrease) in Cash and Cash Equivalents		(17.469.584)	12.066.729
Cash and Cash Equivalents at the Beginning of the Period	3	39.813.703	27.746.974
Cash and Cash Equivalents at the end of the Period	3	22.344.119	39.813.703

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2011 AND 31 DECEMBER 2010

1-ORGANIZATION AND PRINCIPAL ACTIVITIES

The name of Aletim Alarko Elektrik Tesisat ve İnşaat Malzemeleri Anonim Şirketi founded on 6 June 1978 whose main activity was to undertake the production and trading of all types of electrical, electronic, construction, and sanitary installation materials was changed into Alarko Gayrimenkul Yatırım Ortaklığı Anonim Şirketi (the Company) through the publication of Turkish Trade Register Gazette dated 6 August 1996 nr 4096. On 31 October 1996, the Company applied to the Capital Markets Board for the registration of share certificates to be issued due to share capital increase and has been registered by the Board through the certificate dated 13 December 1996 Nr GYO 1/1552 in line with the Capital Markets Law.

The Company operates as a real estate partnership in accordance with the statements and regulations of the Capital Markets Board. In this context, the Company invests in real estates, real estate projects, and capital market instruments. Accordingly, the Company applies the regulations and legislation of the Capital Markets Board for principal activities, investment portfolio policies and restrictions of management.

As of 31 December 2011 and 31 December 2010, the shareholding structure of the Company is as follows:

Shareholder	31 December 2011		31 December 2010	
	Shareholding (%)	Book Value (TL)	Shareholding (%)	Book Value (TL)
Alarko Holding A.Ş.	16,42	1.748,258	15,94	1.697.899
Alsim Alarko Sanayi Tesisleri ve Tic. A.Ş.	34,78	3.704.641	34,78	3.704.641
Public Offering	48,77	5.194.442	49,00	5.218.889
Other (*)	0,03	3.453	0,28	29.365
Total	100,00	10.650.794	100,00	10.650.794

*Represents total of shareholdings less than 10%.

As of 31 December 2011 and 31 December 2010, the difference arising from restatement of the nominal value of the share capital amounts to TL 54.712.578 (Note 14 (b)).

The address of the Company's Head Office is as follows: Muallim Naci Caddesi, No:69 P.K. 34347 Ortaköy – Beşiktaş/ İstanbul

The majority shares of the Company belong to Alsim Alarko Sanayi Tesisleri ve Ticaret A.Ş. and 49% of the Company shares is traded at the Istanbul Stock Exchange since 1996.

As of 31 December 2011 and 31 December 2010, the average number of personnel for the year is 7 and 7, respectively.



2-PRESENTATION OF FINANCIAL STATEMENTS

i) Basis of Presentation :

The Company maintains its books of account and prepares its statutory financial statements in accordance with the prevailing commercial and financial legislation. The accompanying financial statements are prepared in accordance with the Capital Markets Board (CMB) Communiqué Nr. XI / 29 “Communiqué Related to the Financial Reporting Principles at the Capital Markets”. This Communiqué has come into force starting with the first interim financial statements subsequent to 1 January 2008 and bears in its Article 5 the provision stating that the enterprises subject to CMB apply the International Accounting / Financial Reporting Standards as accepted by the European Union (EU) which is compliant with the Turkish Accounting / Financial Reporting Standards (TAS / TFRS), issued by the Turkish Accounting Standards Board (TASB). Furthermore, in the provisional Article 2 of the same Communiqué it is stated that the IAS / IFRS are to be applied until the differences between the IAS / IFRS accepted by the European Union and those issued by the International Accounting Standards Board (IASB) are published by the TASB and as a consequence of this, it is promulgated that TAS / TFRS which are in full compliance with IFRS will be the basis of all financial statements.

However, the Turkish Accounting Standards Board (“TASB”) has not issued to date the differences between the IAS / IFRS that are accepted by the EU and the actual IAS / IFRS issued by the International Accounting Standards Board (“IASB”); and therefore the accompanying financial statements are prepared in accordance with the IAS / IFRS which are in full compliance with the TAS / TFRS issued by the TASB. As required by the TFRS, comparative financial statements are prepared on the same basis. As stated below, certain adjustments and classifications have been made during the preparation of the accompanying financial statements in order to comply with the TAS / TFRS.

The accompanying financial statements and notes are presented in accordance with the mandatory formats and principles announced by CMB in its Weekly Bulletin dated 14-18 April 2008 Nr. 2008/16. In order to comply with the amendments to TAS 1 which are valid for the financial periods starting at or subsequent to 1 January 2009, the balance sheet has been presented under the name of “the Statement of Financial Position” and the profit / loss sections have been presented in a single statement of comprehensive income.

The functional currency used by the Company is Turkish Lira (TL) and the accompanying financial statements and related notes are presented in TL.

The Company’s financial statements prepared as of 31 December 2011 in accordance with the Communiqué Nr. XI / 29 have been approved by the Company Management on 15 March 2012 to be submitted to the Board of Directors.

The Board of Directors of the Company and the CMB retain the power to amend the interim financials whereas the annual financial statements can be amended by the General Assembly and the CMB.



ii) Adjustment of Financial Statements During Hyper-Inflationary Periods :

TAS 29 deals with the effects of inflation on financial statements and requires that financial statements prepared in the currency of a high inflation economy be stated in terms of the measuring unit current at the reporting date and that corresponding figures for previous periods be restated in the same terms. As per the resolution of the CMB dated 17 March 2005 Nr 11 / 367 the application of inflation adjustment of the financial statements has ended in 2005, hence the financial statements are restated at the purchasing value of the Turkish Lira as at 31 December 2004. The additions to non-monetary items subsequent to 1 January 2005 are stated at their nominal values.

iii) Adjustments :

The accompanying financial statements are prepared in accordance with the Turkish Accounting / Financial Reporting Standards (TAS / TFRS) with the below mentioned adjustments which are not stated in the statutory records:

- Provision for doubtful receivables
- Inventory provision
- Calculation of rediscount on customers
- Depreciation adjustment in relation to the useful lives of tangible assets
- Termination indemnity adjustment as per TAS 19
- Valuation of financial assets quoted at the stock exchange by market value

iv) Comparative Information and Adjustment of Prior Period Financial Statements :

The statements of financial position as of 31 December 2011 and 31 December 2010 and the related notes as well as the statements of comprehensive income, the statements of changes in equity, and cash flows, and the notes to these financial statements for the years then ended are presented comparatively. In order to comply with the presentation of the current period financial statements, the comparative information is reclassified when deemed necessary.

v) Offsetting :

Offsetting financial assets and liabilities can only be made under the conditions where the offsetting transaction is legally allowed and the company has an intention in this respect or where the acquisition of assets and fulfillment of liabilities are realized simultaneously.

vi) Changes and Errors in Accounting Policies and Accounting Estimates :

The Company has applied its accounting policies consistent with the prior year. Significant changes in the accounting policies and significant accounting errors are applied retroactively and the prior period financials are re-adjusted. In the event that the changes in the accounting estimates are related to one period only, they are applied only to the period in which the change has been made; however, if they are related to the future periods, they are applied both to the period in which the change has been made and the future periods.



vii) The New and Revised Turkish Accounting / Financial Reporting Standards :

During the current period, TASB has issued the new and revised standards with effect from 1 January 2011, and the Company has applied those that relate to its own field of activity.

Standards valid as of 31 December 2011 and the amendments and comments brought to the prior standards are as follows:

- TAS 24 (Amendment) – “Related Party Disclosures”
- TFRS 1 – “First Time Adoption of the Turkish Financial Reporting Standards”
- TFRS 9 – “Classification and Measurement of Financial Assets”
- TFRS Comment 14 (Amendment) – “Prepayments of a Minimum Funding Requirement”
- TFRS Comment 19 – “Extinguishing Financial Liabilities With Equity Instruments”
- TAS 12 (Amendment) – “Income Taxes”
- TFRS 7 (Amendment) – “Financial Instruments”
- TFRS Comment 13 – “Customer Loyalty Programmes”
- TFRS 10 – Consolidated Financial Statements
- TFRS 11 – Joint Arrangements
- TFRS 12 – Disclosure of Interests in Other Entities
- TAS 27 (Amendment) – Separate Financial Statements
- TAS 28 (Amendment) – Investments in Associates and Joint Ventures
- TFRS 13 – Fair Value Measurement
- TAS 19 (Amendment) – Employee Benefits

viii) Summary of Significant Accounting Policies and Valuation Methods :

(a) Financial Instruments :

Financial instruments consist of the financial assets and liabilities stated below.

i. Cash and Cash Equivalents

Cash and cash equivalents consist of cash, banks, deposits in other financial institutions, other money market placements, and short term repurchase 3 months or less.

Bank accounts consist of demand and time deposit accounts and the related interest accrued. Turkish Lira deposit accounts are stated at face values and foreign currency accounts are translated into Turkish Lira at the foreign currency buying rate issued by the Central Bank as at the reporting date.

Cash and cash equivalents are stated at their acquisition costs plus accrued interests.



Fair Value

As the foreign currency cash and cash equivalents are translated into Turkish Lira at the foreign exchange rates valid at the reporting date, it is assumed that the fair values of these assets approximate to their book values.

As the deposit accounts and cash are converted into cash in very short terms, and as there is no risk of value decrease, their book values are deemed to approximate to their fair values.

ii. Financial Assets Held to Maturity

Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity that an enterprise has the positive intent and ability to hold to maturity. Held-to-maturity investments are recognized at the acquisition cost amortised according to the effective interest method less impairment value and the related income is calculated using the effective interest method.

iii. Financial Assets Available for Sale

Financial assets available for sale are financial assets not classified either as held to maturity or held for trading.

Any gains or losses arising from changes in the fair value of financial assets available for sale, except those related to impairment and foreign exchange differences accounted for in the income statement, are recognized directly in the owner's equity until the said financial assets are derecognised. During the process of derecognition, the earnings and losses previously recognized under equity are transferred to the statement of income.

iv. Trade Receivables

Trade receivables are financial assets created by the Company through selling goods and services directly to the customers. Trade receivables are subject to rediscount. Provisions for doubtful trade receivables are made by the Company management taking into consideration the amount of the overdue receivables, guarantees received, past experiences and current economic outlook.

Fair Value

Discounted trade receivables for which provisions for doubtful receivables are accrued are assumed to approximate to the fair values of these assets.

v. Trade Payables

Trade payables are financial assets created by the Company through buying goods and services directly to the suppliers. Trade payables are stated at their discounted values.



Fair Value

Discounted cost values of trade payables are assumed to approximate to the fair values of these assets.

vi. Impairment of Financial Assets

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired. In the event that there is such objective evidence, the Company determines the related impairment.

A financial asset or portfolio of financial assets is impaired and an impairment loss incurred if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset.

(b) Related Parties:

A party is related to an entity if the party is a legal body or a real person which directly or indirectly controls, is controlled by, or is under common control with the entity, has an interest in the entity that gives it significant influence over the entity, and if the party is a subsidiary, an affiliate or a joint venture in which the entity is a venturer. Furthermore, members of the key management personnel of the entity, close members of the family of any individual referred to above, and parties representing post-employment benefit plan for the benefit of employees of the entity are also defined as related parties.

Within the scope of this report, the Company shareholders, Alarko Holding A.Ş. and Alarko Holding Group Companies, their executive staff, and other companies under control of these companies are defined as related parties.

(c) Inventories :

Inventories are valued at their restated acquisition cost; however, the expertise values creating basis for the fair values of unsold inventories and the contract totals of inventories of which sales contracts are signed during the current period are compared with the restated acquisition costs, and if the expertise value and the contract total are lower than the restated acquisition cost, provision is made for impairment within the frame of conditions stated in the "Impairment of Assets" section. Impairment loss is determined for all inventories separately.

(d) Investment Properties :

Investment properties are properties held to earn rentals or for capital appreciation or both, recognized at the restated acquisition cost less accumulated depreciation and impairment losses, if any.



The expertise values creating basis for the fair values of investment properties are compared with the restated acquisition costs, and if the expertise value is lower than the restated acquisition cost, provision is made for impairment within the frame of conditions stated in the "Impairment of Assets" section. Impairment loss is determined for all investment properties separately.

Depreciation is calculated on pro rata basis as per the straight line method taking into consideration the useful lives of the investment properties. The depreciation rates determined and applied for investment properties are stated below:

Buildings	2 – 5%
Rights	3,125%

The rights represent the superficies owned by the Company at the Hillside Beach Club.

(e) Tangible Assets :

Tangible assets are stated at cost less their accumulated depreciation and impairment loss, if any. Tangible assets have been restated using the measuring unit current at 31 December 2004 from the dates of acquisition. Additions made subsequent to 1 January 2005 are stated at their nominal values. Tangible assets are depreciated over their inflation-adjusted values by straight-line method and the nominal values of additions subsequent to 1 January 2005 as per their useful lives stated below:

Buildings	10%
Land improvements	12,5%
Machinery, plant, and equipment	25%
Furnitures and fixtures	10 – 33,33%
Other tangible assets	25%

Repair and maintenance expenses are expensed when realized. In case the repair and maintenance expenses provide an increase or an observable development in tangible assets, they are capitalized.

In case the book value of a tangible asset is higher than the recoverable value, the book value is decreased to the recoverable amount.

The profit or loss arising from the sale of a tangible asset is determined by comparing the restated amount of the assets sold and the amount collected and reflected to the income or loss for the current period.

(f) Intangible Assets :

Intangible assets are stated at cost less their accumulated amortisation and impairment loss, if any. The acquisition values of intangible assets are considered in the restatement of intangible assets as at 31 December 2004. Additions made subsequent to 1 January 2005 are stated at their nominal values. Intangible assets



are amortized over their inflation-adjusted values and the nominal values of additions subsequent to 1 January 2005 over the rates stated below :

Leasehold improvements	25%
Rights	6,66% – 33,33%

(g) Assets and Liabilities in Foreign Currency :

Foreign currency assets and liabilities recognized in the statement of financial position are translated into Turkish Lira at the foreign exchange rates announced by the Turkish Central Bank at the reporting dates. Transactions in foreign currencies during the period are translated into Turkish Lira at the actual rates applicable on the transaction date. Exchange gains and losses resulting from such translations are included in the statements of comprehensive income.

(h) Impairment of Assets :

In case the book value of an asset exceeds its recoverable value, a provision for impairment loss is made so as to bring the book value of the asset down to the level of its fair value and the provision is recorded in the statement of comprehensive income as expense.

On the other hand, the recoverable value of cash generating assets is the higher of the value computed by subtracting the sales value of the asset from its fair value compared to the value in use of the asset. The value in use of the said assets is the present value of the cash flows expected to be obtained from the assets. For the calculation of the value in use, the future cash flow estimates are discounted to their present value by using the time value of money and the discount rate before tax which reflects risks attributable to the asset.

(i) Deferred Taxes :

Deferred taxes are calculated on the temporary differences that arise between the deductible tax base and the book values of assets and liabilities, by using the liability method. The main temporary differences arise from the income and expense items recognised in different periods with respect to the TAS / TFRS and the tax legislation. While deferred tax liabilities are calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated with the assumption that the Company will have taxable income during the future periods.

An enterprise should offset current tax assets and current tax liabilities if the enterprise has a legally enforceable right to set off the recognised amounts, provided that the tax assets and tax liabilities are subject to the tax legislation of the same jurisdiction.



(j) Income Taxes :

Under the Turkish Tax Code, a company that has its head office or place of business in Turkey is subject to a corporate tax.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

Corporate earnings are subject to corporation tax at a rate of 20%. Whether exempted or not, dividends paid in cash to real persons with full liability and real persons and entities with limited liability (non-residents) are subject to income tax withholding at a rate of 15%. However, income tax withholding is not applicable to the dividends arising from 1998 and prior years' profits and from the exempt profits relating to the years 1999, 2000, 2001 and 2002 as well as income and profits corresponding to the above mentioned investment allowance taxed at the rate of 19,8%. Addition of current year and prior year profits (retained earnings) to share capital has not been regarded as distribution of profits and therefore no withholding tax is applicable to these earnings. On the other hand, no withholding tax is applicable to entities with full liability in profit distributions.

Further, provisional corporation tax is paid at a rate of 20% on the profits declared for interim periods to be deducted from the corporation tax.

With respect to the article 298 (bis) of the Tax Law amended by Law 5024, the financial statements of the tax payers whose earnings are determined on balance sheet basis are not subject to inflation adjustment because the inflation adjustment application which started in 2004 has ended as the increase in the Producers Price Index for the last 36 months and the last 12 months are below 100% and 10%, respectively at March 2005. In the 2011 and 2010 accounting periods, the criteria of 100% and 10% have not been realized simultaneously in the Producers Price Index and for that reason no inflation adjustment has been applied.

The earnings of companies that are granted the Real Estate Investment Trust (REIT) status is exempt from Corporate Tax and provisional corporate tax as per the article 5, section 1, paragraph d/4 of the Corporate Tax Law nr 5520. On the other hand, as per the article 15, paragraph 3 of the Corporate Tax Law, the percentage of the income tax withholding required to be made over the earnings of these partnerships that are subject to exemption is currently zero in accordance with the Ministerial Council Decision nr 2010 / 14594 (nr 2003 / 6577 for 2008). For that reason, no tax calculation has been made in relation to the 31 December 2011 and 31 December 2010 accounting periods (Note 21).

(k) Provision for Termination Indemnity :

Under Turkish Labour Law Article 25 / II, the Company is required to pay termination indemnities to each employee who completes one year of service and whose employment is terminated upon causes that qualify the employee to receive termination indemnity, is called up for military service, leaves within one year after marriage (women only), and to those employees who retire or die. The amount payable consists of one month's salary for each year of service. This entitlement is limited to TL 2.731,85 in respect of each year of service as of 31 December 2011 (31 December 2010- TL 2.517,01).



The Company has determined the termination indemnity liability stated in the accompanying financial statements as per the recognition and valuation principles stated in "Employee Benefits" TAS 19. As the characteristics of the termination indemnity liabilities are similar to the "Post Employment Benefit Plans" stated in this standard, these liabilities are calculated and stated in the financial statements on the basis of below mentioned "Proposed Unit Loan Method" and other various assumptions.

- The dates that the employees will gain their pension rights are determined with respect to the current social security laws with consideration to their past employment durations.
- In calculating the current value of future liabilities that may arise due to the retirement or contract termination of an employee, it is assumed that the current salaries and wages or, if higher than the value of the termination indemnity upper limit determined by the Labour Law for 31 December 2011, the termination indemnity upper limit, to remain constant for restatement purposes and this value is reduced by the projected interest rate of 11,27 % that is issued as Government Debt Security in 2011 (31 December 2010-10%) calculated based upon the assumption that the expected annual inflation rate will be 7,00 % (31 December 2010 – 5,10%) and the expected discount rate will be 3,99 % (31 December 2010 – 4,66%) which represents the proposed average interest rate per annum of the government bonds, in order to determine the current net value of the termination indemnity liability at the balance sheet date.

(I) Revenues and Expenses :

The accrual basis of accounting is applied for the recognition of revenues and expenses. The accrual concept requires that revenue, income and profits should be matched with costs, expenses and losses belonging to the same period.

Sales are mainly constituted of sales revenue generated from real estate sold and the rents from property held for investment purposes. Sales are accounted for by the accrual principle, calculated over fair value of the prospect or realized income upon services provided, reliable determination of the income amount, and possible economical benefits to be acquired by the Company over the transaction. Sales revenue obtained from real estate sales are recognized at the date of delivery and the rent income is accounted for by the accrual principle. If there is a significant amount of financial cost involved with the sales, the fair value of the sale is determined by discounting the receivables. The interest rate used in determining the current value of receivables is the rate which discounts the nominal value of the sales total to the cash price of the service. The difference between the nominal value of the sales consideration and the fair value calculated accordingly is accounted for as interest income in the related periods.

If the balances recorded as income become doubtful balances, the provision for these accounts are not deducted from income accounts, these are accounted for as expense in financial statements.

Net sales are constituted of the invoiced sales balances after discounts and returns are deducted.



Cost of sales is mainly made up of cost of real estate sold, the depreciation and relevant expenses of the rent generating real estates held for investment.

(m) Earnings / (Loss) per Share :

Earnings / (loss) per share is calculated by dividing the net profit or loss for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Companies in Turkey can increase their share capital through distributing shares (bonus shares) from retained earnings and differences arising from inflation adjustment of equity to their current shareholders. When calculating profit / (loss) per share, these bonus shares are recognized as issued shares. Therefore, the weighted average of shares used in the calculation of profit / (loss) per share is derived through retroactive application with respect to bonus shares.

(n) Accounting Estimates :

During the preparation of financial statements in accordance with the TAS / TFRS, the Management may make assumptions and estimates that might affect the book value of the assets and liabilities stated in the financial statements as of the reporting period, explanations regarding unrecognized liabilities, and income and expense totals related to the period. However, actual results may vary from these results.

(o) Effect of Foreign Currency Changes :

Transactions and balances in foreign currency are translated into Turkish Lira by using the exchange rates prevailing at the transaction date. Foreign currency denominated assets and liabilities are translated to TL with foreign exchange rates current at the balance sheet date. Foreign exchange income and losses arising from transactions denominated in foreign currency are recognized in the statement of income in the related period.

(p) Borrowing Costs :

Borrowing costs are recognized as expense. Borrowing costs related to the qualifying assets are included directly in the cost of the related qualifying asset. Capitalization of borrowing costs shall cease when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

(r) Events After the Reporting Period :

The Company updates disclosures that relate to conditions that existed at the end of the reporting period to reflect any relevant information received after the reporting period. Non-adjusting events should be disclosed if they are of such importance that non-disclosure would affect the ability of users to make proper evaluations and decisions.



(b) Conditional Assets and Liabilities :

Assets and liabilities that originate from past incidents and whose presence is not fully under the company management control as it can only be confirmed through the realization of one or more indefinite incidents to take place in the future are not included in the financial statements and are classified as conditional liabilities and assets.

(t) Statement of Cash Flows :

In the statement of cash flows, current period cash flows are classified as principal activities, investing activities, and financing activities, and reported accordingly.

Cash flows arising from principal activities are those that are related to the Company operations.

Cash flows from investing activities are those used by / provided from the Company's investments (i.e. fixed asset investments and financial investments).

Cash flows from financing activities represent the financial sources used in the Company's finance operations and their repayments.

The cash and cash equivalents in the statement of cash flows comprise cash, banks and short term investments of short maturity (up to 3 months) and high liquidity which are convertible to known amounts of cash with defined amounts maturing maximum in 3 months, having high liquidity which are easily convertible into cash.

3-CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following (TL) :

	<u>31 December 2011</u>	<u>31 December 2010</u>
Banks	21.455.521	22.987.049
- TL demand deposit	32.235	29.250
- Foreign currency demand deposit	-	9.881
- Foreign currency time deposit *	21.423.286	22.947.918
Cheques	35.146	-
B Type Liquid Fund	853.452	16.826.654
Total (Note 24 (i))	<u>22.344.119</u>	<u>39.813.703</u>

* As of 31 December 2011, the interest rate on USD time deposits at banks varies between 4,95 % and 5,30 % and the accrued interest amounts to TL 3.846; and the interest rate on Euro time deposits at banks varies between 4,65 % and 5,30 % and



The accrued interest amounts to TL 47.012 (31 December 2010 Euro deposits: 3,10 TL - 3,40 %, TL 22.115). The maturity of USD bank deposit varies between 2 February 2012 and 17 February 2012 and the maturity of Euro bank deposit varies between 3 January 2012 and 2 February 2012 (31 December 2010: USD deposit 20 January 2011 and 2 February 2011; Euro deposit 11 January 2011 – 1 February 2011).

The Company has no blocked deposits at banks as of 31 December 2011 and 31 December 2010.

4. FINANCIAL ASSETS

As of 31 December 2011 and 31 December 2010, the Company's financial assets are as follows :

Financial assets held to maturity :

Currency	31 December 2011			31 December 2010		
	Book Value (TL)	Interest Rate	Maturity Date	Book Value (TL)	Interest Rate	Maturity Date
USD	105.075.714	% 4,65	18.01.2012	86.380.484	% 4,65	18.01.2012
Total	105.075.714			86.380.484		

* Consist of long term financial assets

Financial assets held for trading :

	31 December 2011		31 December 2010	
	Participation (%)	Amount (TL)	Participation (%)	Amount (TL)
Alsım Alarko Sanayi Tesisleri ve Tic. A.Ş.	0,00	1.196	0,00	1.196
Alarko Deyaar Gayrimenkul Geliştirme A.Ş.	0,00	500	0,00	500
Alarko Holding A.Ş.*	0,00	1.824.665	0,00	2.250.420
Total	0,00	1.826.361	0,00	2.252.116

* Capital commitment below %1

Investment in Alarko Holding A.Ş. is based on the stock price which is the current best bid at the Istanbul Stock Exchange which is expected to approach its fair value as of 31 December 2011 and 31 December 2010. The Company follows up on the increases and decreases which arise from fair value recognition in the Shareholder's Equity account under "Financial Assets Value Increase Fund" account in the financial statements.



Accordingly, a total of TL 988.966 was recorded as Value Increase under the “Financial Assets Value Increase Fund” account and this total is calculated upon the value increase of TL 425.756 arising from valuation at fair value as of 31 December 2011 and the value decrease of TL 563.210 arising as of 31 December 2011 (Note 14 (c) and 24(vi)).

The participation totals in Alarko Deyaar Gayrimenkul Geliştirme A.Ş. and Alsim Alarko Sanayi Tesisleri ve Tic. A.Ş have been valued at their restated cost values as they have no quoted value in the organized markets and their fair values cannot be determined reliably.

5-TRADE RECEIVABLES AND PAYABLES

Trade receivables consist of the following (TL) :

	31 December 2011	31 December 2010
Trade receivables, net	102.176	143.143
Notes receivable	68.690	19.786
Doubtful trade receivables	211.791	214.222
Provision for doubtful trade receivables (-)	(211.791)	(214.222)
Total (Note 24 (i))	170.866	162.929
Due from related parties, net (Note 23 (a) and 24 (i))	9.560.116	6.598.327
Grand Total	9.730.982	6.761.256

As of 31 December 2011 and 31 December 2010, the changes in provision for doubtful trade receivables for the period consist of the following (TL) :

	31 December 2011	31 December 2010
Provision for doubtful trade receivables at the beginning of the period	214.222	84.710
Provisions no longer required (Note 18)	(17.065)	(18.661)
Provisions made during the period (Note 18)	14.634	148.173
Provision for doubtful trade receivables at the end of the period (Note 24 (i))	211.791	214.222

Trade payables consist of the following (TL) :

	31 December 2011	31 December 2010
Suppliers, net	10.929	591.466
Due to related parties (Note 23 (b) and Note 24 (ii))	4.678	1.173.125
Total	15.607	1.764.591



6- OTHER RECEIVABLES AND PAYABLES

Other long term receivables consist of the following (TL) :

	31 December 2011	31 December 2010
Deposits and guarantees given (Note 24 (i))	12.205	14.127

Other payables consist of the following (TL) :

	31 December 2011	31 December 2010
Due to Alarko Central Administration (Note 24 (ii))	9.277	10.034
Due to personnel	59	501
Other miscellaneous debts (Note 24 (ii))	169	3.645
Due to shareholders (Note 24 (ii) and 23 (c))	351	255
Total	9.856	14.435

Other long term payables consist of the following (TL) :

	31 December 2011	31 December 2010
Deposits and guarantees received	248.792	381.833



7- INVENTORIES

Inventories comprise real estates held for trading. Details as of 31 December 2011 and 31 December 2010 are stated below :

	31 Aralık 2011		31 Aralık 2010					
	Restated Book Value (TL)	Sales Value (TL)	Expertise Value (TL)	Expertise Date	Restated Book Value (TL)	Sales Value (TL)	Expertise Value (TL)	Expertise Date
Real Estate Project								
Land Share (1 Parcel) and Project Cost	—	—	—	—	—	—	—	—
Unsold Projects	13.601.318	—	14.230.000	05.12.2011	14.339.405	—	14.130.000	07.12.2010
Projects whose sales contracts are realized	3.851.517	3.427.659	—	—	12.090.515	11.798.400	—	—
Impairment loss	(810.207)	—	—	—	(1.285.327)	—	—	—
Total	16.642.628	3.427.659	14.230.000	—	25.144.593	11.798.400	14.130.000	—
Land in Büyükçekmece								
Land Cost (5 Parcels)	4.321.594	—	8.770.000	05.12.2011	4.321.594	—	8.260.000	04.12.2010
Land in Maslak								
Land Cost	15.105.685	—	35.080.000	12.12.2011	15.105.685	—	33.185.000	06.12.2010
Total	36.069.907	3.427.659	58.080.000	—	44.571.872	11.798.400	55.575.000	—



Real Estate Project: The construction license of 63 villas and 1 social facility constructed on an area of 239.466 m² on section 106, parcel 18 in Büyükçekmece Eskice District included in the investment properties portfolio is received on 21 October 2005 and the sales transactions have started. As of 31 December 2011, sales contracts have been made for 50 villas.

Land in Büyükçekmece: There are 5 parcels of land with a total area of 819.272 m².

Land in Maslak: It is planned to construct a mall on an area of 18.962 m² in Maslak, İstanbul.

As of 31 December 2011 and 31 December 2010, the All Risk on Construction and Employer's Liability Insurance totals for the Real Estate Project amount to TL 30.789.070 and TL 36.662.654, respectively (Note 27).

The Company's real estates have been revalued by Lotus Gayrimenkul Değerleme ve Danışmanlık A.Ş.

As promulgated in the Official Gazette dated 28 July 2011 and number 28008, Article 27/d of the Capital Markets Board Communiqué Serial VI, Nr. 29, the rate of lands and registered lands which are in the portfolio, but which in spite of a period of 5 years having elapsed from their acquisition, have not been administered for any project development cannot exceed 20% of the portfolio value. The project development practices related to the land in Maslak continue and the land does not exceed %20 of the total assets of the company.

8- INVESTMENT PROPERTIES

Investment properties consist of the following (TL) :

Cost	Investment Properties	Total
As of 1 January 2010	45.111.164	45.111.164
Additions	1.206.219	1.206.219
Transfers	-	-
Disposals	-	-
As of 31 December 2010	46.317.383	46.317.383
Additions	26.000.000	26.000.000
Transfers	-	-
Disposals	-	-
As of 31 December 2011	72.317.383	72.317.383



Accumulated Depreciation	Investment Properties	Total
As of 1 January 2010	9.321.071	9.321.071
Charge for the current period (Note 15)	1.647.172	1.647.172
Disposals	-	-
As of 31 December 2010	10.968.243	10.968.243
Charge for the current period (Note 15)	2.041.803	2.041.803
Disposals	-	-
As of 31 December 2011	13.010.046	13.010.046

Net Book Value	Investment Properties	Total
As of 31 December 2010	35.349.140	35.349.140
As of 31 December 2011	59.307.337	59.307.337

As of 31 December 2011, the addition amount is due to the purchase of Eyüp Topçular Plant Buildings (31 December 2010, Hillside Beach Club)

As of 31 December 2011 and 31 December 2010, the total insurance on investment properties amounts to TL 68.010.909 and TL 58.011.740, respectively (Note 27).

Comparison of cost and market values of investment properties as of 31 December 2011 and 31 December 2010 is as follows:

31 December 2011

Name of Real Estate	Date of Expertise Report	Market Value (TL)	Cost, Net (TL)
Hillside Beach Club Holiday Village	16.12.2011	63.000.000	29.337.307
Etiler Alkent Complex – Shops	12.12.2011	7.935.000	2.712.500
Eyüp Topçular – Plant	16.12.2011	26.430.000	25.620.833
Ankara Çankaya Business Center	09.12.2011	2.720.000	1.112.937
İstanbul Karaköy Business Center	12.12.2011	1.730.000	522.657
İstanbul Şişhane Business Center	12.12.2011	1.920.000	1.103
Total		103.735.000	59.307.337



December 2010

Name of Real Estate	Date of Expertise Report	Market Value (TL)	Cost, Net (TL)
Hillside Beach Club Holiday Village	09.12.2010	60.415.000	30.689.505
Etiler Alkent Complex – Shops	06.12.2010	7.135.000	2.922.500
Ankara Çankaya Business Center	07.12.2010	2.500.000	1.142.949
İstanbul Karaköy Business Center	07.12.2010	1.300.000	593.043
İstanbul Şişhane Business Center	07.12.2010	1.590.000	1.143
Total		72.940.000	35.349.140

The Company's investment properties have been revalued by Lotus Gayrimenkul Değerleme ve Danışmanlık A.Ş.

9-TANGIBLE ASSETS

As of 31 December 2011, tangible assets consist of the following (TL) :

Cost ;

	Opening 1 January 2011	Additions	Disposals	Closing 31 December 2011
Land improvements	123.365	-	-	123.365
Buildings	311	-	-	311
Plant, machinery and equipment	4.216	-	-	4.216
Furniture and fixtures	149.661	671	-	150.332
Other tangible assets	27.373	-	-	27.373
Sub total	304.926	671	-	305.597
Accumulated depreciation ;				
Land improvements	123.365	-	-	123.365
Buildings	311	-	-	311
Plant, machinery and equipment	4.216	-	-	4.216
Furniture and fixtures	143.756	1.960	-	145.716
Other tangible assets	27.373	-	-	27.373
Sub total (Note 17)	299.021	1.960	-	300.981
Net Value	5.905	(1.289)	-	4.616



As of 31 December 2010, tangible assets consist of the following (TL) :

Cost ;

	Opening 1 January 2010	Additions	Disposals	Closing 31 December 2010
Land improvements	123.365	-	-	123.365
Buildings	311	-	-	311
Plant, machinery and equipment	4.216	-	-	4.216
Furniture and fixtures	149.241	420	-	149.661
Other tangible assets	342.604	-	(315.231)	27.373
Sub total	619.737	420	(315.231)	304.926
Accumulated depreciation ;				
Land improvements	123.365	-	-	123.365
Buildings	311	-	-	311
Plant, machinery and equipment	4.216	-	-	4.216
Furniture and fixtures	138.194	5.562	-	143.756
Other tangible assets	342.604	-	(315.231)	27.373
Sub total (Note 17)	608.690	5.562	(315.231)	299.021
Net Value	11.047	(5.142)	-	5.905

As of 31 December 2011 and 31 December 2010, the total insurance on tangible assets amounts to TL 67.717 and TL 55.424, respectively (Note 27).



10-INTANGIBLE ASSETS

As of 31 December 2011, intangible assets consist of the following (TL) :

Cost ;

	Opening 1 January 2011	Additions	Disposals	Closing 31 December 2011
Rights	11.094	-	-	11.094
Other intangible assets	85.956	38.399	-	124.355
Sub Total	97.050	38.399	-	135.449
Accumulated Amortisation ;				
Rights	10.779	28	-	10.807
Other intangible assets	82.584	7.089	-	89.673
Sub Total (Note 17)	93.363	7.117	-	100.480
Net Value	3.687	31.282	-	34.969

As of 31 December 2010, intangible assets consist of the following (TL) :

Cost ;

	Opening 1 January 2010	Additions	Disposals	Closing 31 December 2010
Rights	11.094	-	-	11.094
Other intangible assets	85.956	-	-	85.956
Sub Total	97.050	-	-	97.050
Accumulated Amortisation ;				
Rights	10.753	26	-	10.779
Other intangible assets	81.322	1.262	-	82.584
Sub Total (Note 17)	92.075	1.288	-	93.363
Net Value	4.975	(1.288)	-	3.687



11-PROVISIONS, CONDITIONAL ASSETS AND LIABILITIES

a) As of 31 December 2011 and 31 December 2010, the provisions made by the Company for other liabilities consist of the following (TL);

	31 December 2011	31 December 2010
Rent payable to the Turkish Ministry of Environment and Forestry	803.794	769.899
Other	1.712	1.815
Total (Note 24 (ii))	805.506	771.714

As of 31 December 2011 and 31 December 2010, two parcels of the land in Eskice District in Büyükçekmece Village stated in the inventories and fixed asset accounts of the Company regarded as;

Greenfield site is expropriated on behalf of ISKI as this piece of land is under unconditional preservation by the provisions of the communiqué related to protection of land bearing tap water and drinking water resources against contamination;

There is a right of easement in relation to the stores in Etiler Alkent Sitesi in Beşiktaş District dated 14 October 1987 nr. 6430 to be utilized on behalf of the Company property on section 1411, parcel 1 and against that on section 1408, parcel 1 to benefit from central heating facilities; and there is a right of easement for a period of 49 years at a fee of TL 7,72 to construct 1,5 m wide channels in some parts of the heating installations.

Furthermore, there is a personal right of easement for the owners of the property on section 1410 parcel 1 to benefit from the unused parking lot as stated in the project against the same parcel by voucher dated 26 February 1992 nr 784.



b) Guarantees given by the Company to third parties are as follows for the respective periods (TL) :

Guarantees given by the Company	31 December 2011	31 December 2010
A. Guarantees given by The Company's legal entity	2.308.255	2.057.378
B. The total amount of the guarantees given in favor of the entities included in full consolidation	-	-
C. The total amount of the guarantees given for receiving the dues of the third parties and for the conducting purpose of ordinary commercial activities	-	-
D. The total amount of the other guarantees given		
i. The total amount of the guarantees given in favor of the parent company	-	-
ii. The total amount of the guarantees given in favor of the other group companies not covered by the articles B and C	-	-
iii. The total amount of the guarantees given in favor of the third parties not covered by the article C	-	-
Total	2.308.255	2.057.378

c) Guarantee notes and letters received for short term trade receivables consist of the following (TL) :

	31 December 2011	31 December 2010
Guarantee notes received	1.519.302	1.287.899
Letter of guarantees received	377.882	383.505
Total	1.897.184	1.671.404

d) The Company's overdue receivables and the related provisions made consist of the following (TL) :

	Overdue (Uncollectible) Receivables	Provisions
31 December 2011	211.791	211.791
31 December 2010	214.222	214.222



12-EMPLOYEE BENEFITS

Employee benefits comprise provisions for termination indemnity as stated in the following (TL) :

	31 December 2011	31 December 2010
Provision for termination indemnity at the beginning of the period	107.652	137.576
Increase/decrease during the period	(1.266)	(29.924)
Provision for termination indemnity at the end of the period	106.386	107.652

13-OTHER ASSETS AND LIABILITIES

Other current assets consist of the following (TL) :

	31 December 2011	31 December 2010
Prepaid rents	160.221	147.712
Prepaid taxes and funds	165.415	250.877
Deferred VAT	-	263.922
Expenses related to future months	18.375	25.412
Job advances	52.920	32.556
Total	396.931	720.479

Other short term liabilities consist of the following (TL) :

	31 December 2011	31 December 2010
Advances received *	4.117.791	14.287.604
Taxes, duties, and other withholdings payable (Note 24 (ii))	1.009.702	71.960
Income related to future months (Note 24 (ii))	12.571	18.882
Total	5.140.064	14.378.446

Other long term liabilities consist of the following (TL) :

	31 December 2011	31 December 2010
Advances received *	595.908	32.228

* The advances received consist of advances received from customers related to the sale of real estates whose construction has completed within the scope of Real Estate Project.



14-EQUITY

a)Paid-in Capital

As of 31 December 2011 and 31 December 2010, the Company's registered share capital amounts to TL 20.000.000 while the issued and paid-in capital amounts to TL 10.650.794. The issued capital consists of 1.065.079.400 shares of Kr 1 nominal value each. The Company's shareholding structure is elaborated in Note 1.

b)Capital Adjustment Differences

As of 31 December 2011 and 31 December 2010, the difference arising from restatement of nominal capital amounts to TL 54.712.578 (Note 1).

c)Financial Assets Value Increase Fund

Investment in Alarko Holding A.Ş. is based on the stock price which is the current best bid at the Istanbul Stock Exchange which is expected to approach its fair value as of 31 December 2011 and 31 December 2010. The Company follows up on the increases and decreases which arise from fair value recognition in the Shareholder's Equity account under "Financial Assets Value Increase Fund" account in the financial statements. Accordingly, there is a value increase of TL 563.210 as of 31 December 2011 and a value increase of TL 988.966 as of 31 December 2010, both arising from fair value recognition, and these are stated in the "Financial Assets Value Increase Fund" account (Note 4).

d)Restricted Profit Reserves

As of 31 December 2011, the restricted profit reserves consist of legal reserves amounting to TL 1.837.887 (31 December 2010 – TL 1.460.770).

Legal reserves, which are divided as First Legal Reserve and Second Legal Reserve as per the Turkish Commercial Code, are appropriated as below:

a)First Legal Reserve: Appropriated out of net profit at the rate of 5% until such reserve is equal to 20% of issued and fully paid capital.

b)Second Legal Reserve: Appropriated out of net profit at the rate of 10% of distributions after providing for First Legal Reserve and an amount equal to 5% of capital as dividends.

Legal reserves which do not exceed one half of share capital may only be used to absorb losses or for purposes of continuity of the business in times of business difficulties and to prevent unemployment or lessen its effects.



8) Retained Earnings / (Accumulated Losses)

The distribution of retained earnings / (accumulated losses) is as follows (TL) :

	31 December 2011	31 December 2010
Extraordinary reserves	128.887.175	124.618.916
Retained earnings	-	-
Total	128.887.175	124.618.916

15- SALES AND COST OF SALES

Sales revenues consist of the following (TL) :

	1 January 2011 31 December 2011	1 January 2010 31 December 2010
Income on sale of real estate	9.816.388	1.130.647
Rent income	9.851.602	6.791.166
Income on land sales	36.618	258.882
Total	19.704.608	8.180.695

Cost of sales consist of the following (TL) :

	1 January 2011 31 December 2011	1 January 2010 31 December 2010
Depreciation expenses (Notes 8 and 17)	2.041.803	1.647.172
Cost of real estate sold	8.897.718	792.902
Cost of land sold	18.446	123.160
Total	10.957.967	2.563.234

Cost of sales basically consists of cost of land sales, cost of real estate sales and depreciation expenses on investment properties. As of 31 December 2011, the impairment loss calculated for the real estates sold within the year amounts to TL 810.207 while the provision made in the prior year amounts to TL 1.285.327 TL. The difference of TL 475.120 is deducted from the cost of sales and recognized as income in the current period (Note 7).



16-GENERAL ADMINISTRATION EXPENSES

General administration expenses consist of the following (TL) :

	1 January 2011 31 December 2011	1 January 2010 31 December 2010
General administration expenses	3.161.114	2.264.109
Total	3.161.114	2.264.109

17-EXPENSES BY NATURE

General administration expenses by nature consist of the following (TL) :

	1 January 2011 31 December 2011	1 January 2010 31 December 2010
Personnel expenses	711.213	730.858
Rent expenses	647.805	561.828
Taxes, duties, and fees	1.073.146	301.120
Outsourced repair work and services	173.463	230.336
Financial consultancy and audit expenses	25.007	29.821
Legal consultancy expenses	36.600	30.500
Study, project translation expenses	35.214	152.272
Publishing expenses	9.576	8.708
Communication expenses	10.803	8.303
Depreciation and amortization expenses	7.827	2.104
Other consultancy expenses	287.750	15.624
Other expenses	142.710	192.635
Total	3.161.114	2.264.109

Depreciation and amortisation expenses consist of the following (TL) :

	1 January 2011 31 December 2011	1 January 2010 31 December 2010
Project costs	1.250	4.746
Cost of sales		
(Note 15)	2.041.803	1.647.172
General administration expenses	7.827	2.104
Total	2.050.880	1.654.022



	1 January 2011 31 December 2011	1 January 2010 31 December 2010
Investment properties (Notes 8 and 15)	2.041.803	1.647.172
Tangible assets (Note 9)	1.960	5.562
Intangible assets (Note 10)	7.117	1.288
Total	2.050.880	1.654.022

Employee benefits consist of the following (TL) :

	1 January 2011 31 December 2011	1 January 2010 31 December 2010
General administration expenses	714.390	783.039
Project costs	456.521	455.653
Total	1.170.911	1.238.692

	1 January 2011 31 December 2011	1 January 2010 31 December 2010
Wages and salaries	988.159	998.136
Personnel transportation expenses	30.026	59.147
Personnel catering expenses	14.256	15.638
Personnel health expenses	3.958	3.960
Other personnel expenses	134.512	161.811
Total	1.170.911	1.238.692



18-OTHER OPERATING INCOME / (EXPENSES)

Other operating income consists of the following (TL) :

	1 January 2011 31 December 2011	1 January 2010 31 December 2010
Turkish Ministry of Environment and Forestry – Rent	803.794	769.899
Turkish Ministry of Environment and Forestry – Land appropriation	200.746	184.391
Income other than rent received from real estates	183.677	66.260
Provisions no longer required for termination indemnities	1.266	29.924
Provisions for bad receivables	17.065	18.661
Connection of electrical wires and water pipes	7.442	6.704
Other	11.621	86.294
Total	1.225.611	1.162.133

Other operating expenses consist of the following (TL) :

	1 January 2011 31 December 2011	1 January 2010 31 December 2010
Closed construction costs	761.881	1.177.320
Adequate pay by Muğla Revenue Office	168.616	-
Turkish Ministry of Environment and Forestry – Rent	821.499	769.899
Turkish Ministry of Environment and Forestry – Land appropriation	207.840	184.391
Provisions for bad receivables	14.634	148.173
Maturity difference expenses	47.569	113.483
Connection of electrical wires and water pipes	7.442	6.704
Other	77.875	49.198
Total	2.107.356	2.449.168

19-FINANCIAL INCOME

Financial income consists of the following (TL) :

	1 January 2011 31 December 2011	1 January 2010 31 December 2010
Foreign exchange gains	25.787.127	6.631.757
Interest income	3.107.023	2.887.938
Profit on sale of other marketable securities	99.810	732.038
Maturity difference income	17.814	17.379
Rediscount interest income	700	688
Dividend income	13.503	9.759
Total	29.025.977	10.279.559



20-FINANCIAL EXPENSES

Financial expenses consist of the following (TL) :

	1 January 2011 31 December 2011	1 January 2010 31 December 2010
Foreign exchange losses	2.488.752	6.355.285
Losses on sales of other securities	10.437	-
Rediscount interest expenses	1.192	699
Other expenses	-	46
Total	2.500.381	6.356.030

21-TAX ASSETS AND LIABILITIES

The Turkish corporation tax rate for 2011 is 20% (31 December 2010 – 20%). This rate is applicable to the tax base derived upon exemptions and deductions stated in the tax legislation through addition of disallowable expenses to the commercial revenues of the companies with respect to the tax legislation.

Calculation of current period corporation tax is as follows (TL) :

	31 December 2011	31 December 2010
Statutory books profit	31.229.378	5.989.846
Other deductions	(31.229.378)	(5.989.846)*
Sub total	-	-
Tax rate (%)	20	20
Tax provision	-	-

* Due to the Company's REIT status, the income for the current period is stated as other deductions (Note 2 (viii) (j)).

Deferred Tax Assets and Liabilities

As of 31 December 2011 and 31 December 2010 due to the Company's REIT status, no deferred tax calculation has been made (Note 2 (viii) (j)).



22- EARNINGS PER SHARE

Calculation of earnings per share is made as follows :

	31 December 2011	31 December 2010
Profit for the period	31.229.378	5.989.846
Weighted average number of ordinary shares for the reporting period (per share of TL 1 nominal value)	10.650.794	10.650.794
Earnings per share (TL)	2,932	0,562

23- RELATED PARTY DISCLOSURES

a) Balances due from related parties consist of the following (TL) :

	31 December 2011		31 December 2010	
	Trade	Non-Trade	Trade	Non-Trade
Alarko Holding A.Ş.	3.667	-	284	-
Ataş Alarko Turistik Tesisler A.Ş.	9.557.641	-	6.598.742	-
Less: Deferred income	(1.192)	-	(699)	-
Total (Note 5)	9.560.116	-	6.598.327	-

b) Balances due to related parties consist of the following (TL) :

	31 December 2011		31 December 2010	
	Trade	Non-Trade	Trade	Non-Trade
Alsim Alarko San. Tes. ve Tic. A.Ş.	-	-	1.172.375	-
Alarko Holding A.Ş.	563	-	-	-
Altek Alarko Elek. Sant. Tesis İşletme ve Tic. A.Ş.	1.909	-	750	-
Alarko Carrier San. ve Tic. A.Ş.	2.206	-	-	-
Total (Note 5)	4.678	-	1.173.125	-



a) Balances due to shareholders consist of the following (TL) : [] [] [] [] [] []

	31 December 2011 [] [] [] [] [] []	31 December 2010 [] [] [] [] [] []
Dividends payable (Note 6) [] [] [] [] [] []	[] [] [] [] [] [] 351 [] [] [] [] [] []	[] [] [] [] [] [] 255 [] [] [] [] [] []

d) Purchases made from and sales made to related parties consist of the following [] [] [] [] [] [] (TL) : [] [] [] [] [] []

The Company has generated income and incurred expenses as a result of the [] [] [] [] [] [] transactions realized with the related parties as stated in the following: [] [] [] [] [] []

	31 December 2011 [] [] [] [] [] []	31 December 2010 [] [] [] [] [] []
Expenses [] [] [] [] [] []		
Foreign exchange losses [] [] [] [] [] []	10.508 [] [] [] [] [] []	203.879 [] [] [] [] [] []
Rent expenses [] [] [] [] [] []	647.805 [] [] [] [] [] []	561.464 [] [] [] [] [] []
Maturity difference expenses [] [] [] [] [] []	47.569 [] [] [] [] [] []	113.483 [] [] [] [] [] []
Services received [] [] [] [] [] []	90.574 [] [] [] [] [] []	254.613 [] [] [] [] [] []
Rediscount expenses [] [] [] [] [] []	1.192 [] [] [] [] [] []	699 [] [] [] [] [] []
Other expenses [] [] [] [] [] []	16.851 [] [] [] [] [] []	11.438 [] [] [] [] [] []
Total [] [] [] [] [] []	814.499 [] [] [] [] [] []	1.145.576 [] [] [] [] [] []

	31 December 2011 [] [] [] [] [] []	31 December 2010 [] [] [] [] [] []
Income [] [] [] [] [] []		
Rent income [] [] [] [] [] []	8.185.570 [] [] [] [] [] []	5.523.316 [] [] [] [] [] []
Turkish Ministry of Environment [] [] [] [] [] [] and Forestry – Land appropriation [] [] [] [] [] []	200.747 [] [] [] [] [] []	184.391 [] [] [] [] [] []
Turkish Ministry of Environment [] [] [] [] [] [] and Forestry – Rent (2%) [] [] [] [] [] []	803.794 [] [] [] [] [] []	769.899 [] [] [] [] [] []
Foreign exchange gains [] [] [] [] [] []	- [] [] [] [] [] []	33.609 [] [] [] [] [] []
Interest income [] [] [] [] [] []	13.087 [] [] [] [] [] []	16.644 [] [] [] [] [] []
Adequate pay [] [] [] [] [] []	154.959 [] [] [] [] [] []	- [] [] [] [] [] []
Dividends income [] [] [] [] [] []	13.503 [] [] [] [] [] []	9.759 [] [] [] [] [] []
Other [] [] [] [] [] []	41.332 [] [] [] [] [] []	15.991 [] [] [] [] [] []
Total [] [] [] [] [] []	9.412.992 [] [] [] [] [] []	6.553.609 [] [] [] [] [] []



Transactions with related parties subject to invoicing on company basis are stated in the following:

	31 December 2011			31 December 2010		
Purchases	Merchandise	Service	Other	Merchandise	Service	Other
Attaş Alarko Turistik Tes. A.Ş.	—	—	10.508	1.206.219	—	320.904
Alarko Carrier San. ve Tic. A.Ş.	26.000.000	—	4.729	—	—	3.259
Alarko Holding A.Ş.	46.302	750.888	12.123	—	744.549	8.179
Alsim Alarko San. Tes. ve Tic. A.Ş.	—	—	47.569	—	—	113.483
Total	26.046.302	750.888	74.929	1.206.219	744.549	445.825

	31 December 2011			31 December 2010		
Sales	Merchandise	Service	Other	Merchandise	Service	Other
Attaş Alarko Turistik Tes. A.Ş.	—	—	8.993.920	—	—	6.203.312
Aldem A.Ş.	—	—	8.426	—	—	—
Alarko Holding A.Ş.	—	—	12.705	—	—	—
Alarko Carrier San. ve Tic. A.Ş.	—	—	292.228	—	—	261.051
Alsim Alarko San. Tes. ve Tic. A.Ş.	—	—	26.261	—	—	19.046
Altek Alarko Elektrik Sant. Tes. İşl. ve Tic. A.Ş.	—	—	79.452	—	—	70.200
Total	—	—	9.412.992	—	—	6.553.609

As of 31 December 2011 and 31 December 2010, there are no doubtful receivables arising from related parties.

As of 31 December 2011 and 31 December 2010, the wages and similar benefits provided to top management amounts to TL 744.113 and TL 775.161, respectively.



24-NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS

Financial instruments and financial risk management

Due to the nature of its operations, the Company is exposed to various financial risks including the effects of changes in foreign exchange rates and interest rates on debt and capital market prices. The Company's total risk management program focuses on the unpredictability of financial markets, and aims to bring down to a minimum its potential negative effects on the Company's financial performance.

Risk management is implemented within the frame of the following policies:

i. Credit Risk

The credit risk of the Company is basically attributed to its trade receivables. Trade receivables are valued by the Company management taking into account the past experiences and the current economic outlook, and they are recognized in the statement of financial position, net, after provisions for doubtful receivables when deemed necessary.

As of 31 December 2011, the maturities and the guarantee structure of the Company's receivables and cash and cash equivalents are stated in the following (TL) :

	Receivables				
	Trade Receivables		Other Receivables		
31 December 2011	Related Party	Other Party	Related Party	Other Party	Cash and Cash Equivalents
Maximum credit risk incurred as of the reporting date					
(A+B+C+D+E) (1) (Notes 3,5 and 6)	9.560.116	170.866	—	12.205	853.452
- The portion of maximum risk guaranteed with collaterals	—	—	—	—	—
A- Net book value of financial assets that are neither overdue nor impaired (2) (Notes 3,5 and 6)	9.560.116	168.957	—	12.205	853.452
B- Book value of financial assets whose conditions are revised, and which otherwise would be considered as overdue or impaired. □	—	—	—	—	—
C- Net book value of overdue assets that are not impaired (3)	—	1.909	—	—	—
Portion taken under guarantee through collaterals	—	—	—	—	—
D- Net book values of impaired assets	—	—	—	—	—
- Overdue (gross book value) (Note 5)	—	211.791	—	—	—
- Impairment loss (-) (Note 5)	—	(211.791)	—	—	—
- The portion of net value guaranteed with collaterals	—	—	—	—	—
E- Elements carrying derecognized credit risk	—	—	—	—	—

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

(2) No impairment or credit risk is anticipated in relation to the financial assets that are not overdue or impaired.

(3) As the overdue financial assets that are not impaired have short term maturities, they are not expected to create impairment loss in the future either.





As of 31 December 2010, the maturities and the guarantee structure of the Company's receivables and cash and cash equivalents are stated in the following (TL) :

	Receivables				
	Trade Receivables		Other Receivables		Cash and Cash Equivalents
31 December 2010	Related Party	Other Party	Related Party	Other Party	Bank Deposits
Maximum credit risk incurred as of the reporting date					
(A+B+C+D+E) (1) (Notes 3,5 and 6)	6.598.327	162.929	—	14.127	22.987.049
- The portion of maximum risk guaranteed with collaterals	—	—	—	—	—
A- Net book value of financial assets that are neither overdue nor impaired (2) (Notes 3,5 and 6)	6.598.327	161.464	—	14.127	22.987.049
B- Book value of financial assets whose conditions are revised, and which otherwise would be considered as overdue or impaired. □	—	—	—	—	—
C- Net book value of overdue assets that are not impaired (3)	—	1.465	—	—	—
- Portion taken under guarantee through collaterals	—	—	—	—	—
D- Net book values of impaired assets	—	—	—	—	—
- Overdue (gross book value) (Note 5)	—	214.222	—	—	—
- Impairment loss (-) (Note 5)	—	(214.222)	—	—	—
- The portion of net value guaranteed with collaterals	—	—	—	—	—
E- Elements carrying derecognized credit risk	—	—	—	—	—

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

(2) No impairment or credit risk is anticipated in relation to the financial assets that are not overdue or impaired.

(3) As the overdue financial assets that are not impaired have short term maturities, they are not expected to create impairment loss in the future either.



As of 31 December 2011 and 31 December 2010, the agings of assets past due but not impaired is as follows (TL) :

31 December 2011	Related Parties	Trade Receivables
1-30 days past due	-	-
1-3 months past due	-	-
3-12 months past due	-	1.909
1-5 years past due	-	-
- Portion hedged with collaterals	-	-
31 December 2010	Related Parties	Trade Receivables
1-30 days past due	-	-
1-3 months past due	-	-
3-12 months past due	-	1.465
1-5 years past due	-	-
- Portion hedged with collaterals	-	-

ii. Liquidity Risk

The liquidity risk arises during the funding of the operations of the Company and the management of the open position. The risk of not funding the operations with an appropriate maturity and rate and also the risk of not liquidating an asset in an appropriate time frame with a fair value are within the scope of liquidity risk.

As of 31 December 2011 and 31 December 2010, the maturity table for the Company's non-derivative financial liabilities is as follows:

31 December 2011	Book Value	Total Cash Outflows	Less than 3 Months
Trade payables to related parties (Note 5)	4.678	4.678	4.678
Other trade payables (Note 5)	10.929	10.929	10.929
Other payables (Notes 6, 11 and 13)	1.837.576	1.824.652	1.824.652
31 December 2010	Book Value	Total Cash Outflows	Less than 3 Months
Trade payables to related parties (Note 5)	1.173.125	1.173.125	1.173.125
Other trade payables (Note 5)	591.466	591.466	591.466
Other payables (Notes 6, 11 and 13)	876.490	857.353	857.353



As of 31 December 2011, the maturity table of the assets and liabilities prepared as per their remaining maturities is as follows:

31 December 2011						
	0-1	1-3	3-6	6-12	Longer than	Total
Monetary Assets	months	months	months	months	1 years	
Cash and Cash Equivalents	920.832	—	—	—	—	920.832
Inventories	—	—	16.642.628	—	19.427.279	36.069.907
Other Assets	58.272	112.210	7.126	219.323	—	396.931
Trade and Other Receivables, Net	102.176	68.690	—	—	12.205	183.071
Due From Related Parties, Net	3.667	—	—	—	—	3.667
Total Assets in TL	1.084.947	180.900	16.649.754	219.323	19.439.484	37.574.408
Cash and Cash Equivalents	9.922.187	11.501.100	—	—	—	21.423.287
Financial Assets	105.075.714	—	—	—	—	105.075.714
Trade Receivables, Net	—	—	—	—	—	—
Due From Related Parties, Net	9.556.449	—	—	—	—	9.556.449
Total Assets in Foreign	124.554.350	11.501.100	—	—	—	136.055.450
Total Monetary Assets	125.639.297	11.682.000	16.649.754	219.323	19.439.484	173.629.858
Monetary Liabilities						
Trade Payables	10.929	—	—	—	—	10.929
Due to Related Parties	4.678	—	—	—	—	4.678
Provision For Termination Indemnity	—	—	—	—	106.386	106.386
Deposits and Guarantees Received	—	—	—	—	98.176	98.176
Advances Received	—	4.067.311	50.480	—	595.908	4.713.699
Provisions For Other Short Term						
Debts and Expenses	1.023.397	8.382	805.506	—	351	1.837.636
Total Liabilities in TL	1.039.004	4.075.693	855.986	—	800.821	6.771.504
Total Liabilities in Foreign						
Currency	—	—	—	—	150.616	150.616
Total Monetary Liabilities	1.039.004	4.075.693	855.986	—	951.437	6.922.120



As of 31 December 2010, the maturity table of the assets and liabilities prepared as per their remaining maturities is as follows (TL) :

31 December 2010						
	0-1	1-3	3-6	6-12	Longer than	Total
Monetary Assets	months	months	months	months	1 years	
Cash and Cash Equivalents	16.855.904	—	—	—	—	16.855.904
Inventories	—	—	25.144.593	—	19.427.279	44.571.872
Other Assets	319.194	105.926	10.894	284.465	—	720.479
Trade Receivables, Net	143.112	19.817	—	—	14.127	177.056
Due From Related Parties, Net	284	—	—	—	—	284
Total Assets in TL	17.318.494	125.743	25.155.487	284.465	19.441.406	62.325.595
Cash and Cash Equivalents	8.132.307	14.825.492	—	—	—	22.957.799
Financial Assets	—	—	—	—	86.380.484	86.380.484
Other Current Assets	—	—	—	—	—	—
Trade Receivables, Net	6.598.043	—	—	—	—	6.598.043
Total Assets in Foreign						
Currency	14.730.350	14.825.492	—	—	86.380.484	115.936.326
Total Monetary Assets	32.048.844	14.951.235	25.155.487	284.465	105.821.890	178.261.921
Monetary Liabilities						
Trade Payables	591.466	—	—	—	—	591.466
Due to Related Parties	1.173.125	—	—	—	—	1.173.125
Provision For Termination Indemnity	—	—	—	—	107.652	107.652
Deposits and Guarantees Received	—	—	—	—	250.379	250.379
Advances Received	7.461	14.248.546	31.597	—	32.228	14.319.832
Provisions for Other Short Term						
Debts And Expenses	86.140	—	790.596	—	255	876.991
Total Liabilities in TL	1.858.192	14.248.546	822.193	—	390.514	17.319.445
Total Liabilities in Foreign						
Currency	—	—	—	—	131.454	131.454
Total Monetary Liabilities	1.858.192	14.248.546	822.193	—	521.968	17.450.899

iii. Market Risk

Market risk is the risk of encountering a fluctuation in the fair value of a financial asset or in future cash flows arising from changes in market prices which may lead to a negative effect on the entity. The standard market risk factors are foreign exchange rates, interest rates, and commodity prices.

iv. Foreign Currency Risk

Foreign currency risk stems from the change in the value of a financial instrument depending on a change in foreign currency exchange rate. The Company may face foreign currency risk because of its foreign currency denominated receivables and payables. The Company continuously follows up on the said risk and takes the necessary precautions. The main foreign currencies constituting the said risk are USD and EURO.



As of 31 December 2011, the Company's net foreign currency position is TL 135.900.491 (31 December 2010 – TL 115.804.873). An increase / decrease of 10% in the foreign exchange rates will increase / decrease the Company profit by a total of TL 13.590.049.

Foreign Currency Position

On totals basis ;

	31 December 2011	31 December 2010
A. Foreign currency assets	136.055.450	115.936.326
B. Foreign currency liabilities	150.616	131.453
Net foreign currency position (A-B)	135.904.834	115.804.873

Foreign Currency Position

Elaborated on foreign currency basis ;

	31 December 2011			31 December 2010		
	TL Equivalent (Functional Currency)	Foreign Currency Amount	Foreign Exchange Rate (Full)	TL Equivalent (Functional Currency)	Foreign Currency Amount	Foreign Exchange Rate (Full)
1.Banks						
USD	4.232.001	2.240.458	1,8889	1.232.815	797.422	1,5460
Euro	17.191.285	7.034.653	2,4438	21.724.984	10.602.208	2,0491
2.Financial Assets						
USD	105.075.714	55.627.992	1,8889	86.380.484	55.873.534	1,5460
3.Due from Related Parties						
USD	9.556.449	5.059.267	1,8889	6.598.043	4.267.816	1,5460
TOTAL ASSETS DENOMINATED IN FOREIGN CURRENCY	136.055.450			115.936.326		
Deposits and Guarantees Received (Long Term)						
USD	150.616	82.037	1,8889	131.453	85.028	1,5460
TOTAL LIABILITIES DENOMINATED IN FOREIGN CURRENCY	150.616			131.453		
NET FOREIGN CURRENCY POSITION	135.904.834			115.804.873		



As of 31 December 2011, the sensitivity analysis of foreign currency position is as follows :

Foreign Currency Position Sensitivity Analysis

31 December 2011

	Profit/Loss		Equity	
	Value increase in foreign currency	Loss in value of foreign currency	Value increase in foreign currency	Loss in value of foreign currency
	When USD changes by 10% against TL		When USD changes by 10% against TL	
1- Net assets / liabilities in USD	11.871.355	(11.871.355)	—	—
2- Portion hedged from USD risk (-)	—	—	—	—
3- USD Net Effect (1+2)	11.871.355	(11.871.355)	—	—
	When Euro changes by 10% against TL		When Euro changes by 10% against TL	
4- Net assets / liabilities in Euro	1.719.128	(1.719.128)	—	—
5- Portion hedged from Euro risk (-)	—	—	—	—
6- Euro Net Effect (4+5)	1.719.128	(1.719.128)	—	—
Total (3+6)	13.590.483	(13.590.483)	—	—



As of 31 December 2010, the sensitivity analysis of foreign currency position is as follows :

Foreign Currency Position Sensitivity Analysis

31 December 2010

	Profit/Loss		Equity	
	Value increase in foreign currency	Loss in value of foreign currency	Value increase in foreign currency	Loss in value of foreign currency
	When USD changes by 10% against TL	When USD changes by 10% against TL	When USD changes by 10% against TL	When USD changes by 10% against TL
1- Net assets / liabilities in USD	9.407.989	(9.407.989)	—	—
2- Portion hedged from USD risk (-)	—	—	—	—
3- USD Net Effect (1+2)	9.407.989	(9.407.989)	—	—
	When Euro changes by 10% against TL	When Euro changes by 10% against TL	When Euro changes by 10% against TL	When Euro changes by 10% against TL
4- Net Assets/Liabilities in Euro	2.172.498	(2.172.498)	—	—
5- Portion hedged from Euro risk (-)	—	—	—	—
6- Euro Net Effect (4+5)	2.172.498	(2.172.498)	—	—
Total (3+6)	11.580.487	(11.580.487)	—	—

v. Interest Rate Risk

The Company's activities are exposed to interest rate risk due to the differences in payment date and payment amounts or restructuring of interest sensitive assets and liabilities. Corresponding interest rate risk is managed by natural measures aimed to balance assets and liabilities having interest rate sensitivity.

As of 31 December 2011 and 31 December 2010, the Company does not have significant financial assets with interest sensitivity.

vi. Stock Price Risk

The Company is exposed to stock price risk which is the risk of encountering price changes in securities included in the Company portfolio. As of 31 December 2011, if there is a 10% increase / decrease in the best bid among current orders pending at the Istanbul Stock Exchange which are used in valuation of these securities with other variables remaining constant, the Company's equity will be higher / lower by a total of TL 182.467, net, without any effect in profit / loss (31 December 2010 – TL 225.042) (Note 4).



Vii. Capital Risk Management

For proper management of capital risk, the Company aims

- to maintain continuity of operations so as to provide earnings to partners and benefits to other shareholders, and
- to increase profitability through determining a product and service pricing policy that is commensurate with the level of risks inherent in the market.

The Company determines the amount of share capital in proportion to the risk level. The equity structure of the Company is arranged in accordance with the economic outlook and the risk attributes of assets.

The Company monitors capital management by using the debt / equity ratio. This ratio is calculated by dividing the debt, net, by the total share capital. The net debt is calculated by deducting the value of cash and cash equivalents from the total debt (the sum of short and long term liabilities stated in the statement of financial position). The total share capital is the sum of all equity items stated in the statement of financial position.

The general strategy of the Company has not changed with respect to that of the prior year. As of 31 December 2011 and 31 December 2010, the ratio of the total capital to total debts, net, is as follows (TL) :

	31 December 2011	31 December 2010
Total debt	6.922.120	17.450.899
Less: cash and cash equivalents	(22.344.119)	(39.813.703)
Net debt	(15.421.999)	(22.362.804)
Total equity	227.881.022	198.421.870
Debt / Equity Ratio	(%7)	(%11)

The change in debt/equity ratio arises from decline of current assets due to liquidity used in gaining assets and also decline of short term liabilities arising from termination of advances from customers following completion of real estate sales.

25-FINANCIAL INSTRUMENTS (Disclosures on Fair Value and Hedge Accounting)

Financial Instruments

Financial instruments comprise financial assets and financial liabilities. Financial instruments may create / affect / decrease liquidity risk, credit risk and stock market risk in the financial statements of the Company. All financial assets are reviewed to prevent impairment risk.



Fair value is the value of an asset or liability in an arms length transaction between willing and knowledgeable parties.

The Company has determined the fair value of its financial instruments by using current market information at present and by using appropriate valuation methods. However, assessing market information and forecasting actual values requires judgment. The forecasts presented as a conclusion may not always represent the values that are acquired by the Company in current market transactions.

Methods and assumptions used to estimate the fair value of financial instruments are as follows :

Financial Assets

Balances denominated in foreign currency are translated by using the exchange rates valid at the balance sheet date. It is foreseen that these balances are close to their carrying values. The fair values of certain financial assets, which also include cash and cash equivalents, are considered to approximate their carrying values due to their short term nature.

- The carrying values of trade receivables along with the related allowances for uncollectability are estimated to represent their fair values.

The fair values of investments held to maturity are calculated by deducting impairment losses, if any, from the cost values amortized by the effective interest method.

The fair values of financial assets which are available for sale and traded in active markets correspond to the best bid among current orders pending at the balance sheet date. The fair values of financial assets available for sale which are not traded in active markets cannot be determined reliably; hence, they are assumed to be equivalent to their restated cost values.

Financial Liabilities

Trade payables have been presented at their fair values.

26- EVENTS AFTER THE REPORTING PERIOD

The termination indemnity upper limit which stood at TL 2.731,85 as of 31 December 2011 has been increased to TL 2.805,04 with effect from 1 January 2012 (31 December 2010 – TL 2.517,01).

27- OTHER ISSUES MATERIALLY AFFECTING THE FINANCIAL STATEMENTS OR REQUIRING DISCLOSURE FOR A PROPER INTERPRETATION AND UNDERSTANDING OF THE FINANCIAL STATEMENTS

Insurance totals of assets for the respective periods are as follows (Notes 7,8 and 9) ;

31 December 2011	TL 98.867.696
31 December 2010	TL 94.729.818



28- ADDITIONAL INFORMATION

As of 31 December 2011 and 31 December 2010, conformity with the portfolio restrictions is monitored as follows :

	Main Account Items of Unconsolidated (Separate) Financial Statements	Related Financial Arrangement	Current Period (TL) 31 December 2011	Prior Period (TL) 31 December 2010	
A	Money Market and Capital Market Instruments	Serial VI, No : 11, Art. 27/(b)	129.244.498	128.444.607	
B	Real estates, real estate projects and rights supported by real estates	Serial VI, No : 11, Art. 27/(a)	95.377.244	79.921.012	
C	Affiliates	Serial VI, No : 11, Art. 27/(b)	1.696	1.696	
	Due from Related Parties (Non-Trade)	Serial VI, No : 11, Art. 24/(g)	-	-	
	Other Assets		10.179.703	7.505.454	
D	Total Assets	Serial VI, No : 11, Art. 4/(i)	234.803.141	215.872.769	
E	Financial Liabilities	Serial VI, No : 11, Art. 35	-	-	
F	Other Financial Liabilities	Serial VI, No : 11, Art. 35	-	-	
G	Lease Obligations	Serial VI, No : 11, Art. 35	-	-	
H	Due to Related Parties (Non-Trade)	Serial VI, No : 11, Art. 24/(g)	-	-	
I	Equity	Serial VI, No : 11, Art. 35	227.881.022	198.421.870	
	Other Liabilities		6.922.119	17.450.899	
D	Total Liabilities and Equity	Serial VI, No : 11, Art. 4/(i)	234.803.141	215.872.769	
	Other Unconsolidated (Separate) Financial Data	Related Financial Arrangement	Current Period (TL) 31 December 2011	Prior Period (TL) 31 December 2010	
A1	Part of Money Market Instruments and Capital Market Instruments Held for Real Estates (3 Years)	Serial VI, No : 11, Art. 27/(b)	-	-	
A2	Time and Demand Deposits in TL/Foreign Currency	Serial VI, No : 11, Art. 27/(b)	21.455.521	22.987.049	
A3	Foreign Capital Market Instruments	Serial VI, No : 11, Art. 27/(c)	-	-	
B1	Real estates, real estate projects and rights supported by real estates	Serial VI, No : 11, Art. 27/(c)	-	-	
B2	Lands Held Idle	Serial VI, No : 11, Art. 27/(d)	19.427.279	19.427.279	
C1	Foreign Investments	Serial VI, No : 11, Art. 27/(c)	-	-	
C2	Participation in the Operating Company	Serial VI, No : 11, Art. 32/A	1.696	1.696	
J	Non-cash Loans	Serial VI, No : 11, Art. 35	2.308.255	2.057.378	
K	Pledge amount on lands to be administrated for projects and the roperty of which does not belong to the company	Serial VI, No : 11, Art. 25/(n)	-	-	
	Portfolio Limitations	Related Financial Arrangement	Current Period (TL) 31 December 2011	Prior Period (TL) 31 December 2010	Ratio of Minimum/Maximum
1	Pledge amount on lands to be administrated for projects and the property of which does not belong to the company	Seri VI, No : 11, Md. 25/(n)	0,00%	0,00%	10%
2	Real estates, real estate projects and rights supported by real estates	Seri VI, No : 11, Md. 27/(a), (b)	40,62%	37,02%	50%
3	Money Market and Capital Market Instruments and Subsidiaries	Seri VI, No : 11, Md. 27/(b)	55,04%	59,50%	50%
4	Real estates, real estate projects and rights supported by real estates, Subsidiaries, Capital Market Instruments	Seri VI, No : 11, Md. 27/(c)	0,00%	0,00%	49%
5	Lands Held Idle	Seri VI, No : 11, Md. 27/(d)	8,27%	9,00%	20%
6	Participation in the Operating Company	Seri VI, No : 11, Md. 32/A	0,00%	0,00%	10%
7	Borrowing Limit	Seri VI, No : 11, Md. 35	1,01%	1,04%	500%
8	Time and Demand Deposits in TL/Foreign Currency	Seri VI, No : 11, Md. 27/(b)	9,14%	10,65%	10%



With the Communiqué Serial: VI, No: 29 issued in the Official Gazette dated 28.07.2011, the Article 27(d) of the Communiqué Serial: VI, No: 11 on Principles Regarding Real Estate Investment Companies has been amended as follows: "The rate of lands and registered lands which are in the portfolio but which, in spite of a period of five years having elapsed from their acquisition, have not been administrated for any project development cannot exceed 20% of the total assets." As per the financial statements as of 31 December 2011, the ratio of Company's plots of land to the total assets is 8,27% which is a rate that falls below the limit stated in the Communiqué.

With the same Communiqué, the Article 27(a) of the Communiqué Serial: VI, No: 11 on Principles Regarding Real Estate Investment Companies has been amended as follows: "Companies are required to invest in real estates, rights supported by real estates and real estate projects in the ratio of at least 50 % of their total assets." The said rate in the communiqué prior to the amendment was also 50%; however, the terms "portfolio value" and "net asset value" have been replaced with the terms "portfolio" and "total assets", respectively. For that reason, the rate which stood as 58,7% in the portfolio chart of 30 June of 2011 has subsequently been regarded as 40,62% as stated in 31 December of 2011 the financial statements. Although this rate is below the limit of 50%, a grace period has been granted until 31 December of 2012 by the provisional article 7(3) added to the Communiqué in order to allow time for the companies to adapt to the portfolio restrictions.

Furthermore, with the same Communiqué, the Article 27(b) of the Communiqué Serial: VI, No: 11 on Principles Regarding Real Estate Investment Companies has been amended as follows: "The Companies can invest totally in assets defined in paragraph (a) of Article 25 herein and in subsidiaries defined in Article 32/A of this Communiqué, at a maximum rate of 50% of their portfolios." The said rate in the communiqué was also 50% prior to the amendment; however, the terms "portfolio value" and "net asset value" have been replaced with the terms "portfolio" and "total assets", respectively. For that reason, the rate which stood as 41,3% in the portfolio chart of 30 June of 2011 has subsequently been regarded as 55,04% as stated in 31 December of 2011 the financial statements. Although this rate is above the limit of 50%, a grace period has been granted until 31 December of 2012 by the provisional article 7(3) added to the Communiqué in order to allow time for the companies to adapt to the portfolio restrictions.

The article 27 (b) of the said communiqué promulgates that "The companies can invest in time deposit and demand deposits in Turkish Liras or any foreign currency for investment purposes at a maximum rate of 10% of their total assets". As per 31 December of 2011 financial statements, this rate is 9,14% and it conforms to the portfolio restrictions. The borrowing limit and the rates of participation in the operating company are also contained within the said limits. There is no other limitations in the Company.



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