



ALARKO GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
Annual Report 2012

March 27, 2013
General Assembly Meeting
2012 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

Despite all the precautions taken world economy presented a low performance in 2012. Developed countries in particular, continued to deal with low development rates, high unemployment and budget deficits. Therefore, the rate of public debts in proportion to the GNP continued to rise.

In 2012, world economy grew at a rate of 2,6 %, and despite the some recovery in the economies of the USA and Japan, many European countries entered a period of recession. A shrinkage of 0,5 % was observed in the Euro Zone and 0,3 % in EU countries. In parallel with the shrinkage, unemployment in the Euro Zone rose to 11,2 %. Although unemployment in the USA was lower than that in the Euro Zone, it remained around 8 %. The Central banks in the USA and the Euro Zone continued monetary expansion and investors shifted to developing countries due to the resulting liquidity plenitude and low interest rates. The resulting short term capital inflow led to the overvaluation of the currencies of developing countries and deterioration in the foreign trade balances. This situation creates a serious fragility and risk for developing countries. In 2012, the economies of developing countries have shown a better performance with a growth of 5,1 %.

On the other hand, Turkey put on the brakes in 2012 to reduce the current deficit that reached almost 10 % of the GNP that was the result of the high growth rate of 2011. As a result, growth rate diminished and materialized around 2,7 %. However, unemployment rose to 9,4 %. As a result of measures taken, current deficit was lowered to US\$ 46,7 billion and the rate of current deficit to the GNP to 5,8 %. A good budget performance was realized in 2012, and the rate of the budget deficit to the GNP was approximately 2 %. The rate of state debts to the GNP is approximately 37 % which is a much better performance than that of developed countries. Inflation has also decreased seriously in comparison to the previous year and was 6,16 % in the Consumer Price Index.

In world economy, risks and uncertainties arising from developed countries will continue in 2013. It is estimated that a growth rate of 2,6 % will be attained in the world in general in 2013. Exchange rate wars are getting more serious and protectionism in commerce tendencies are increasing among developed countries dealing with budget deficits, low growth rates and high levels of unemployment. Performance of the Turkish economy in the year 2013 is expected to be higher than in 2012 and to growth at a rate of approximately 4,5 %. Despite all the negative conditions in world economy, in recent years, Turkey has diversified its export markets and the composition of its export goods by turning to the Middle Eastern, African and Asian countries. The high performance shown in this area is expected to continue increasingly in 2013.

The construction sector has always been the locomotive of the economy in Turkey with its high employment potential, and the added value it creates due to the diversity of the sectors it affects. However, due to the high stock of real estate accumulated, there was a decrease both in construction and occupancy permits granted in 2012. The construction sector closed the year 2012 with a growth of approximately 1,5 % and major efforts were made to deplete the accumulated real estate stocks. We are expecting a partial recovery in the sector in the last quarter of the year due to the revision made in VAT rates and the decrease in loan interests.

Our company continued to sell the existing real estate in its stock in 2012, and increased its rent revenues from the highly prestigious real estate in its portfolio. Our company keeps up with the leading indicators in the economy, continues to work on developing new projects and intends to put these into effect as soon as the conjuncture is most appropriate.

We would like to present our thanks to all our employees for their selfless work and our esteemed shareholders who have always supported us in our endeavors.

With best regards to your esteemed committee, we wish you a successful year.

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	14.05.2012	27.03.2013
Ahmet Önder Kazazoğlu	Vice Chairman	14.05.2012	27.03.2013
Mehmet Alper Kaptanoğlu	Director	14.05.2012	27.03.2013
Mehmet Ahkemoğlu	Director	14.05.2012	27.03.2013
Hilmi Önder Şahin	Director	14.05.2012	27.03.2013
İzzet Cemal Kişmir	Director (Independent)	14.05.2012	27.03.2013
Mehmet Sağıroğlu	Director (Independent)	14.05.2012	27.03.2013

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

Board of Auditors

Ümit Nuri Yıldız	14.05.2012	27.03.2013
Aykut Baycan	14.05.2012	27.03.2013
Erol Uçmazbaş	14.05.2012	27.03.2013

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. Members 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 article of the Company's Articles of Association.



INFORMATION REGARDING MEMBERS OF THE BOARD

Mustafa FILİZ

Chairman of the Board of Directors

Filiz was born in Çorum in 1960. In 1982, he graduated from Istanbul University, Faculty of Economics. In 1982, he started working as Assistant Tax Inspector on the Board of Tax Inspectors of the Ministry of Finance and was appointed as Tax Inspector in 1985.

In 1989, he was sent to England by the Ministry of Finance for a year. In 1992, Filiz was appointed Chief Tax Inspector. As working as Deputy Chairman of the Istanbul Group of the Board of Tax Inspectors he resigned in 1995 and joined the Alarko Group of Companies.

Mustafa Filiz who is presently the Senior Vice President of Accounting of the Alarko Group of Companies is also a member of the Board of various companies of the Group and a member of the Auditing Board.

Mustafa Filiz is married and has one child. He speaks English.

Mustafa Filiz does not qualify as independent director according to the CMB's Communiqué Serial: IV, No: 56.

Ahmet Önder KAZAZOĞLU

Vice Chairman of the Board

Kazazoğlu was born in Kilis in 1953. In 1975, he graduated from the Mechanical Engineering Faculty of METU. In 1977, he completed his Master's Degree at the same faculty.

Kazazoğlu joined the Alarko Group of Companies in 1979. He worked as administrator on various projects of the company both at home and abroad. Kazazoğlu is the General Manager of Alcen Energy Distribution and Retail Sales Services Co. and Meram Electricity Distribution Co. since 2009 and a member of the Board in various companies of the Group.

Kazazoğlu is married and has two children. He speaks English.

Ahmet Önder Kazazoğlu does not qualify as independent director according to the CMB's Communiqué Serial: IV, No: 56.

Mehmet Alper KAPTANOĞLU

Member of the Board

Kaptanoğlu was born in Borçka in 1950. In 1973, he graduated from ITU Faculty of Mechanical Engineering.

Kaptanoğlu joined the Alarko Group of Companies in 1973 and held managerial positions in various companies of the Group. He has been working as Deputy Chief Executive Officer of Alsim Alarko Sanayi Tesisleri ve Ticaret A.Ş. since 1998. He is a Board member in various companies of the Group.

Kaptanoğlu is married and has two children. He speaks English.

Mehmet Alper Kaptanoğlu does not qualify as independent director according to the CMB's Communiqué Serial: IV, No: 56.

Mehmet AHKEMOĞLU

Member of the Board

Ahkemoğlu was born in Ankara in 1964 and graduated from Ankara University, Faculty of Political Sciences, School of Economics in 1986. In 1996, he completed his Master's Degree in International Accounting and Auditing at Illinois University.

In 1986, Ahkemoğlu started working at the Ministry of Finance as Assistant Tax Inspector, in 1989 as Tax Inspector, in 1997-2004 as Department Head on the Revenues Administration of the Ministry of Finance, and in 2005 as Department Head on the Department of Revenues Management of the Revenues Administration. He resigned at the end of 2005 and joined the Alarko Group of Companies in 2006. At present he is the Senior Vice President of Auditing of the Alarko Group of Companies. Ahkemoğlu who is also a member of the Board and of the Auditing Board of various companies within the Alarko Group. He speaks English.

Mehmet Ahkemoğlu does not qualify as independent director according to the CMB's Communiqué Serial: IV, No: 56.

**Hilmi Önder ŞAHİN*****Member of the Board***

Şahin was born in Ayvalık in 1948. He graduated from the Mining Department of the Engineering Faculty of METU in 1970 and completed his graduate studies at the same faculty in 1972.

Şahin started to work at Alarko as an Instrumentation Engineer in 1975. This was followed by managerial positions in various companies of the Group. Şahin has been General Manager of Alarko Carrier Sanayi ve Ticaret A.Ş. since 1995. He is also a member of the Board in various companies of the Group.

Şahin is married and has two children. Şahin speaks English.

Hilmi Önder Şahin does not qualify as independent director according to the CMB's Communiqué Serial: IV, No: 56.

İzzet Cemal KİŞMİR***Independent Member of the Board***

Kişmir was born in Ankara in 1964. He graduated from the Department of Finance Management of the Faculty of Business Administration of Marmara University in 1986. In 1988, he completed his graduate studies in Modern Management at the same university and did MBA studies in "International Finance and Strategic Management" at Hartford University, Barney School of Business in 1996.

He started to work at STFA Holding as Area Sales Coordinator in 1987. This was followed by various managerial positions at Mobil Oil, Garanti Bankası, TEB BNP Paribas. He has been the CEO of BNP Paribas Cardif in Turkey and a member of the Board since 2011.

Kişmir is married and has one child. He speaks English.

İzzet Cemal Kişmir qualifies as independent director according to the CMB's Communiqué Serial: IV, No: 56.

Mehmet SAĞIROĞLU***Independent Member of the Board***

Sağiroğlu was born in Izmir in 1951. He graduated from Bosphorus University, Faculty of Economic and Administrative Sciences, Management Department in 1976.

Sağiroğlu began working as Chief of Budget Planning and Control at Türk Demirdöküm Fabrikaları A.Ş. in 1976. This was followed by various managerial positions at T. Sınai Kalkınma Bankası, Fideltus Capital, Global Menkul Değerler and Global Kurumsal Finansman A.Ş. He has been a member of the Board of Global Menkul Değerler since 2010.

Sağiroğlu is married and has two children. He speaks English and French.

Mehmet Sağiroğlu qualifies as independent director according to the CMB's Communiqué Serial: IV, No: 56.



AGENDA OF THE ANNUAL GENERAL ASSEMBLY MEETING OF MARCH 27, 2013

1. Opening and 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. Deliberations and decision regarding the confirmation of the full membership of members of the Board of Director appointed within the year in accordance with Article 363 of the Turkish Commercial Law.
5.
 - a) Reading and discussion of the Annual Report of the Board of Directors for the term of 2012 and the Statements of Financial Position and Statements of Comprehensive Income of 2012.
 - b) Reading of the Statutory Auditors' Report.
 - c) Reading of the Independent Auditors' Report.
 - d) Approval of the Balance Sheet and Income Statement of 2012.
 - e) Deliberations and decision to acquit the members of the Board of Directors and the Statutory Auditors for the results of the Company in 2012.
6. Reading and discussion of the letters of permission received from the Capital Markets Board and the Directorate General of Domestic Trade of the Customs and Commerce Ministry concerning the inclusion of the amendments to articles (2), (3), (4), (5), (6), (7), (9), (11), (12), (13), (14), (15), (16), (18), (19), (20), (21), (22), (23), (24), (25), (26), (27), (28), (29), (30), (31), (32), (33), (35), (36), (37) and cancellation of article (17) of the articles of association and of the old and new forms the said articles and passing a resolution for the adoption of same.
7. Presentation of information regarding the remuneration principles for members of the Board of Directors and top executives.
8. Deliberations and decision on the proposal of the Board of Directors for the profit distribution of the year 2012.
9. Deliberations and decision on the election of the Board of Directors and determination of the salaries and terms of office of the members.
10. Discussion and passing of a resolution on vesting the powers set out in articles 395 and 396 of the Turkish Commercial Code to the members of the Board of Directors and to the persons cited in the articles 1.3.7 of the "Corporate Governance Principles" in the annex of the Communiqué Serial: IV, No: 56 of the Capital Markets Board.
11. Deliberations and decision on the election of auditors according to the Turkish Commercial Code.
12. 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 Markets Regulations and approval of the draft of the contract.
13. Deliberations and decision concerning the approval of the Internal Guidelines Regarding the Methods and Principles of the General Assembly proposed by the Board of Directors.

Board of Directors



ANNUAL REPORT OF THE BOARD OF DIRECTORS

Dear Shareholders,

We hereby present the Annual Statement of Financial Position, Statement of Comprehensive Income and other financial statements which reflect the results of our company's activities in 2012 for your evaluation and criticism.

- 1) Our annual report covers the period between January 1, 2012 and December 31, 2012.
- 2) The members of the Board and the Statutory Auditors during 2012 are their terms of office are presented on page 4.
- 3) The Board of Directors convened 29 times during the term. All members of the Board participated in 26 meetings. One Board member was unable to participate in 3 of the meetings due to an excuse. Decisions of the Board were taken unanimously. Therefore, there is no record of dissenting votes.
- 4) The company's registered capital ceiling in 2012 was TL 20.000.000.
- 5) Our issued capital is TL 10.650.794 and our net profit for the period TL 14.271.557.
- 6) The rate of participation to our Ordinary General Assembly Meeting held on May 14, 2012 was 62,62 %. 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. 48,77 % of the capital is offered to the public.

Regarding the last three - year operational periods, no dividend was paid in 2009, whereas in 2010 a dividend of 12,62 % over issued capital was paid in cash and a dividend of 29 % was paid in cash in 2011.

The proposal for profit distribution for the year 2012 submitted by the Board of Directors to the approval of the General Assembly is on page 19 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 22,70.

- 7) No donations were made to foundations and associations in 2012.
- 8) There are no important lawsuits brought against our company which could impinge on its financial status or activities of the company as of 31 December 2012.
- 9) 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. Members of the Board have no transactions of their own or on behalf of others that could be within the scope of the noncompetition covenant.
- 10) Footnote 28 to the financial statements contains information related to checking compliance with portfolio limitations.



GENERAL INFORMATION REGARDING OUR ACTIVITIES

In 2012 the construction sector showed a slower growth compared to the general economy and closed the year with a growth of approximately 1,5 %. 2012 has been year in which a fewer number of projects were realized in this sector and one in which most efforts were directed to depleting the accumulated real estate stock. A recovery, even if only partial, is expected in the second quarter of the year as a result of the revision made regarding the VAT rates and the lowered loan interest rates in order to facilitate depleting existing stocks.

Our company has completed the construction of the Lake Mansions, the most prestigious phase of the Alkent Istanbul 2000 project in Büyükçekmece, the site management of the project has been formed and life in the mansions has started. Sales of the few remaining mansions of the project which has become a prestigious living center with its social premises, special security service and landscaping is continuing. We are also maintaining work on developing a project for our land in Maslak.

The rent income we are getting from the quality real estate that we have included in our portfolio in previous years has also increased in 2012. The prestigious real estate in our portfolio include; the five star Fethiye Hillside Beach Club Holiday Village located on an area of 100.037 m², a closed area of 23.922 m² and a bed capacity of 781, the 13.794 m² factory and facilities built over an area of 13.503 m² in Eyüp, Istanbul, 39 shops in Alkent Etiler Shopping Center, the 4 storey Alarko Business Center of 1.730 m² in Karaköy, Necatibey Caddesi, the 750 m² Alarko - Dim Business Center in Tepebaşı, Istanbul consisting of 3 office floors and 3 shop floors, and the 6 storey, 1.943 m² Alarko Business Center in Çankaya, Ankara. We plan to strengthen our real estate portfolio which provides us a stable rent income.

Thanks to its strong equity and liquidity structure and using the resources set aside for new projects, our company has obtained high financial income from money and capital market instruments.

ADDITIONAL INFORMATION REGARDING OUR ACTIVITIES

- 1) Our Company had no activities related to Research and Development in the financial term of 2012.
- 2) Investments made by our Company in the financial term of 2012 is TL 871.942.
- 3) Information regarding the internal control system of our company and its internal and external auditing activities: Our Company conforms to the principles stated in the Corporate Governance Principles. Hence, an "Auditing Committee" was constituted within the Board of Directors and the committee's work principles were determined by the Board. The results of the internal auditing reports drawn as a result of the inspections carried out in accordance with the internal control system set up and the audit reports drawn at the end of inspections carried out by the independent auditing companies are followed by the committee and reported to the Board. The financial statements showing the results of the activities of Alarko Gayrimenkul Yatırım Ortaklığı A.Ş. for the year 2012 have been subject to independent auditing by Denet Bağımsız Denetim Yeminli Mali Müşavirlik A.Ş. (Member, BDO International Network). Both internal auditing and independent auditing were conducted twice within the financial period of 2012 and no adverse case was determined. Neither public nor special inspection was conducted within the term. The financial statements of the company were examined by the Company auditors and it was determined that they reflected the financial status of the company correctly, and were in accordance with the records and that the results of 2012 were in compliance with the relevant laws and the Articles of Association.



- 4) Direct participations and share ratios of are company are as follows. The company has no mutual participation exceeding 5 %.

Subsidiaries	Declared Capital (TL)	Share (TL)	Share (%)
Alsim Alarko Sanayi Tesisleri ve Tic. A.Ş.	104.572.000	1.196	0,00
Alarko Deyaar Gayrimenkul Geliştirme A.Ş.	77.419.087	500	0,00
Alarko Holding A.Ş.	223.467.000	608.222	0,27

Information regarding our partnership ratios in our shareholdings as of 31 December 2012 and the dividends we have accumulated in 2011 and 2012 are given in note numbers 4 and 19 to the Financial Statements.

- 5) Our Company does not possess any own share.
- 6) As there is no practise by the Company and the members of the Board of Directors against to the applicable laws and regulations, there is neither any administrative nor judicial litigation against the Company and the members of the Board of Directors.
- 7) Objectives determined in former terms have been attained and there are no matters that have not been implemented in the decisions taken at the General Assemblies of the Company.
- 8) No extraordinary General Assembly was held during the term.
- 9) Our company has no spending within the social responsibility Project. Social contributions are made through the GYO (Real Estate Investment) Association and Alarko Educational-Cultural Foundation.
- 10) Our company is a dependent company of Alarko Holding A.Ş. as defined in Turkish Commercial Code Article 195 Paragraph 1. Our company has carried out some transactions of goods and services with the parent company and its affiliates. All aforesaid transactions are conducted in accordance with arm's length principle.

No legal action was taken by our Company in favor of the parent company or its affiliates under directives of the parent company. Therefore, no measures were taken or avoided to be taken in favor of the parent company or its affiliates during the past year.

All business activities of our Company performed with the parent company and its affiliates are in total conformity with law and regulations and also with the arm's length principle, and therefore no compensation is needed for aforesaid transactions according to Turkish Commercial Code Article 199 whatsoever.

- 11) No significant incident has occured since end of the past year until the date of report, which can affect rights of shareholders, creditors and the other related third parties.
- 12) There have been no legislative amendments that can seriously affect the Company's activities within the term.
- 13) Conflict of interest does not exist between the Company and investment consulting institutions as well as rating instutions which render services to the Company.
- 14) 17 special case announcements were made during the year. No additional explanation was requested.



FINANCIAL RIGHTS GRANTED TO BOARD MEMBERS AND TOP EXECUTIVES

Except for the Independent Members of the Board, no financial rights such as honorariums, fees, bonuses, premiums, profit share are granted to Board Members. The gross total of fees and similar financial rights provided to the Independent Board Members and top executives in 2012 was TL 769.068.

There are no allowances, travel, accommodation and representation expenses and real and financial means, insurances and any similar collaterals given to the Members of the Board of Directors.

INFORMATION ABOUT HUMAN RESOURCES

The average number of employees on the 01.01.2012 - 31.12.2012 term is 7.

As of 31.12.2012, the company has calculated TL 120.456 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.

Health insurance, transportation, lunch facilities are provided to employees by company.

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

CURRENT CAPITAL AND PARTNERSHIP STRUCTURE

Shareholders	Share Amount (TL)	Number of shares and votes	Ratio (%)	Number of (*) A Group shares and votes	Number of (**) B Group shares and votes	Number of C Group shares and votes
Alarko Holding A.Ş.	1.748.259	174.825.881	16,42	16.467.000	–	158.358.881
Alsım Alarko Sanayi Tesisleri ve Ticaret A.Ş.	3.704.641	370.464.092	34,78	–	23.500.000	346.964.092
Other	3.453	345.271	0,03	33.000	–	312.271
Public Offerings	5.194.441	519.444.156	48,77	–	–	519.444.156
Total	10.650.794	1.065.079.400	100	16.500.000	23.500.000	1.025.079.400

(*) A Group Shareholders have right of nomination of 4 candidates at election of members of Board.

(**) B Group Shareholders have right of nomination of 3 candidates at election of members of Board.

There are no other concessions except for that of "Nomination to the Board" as stated above.

There has been no change in the capital and partnership structure of the company in 2012.



PROFIT DISTRIBUTION POLICY

Our Company's profit distribution policy figures in the attached "Report on Compliance with Corporate Governance Principles" and is announced to the public in the Company's web-site.

Our Company's profit distribution policy is: Profit distribution is done within the framework of the Capital Markets Regulations, the Turkish Commercial Code, the Tax Legislation and other applicable regulations and the relevant article of our Articles of Association taking into consideration the company's new investments and liquidity level. The amount of profit available for distribution will be determined taking into account the new investments to be made and liquidity status if the Capital Markets Board terminates profit distribution obligation in 2013 and the following years.

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

Our company distributed TL 3.089.547 in dividends in 2012.

CHANGES MADE IN THE ARTICLES OF ASSOCIATION DURING THE TERM AND THE REASON

The application made by our company to the Capital Markets Board on 12.12.2011 for the amendments of articles 6 and 7 of the Articles of Association in order to comply with the regulations regarding the registered capital system of the Capital Markets Board was approved by the Capital Markets Board with their permission dated 06.01.2012 and number B.02.1.SPK.0.15-300.320.99-12.

The application made by our company to the Capital Markets Board on 19.01.2012 for the amendment of articles 11 and 29 of the Articles of Association in order to comply with the Communiqués Serial : IV, No. 56 and Serial : IV, No. 57 and add article 37 of the "Compliance with Corporate Governance Principles" to the Articles of Association was approved by the Capital Markets Board with their permission dated 08.03.2012 and number B.02.6.SPK.0.15-325.99-189.

The said text of amendments were approved at the General Assembly held on May 14, 2012.

The old and new texts of the relevant articles are published in the "Investor Relations" link of our web-site.

RISKS AND EVALUATION OF RISKS BY THE MANAGING BODY

An Early Detection of Risk Committee consisting of 4 members has been established to determine risks likely to be encountered and to make recommendations to the Board in order to set up an effective risk management system and their operation principles have been approved by the Board.

The Board set up a risk management mechanism. All possible risks likely to be encountered by the company are reviewed periodically by the Early Risk Detection Committee consisting of Board members. The Committee convened 2 times within the term with full participation and the report was presented to the Board.

Furthermore, the Auditing Committee, Early Detection of Risk Committee and the Board determine the measures to be taken and instruct the managers of the company by way of the General Manager.



FINANCIAL INDEXES

According to the independently audited financial statements prepared as of December 31, 2012 financial indexes are as follows.

Financial Indexes	Year 2012	Year 2011
Net Sales	TL 15.310.975	TL 19.704.608
Net Profit for the Period	TL 14.271.557	TL 39.961.181
Current Ratio	50,34	26,55
Liquidity Ratio	44,75	22,97
Dept Equity Ratio	1,36 %	2,37 %
Total Assets	TL 308.888.850	TL 299.205.119

Analysis of the basic ratios regarding the term of 2012 shows that our Company's net working capital is adequate, that it can pay all its short term liabilities in cash or with economic assets that can be liquidated in a short period and also that its operating activities are financed with its equities. The Company's paid-in capital is TL 10.650.794, and it is in a position to pay its depts. The financial structure of the company is propitious to maintaining its activities. Hence, there are no precautions taken concerning this issue.

As of 31.12.2012, the number of shares at par value of TL 1,00 is 10.650.794 and the current value per share is TL 29.

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 Eskice Village 106/18 parcel 63 villas, 12 villas remaining.	31.12.2012	14.195.000	16.750.100
- Land in Büyükçekmece Eskice Village	Büyükçekmece / İstanbul, 5 parcels 819.272 m ² .	31.12.2012	9.325.000	11.003.500
- Maslak Land	Sarıyer / İstanbul, 2 parcels, in Maslak, on the Şişli - İstinye Büyükdere motorway 18.961,90 m ² .	31.12.2012	35.269.000	41.617.420
- 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 .	31.12.2012	2.025.000	2.389.500
- İstanbul Karaköy Business Center	Karaköy / İstanbul, gross 1.730 m ² , single block, elevator, fuel-oil heating, ½ bought in 1997, ½ bought in 1999.	31.12.2012	1.817.000	2.144.060
- Ankara Çankaya Business Center	Çankaya / Ankara, gross 1.887 m ² , single block, 6 storeys, elevator, chiller air conditioning, natural gas heating.	31.12.2012	2.857.000	3.371.260



Real Estates, Real Estate Projects, Chattel Real		Appraisal Date	Appraisal Value (TL)	
			VAT excluded	VAT Included
- Fethiye Hillside Beach Club Holiday Village	10.128 m ² , in Fethiye / Muğla, Parcel 3 with 1. Class Holiday Village in Kaya Village, Kalemya Bay.	31.12.2012	8.102.472	9.560.917
- Fethiye Hillside Beach Club Holiday Village (usufruct)	Fethiye / Muğla, 2 parcels, 84.762 m ² , usufruct for parcel 1 in Kaya Village, Kalemya Bay.	31.12.2012	61.047.528	72.036.083
- Factory and land in Eyüp - Topçular	Eyüp / İstanbul, 15.675 m ² , facilities located in Topçular neighborhood. Door no. 8, block 247, parcel 56.	31.12.2012	29.138.000	34.382.840
- 39 shops in Etiler Alkent Housing Estate	39 shops in Etiler Alkent Shopping Center in Beşiktaş, İstanbul,	31.12.2012	8.453.000	9.974.540
TOTAL			172.229.000	203.230.220

ii – Money and Capital Market Instruments

Type	Total (TL)	Ratio (%)
Government Bonds and Bills	106.977.778	80,73
Foreign Currency Time Deposits	19.936.152	15,04
Share Certificates	3.114.095	2,35
Mutual Funds	2.420.648	1,83
TL Time Deposit	44.005	0,03
Cheques	16.650	0,01
Foreign Currency Deposits	12.965	0,01
TOTAL	132.522.293	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	795.000	31.12.2012	7.650	7.386	Altek Alarko Elektrik Sant. Tesis İşi. ve Tic. A.Ş.	30.06.2012	1 year
- İstanbul Karaköy Business Center	1.350.000	31.12.2012	6.300	5.896	4C Tüketim Malzemeleri İth. İhr. Ltd. Şti.	01.05.2012	1 year
			2.525	3.356	Çırakoğlu Mim. Tas. ve Dan. Ltd.Şti.	01.10.2012	1 year
			1.562	2.315	Evo Bilgi Teknolojileri San. Tic. Ltd.Şti.	01.03.2012	1 year
			1.562	2.114	Kırcı Elektro Teknik San. ve Tic. Ltd. Şti.	01.01.2012	1 year
			1.562	1.997	Züccacıyeciler Derneği İktisadi İşletmesi	01.11.2008	5 years
			600	1.000	Benim Ev ve Mutfak Eşyaları San. Tic. A.Ş.	01.11.2009	4 years
- Ankara Çankaya Business Center	1.000.000	31.12.2012	6.189	9.902	Kırcı Elektro Teknik San ve Tic. Ltd. Şti.	01.01.2012	1 year
- Factory in Eyyüp - Topçular (1)	2.200.000	31.12.2012	17.875	26.293	Alarko Carrier Sanayi ve Ticaret A.Ş. - Ankara Şb.	01.02.2012	1 year
- 39 shops in Etiler Alkent Shopping Center	3.150.000	31.12.2012	45.520	35.652	Karyer Isı San. ve Tic. Ltd. Şti	01.07.2011	2,5 years
1	F1-01	202.413	3.800	6.177	Migros Ticaret A.Ş.	01.02.2010	10 years
2	F1-02	433.851	5.025	13.239	Migros Ticaret A.Ş.	01.02.2010	10 years
3	F1-03	120.684	3.300	3.683	Migros Ticaret A.Ş.	01.02.2010	10 years
4	F2-01	41.246	1.290	861	Kırkylı Kahve Fırat Şerif Hatipoğlu ve Ortağı	01.01.2012	1 year
5	F2-02	92.422	1.350	2.500	Alkent Kuru Temizleme San. İç ve Dış Tic. Ltd. Şti.	01.12.2012	1 year
6	F2-03	67.980	1.350	2.500	İsmail Özkaptan	01.09.2012	1 year
7	F2-04	67.980	1.575	1.909	Doruk Unlu Mam. San. ve Perakende Hizm. A.Ş.	01.10.2012	5 years
8	F2-05	67.980	1.645	1.909	Doruk Unlu Mam. San. ve Perakende Hizm. A.Ş.	01.10.2012	5 years
9	F2-06	67.980	1.575	4.410	Aycin Eczanesi	01.06.2012	1 year
10	F2-07	25.970	532	1.905	Deniz 35 Gıda Pazarlama Tic. Ltd. Şti.	01.08.2012	1 year
	F2-07	51.176	1.043	1.715	İSS Tesis Yönetim Hizmet A.Ş.	01.05.2012	1 year
	F2-08	53.468	1.054	1.792	İSS Tesis Yönetim Hizmet A.Ş.	01.05.2012	1 year
	F2-08	24.442	486	1.793	Deniz 35 Gıda Pazarlama Tic. Ltd. Şti.	01.08.2012	1 year





Information Regarding Portfolio Assets Leased		Insurance Value (TL)	Rent Appraisal Date	Rent Appraisal Value (TL)	Monthly Rent (TL)	Leasee	Lease Start	Lease Term
12	F2-11	51.176	31.12.2012	1.408	-	Not rented as of 31.12.2012	-	-
13	F2-12	103.880	31.12.2012	1.408	-	Not rented as of 31.12.2012	-	-
14	F2-13	25.970	31.12.2012	1.408	1.750	Esra Karataş	01.12.2012	1 year
15	F2-14	51.176	31.12.2012	1.440	1.600	Erhan Yılmaz	01.03.2012	1 year
16	F2-15	25.970	31.12.2012	668	542	Kırkyl Kahve Fırat Şerif Hatipoğlu ve Ortağı	01.01.2012	1 year
	F2-15	25.970	31.12.2012	682	1.648	Tanjerine Reklam Org. Dan. Tekn. ve Gıda Tic. Ltd. Şti.	01.08.2012	1 year
17	F2-16	124.503	31.12.2012	1.350	2.598	Kırkyl Kahve Fırat Şerif Hatipoğlu ve Ortağı	01.01.2012	1 year
18	F3-01	12.985	31.12.2012	476	1.300	Nur Ünal	01.09.2012	1 year
	F3-01	25.970	31.12.2012	967	1.479	Tülin Özdemir	01.07.2012	1 year
	F3-01	12.985	31.12.2012	476	1.500	Yeşim Akdoğan	01.11.2012	1 year
	F3-01	25.970	31.12.2012	960	492	Berrin - Bünyamin Özgültekin	01.10.2012	1 year
19	F3-02	51.940	31.12.2012	1.440	1.826	Emor Emlak Kırtasiye Tic. Ltd. Şti.	01.02.2012	1 year
20	F3-03	51.940	31.12.2012	1.350	-	Not rented as of 31.12.2012	-	-
21	F3-04	51.940	31.12.2012	1.350	1.504	E-Lab Sağlık Hizmetleri A.Ş.	01.07.2012	1 year
22	F3-05	51.940	31.12.2012	1.350	1.504	E-Lab Sağlık Hizmetleri A.Ş.	01.07.2012	1 year
23	F3-06	103.880	31.12.2012	2.700	4.216	Akbank A.Ş.	01.04.2009	5 years
24	F3-07	77.910	31.12.2012	2.025	944	Gülay Egemen	01.07.2012	1 year
	F3-07	25.970	31.12.2012	675	3.178	Gülay Egemen	01.11.2012	1 year
25	F3-08	42.774	31.12.2012	1.350	1.090	STR Film Yapımcılığı Eğitim Turizm Ltd. Şti.	01.11.2012	1 year
26	F3-09	51.940	31.12.2012	1.350	1.843	STR Film Yapımcılığı Eğitim Turizm Ltd. Şti.	01.03.2012	1 year
27	F3-10	42.774	31.12.2012	1.350	1.517	STR Film Yapımcılığı Eğitim Turizm Ltd. Şti.	01.03.2012	1 year
28	F3-11	51.940	31.12.2012	1.440	1.895	Duru Otomotiv Turizm Tic. Ltd. Şti.	01.04.2012	1 year
29	F3-12	51.940	31.12.2012	1.152	984	Berrin - Bünyamin Özgültekin	01.10.2012	1 year
	F3-12	51.940	31.12.2012	1.152	984	Berrin - Bünyamin Özgültekin	01.10.2012	1 year



Information Regarding Portfolio Assets Leased		Insurance Value (TL)	Rent Appraisal Date	Rent Appraisal Value (TL)	Monthly Rent (TL)	Leassee	Lease Start	Lease Term
	F3-12	25.970	31.12.2012	576	1.329	Santeks Saner Tekst. Tic. Ltd. Şti.	01.03.2012	1 year
30	F4-01	26.374	31.12.2012	656	1.092	Gülay Egemen	01.08.2012	1 year
	F4-01A	25.970	31.12.2012	634	1.216	Osman Gül	01.10.2012	1 year
31	F4-02	25.970	31.12.2012	663	1.367	Emor Emlak Org. San. Tic. Ltd. Şti.	01.06.2012	1 year
	F4-02A	26.734	31.12.2012	687	731	Tatlı Rüyalar Gıda ve Dan. San. Tic. Ltd. Şti.	01.04.2012	2 years
32	F4-03	52.704	31.12.2012	1.530	1.756	Bambino Oyuncak San. Tic. Ltd. Şti.	01.11.2012	1 year
33	F4-04	25.970	31.12.2012	1.440	1.402	Hülya Çanga	01.07.2012	1 year
34	F4-05	25.970	31.12.2012	1.440	1.401	Candostlar Kuafor Güzellik Salon İşl. Ltd. Şti.	01.06.2012	1 year
35	F4-06	51.176	31.12.2012	1.472	2.761	Candostlar Kuafor Güzellik Salon İşl. Ltd. Şti.	01.06.2012	1 year
36	F4-07	53.468	31.12.2012	1.288	1.564	Akip Gıda San. Tic. A.Ş.	01.09.2012	1 year
37	F4-08	105.407	31.12.2012	1.260	3.083	Akip Gıda San. Tic. A.Ş.	01.09.2012	1 year
38	F4-09	54.995	31.12.2012	562	2.968	Candostlar Kuafor Güzellik Salon İşl. Ltd. Şti.	01.06.2012	1 year
	F4-09	68.744	31.12.2012	698	1.880	Tatlı Rüyalar Gıda ve Dan. San. Tic. Ltd. Şti.	01.04.2012	1 year
39	F4-10	67.213	31.12.2012	1.377	1.837	Tatlı Rüyalar Gıda ve Dan. San. Tic. Ltd. Şti.	01.04.2012	1 year
- Fethiye Hillside Beach Club Holiday Village (2)		34.742.000	31.12.2012	6.735.000	9.303.363	Attaş Alarko Turistik Tesisler A.Ş.		
					9.213.363	Attaş Alarko Turistik Tesisler A.Ş.	21.04.2004	Unlimited
					90.000	Kafkas Kuyumculuk – Mehmet Fuat Kırız	20.04.2012	1 Season

Footnotes:

(1) The lease held by Karyer Işı 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 – İstanbul / 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. ÜMİT NURİ YILDIZ (Terms of office: 14.05.2012 – 27.03.2013. He is not a shareholder or a personnel of the Company.)
2. AYKUT BAYCAN (Terms of office: 14.05.2012 – 27.03.2013. He is not a shareholder or a personnel of the Company.)
3. EROL UÇMAZBAŞ (Terms of office: 14.05.2012 – 27.03.2013. 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 23-24, 2012 for the first six months of the year, and the second on January 24-25, 2013 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, NO. 6762 AND THE CONCLUSION REACHED :

The Company's cash office was inspected and counted four times, as a result no discrepancy was found between cash office and legal records.

DATES OF INSPECTION PERFORMED AS REQUIRED BY ARTICLE 353, PARAGRAPH 1, SUBPARAGRAPH 4 OF THE TURKISH COMMERCIAL CODE, NO. 6762 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 May 14, 2012, 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, 2012 to December 31, 2012, 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, 2012, the contents of which we approve, realistically and accurately reflects the financial standing of the Company on that date; that the Statement comprehensive Income for the period of January 1, 2012 to December 31, 2012 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

The profit for the period as in the financial statements presented to the approval of the General Assembly is TL 14.271.557. As the total of the first order general legal reserves set aside in previous years has reached the legal ceiling, the net distributable profit for the period is TL 14.271.557.

We propose ;

- To assess TL 2.854.311 corresponding to 20 % of the net distributable profit as first dividend and to distribute TL 2.304.540 of this first dividend to shareholders in cash and the remaining sum to be added to extraordinary reserves,
- To set aside TL 177.200 out of the profit to be distributed as second order general legal reserves,
- To transfer the remaining sum to extraordinary reserves,
- To start profit distribution as of the 31st of May 2013.

Board of Directors

According to this and in accordance with the Capital Markets Regulations, the Articles of Association and other relevant laws, profit distribution is as follows.

Profit for the Period	TL 14.271.557
First Order General Legal Reserves.....	–
Net Distributable Profit for the Period	TL 14.271.557
Dividends to Shareholders (cash)	TL 2.304.540
Second Order General Legal Reserves	TL 177.200
Balance to be Transferred to Extraordinary Reserves.....	TL 11.789.817
Ratio of Dividends to Total Issued Capital	21,64 %
Ratio of Dividend to be Distributed to the Net Distributable Profit	16,15 %



REPORT ON COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

1. Statement Of Compliance With Corporate Governance Principles

Our Company has shown the necessary rigor for the application of the Corporate Governance Principles published by the Capital Markets Board. All the compulsory principles stated by Communiqué Serial: IV, No: 56 regarding the Determination and Application of Corporate Governance Principles have been applied by our Company. Majority of the Corporate Governance Principles that are not compulsory have been applied, those which are not applicable have been explained. Explanations regarding the subject are given in their relevant sections. The Corporate Governance Committee is continuing its work.

PART I – SHAREHOLDERS

2. Unit in Charge of Relations with Shareholders

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

Fatma Acar is the manager of relations with shareholders.

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

Our Company is very particular about every shareholder's right to information. All information and disclosures that can affect access to shareholder's rights are updated and presented to shareholders under "Investor Relations" in our company's web-site.

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 special auditor. No request was made during the year for appointment of an special auditor.

4. General Assembly Meetings

The Ordinary Annual General Assembly meeting of the company was held with a quorum of 62,62 % The meeting was attended by representatives of the media.

In addition to the methods dictated by the legislation, announcement of the Ordinary General Meeting is made at least 3 weeks prior to the meeting using all means of communications including electronic communications so as to ensure notifying as many shareholders as possible. Invitation to the meeting was made at the Public Disclosure Platform (KAP), the web-site of the Company, the Turkish Trade Registry Gazette, and a newspaper with national circulation.

After it has been approved by the General Assembly, the media, the stakeholders and the top and middle level executives of the Company have the right to attend the Ordinary General



Assembly on condition that it complies with the internal guidelines that regulate the principles regarding holding the meeting and participation.

The annual report, auditors' report, financial statements, and due to the change of the articles of association in the agenda, the new and old versions of the Articles of Association together with the Board's decision, the meeting agenda and profit distribution proposal by the Board of Directors are presented to shareholders at the company's headquarters prior to the general assembly meeting. Moreover, this information can be found in the "Investor Relations" link of our Company's web-site. The profit distribution proposal is disclosed to the public on the Public Disclosure Platform (KAP) before the General Assembly.

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 minutes of the Ordinary General Assembly are open to all shareholders at the company headquarters. Moreover, the minutes of the General Assembly and the List of Participants are disclosed to the public on the Public Disclosure Platform (KAP) and in the "Investor Relations" link in our company's web-site after the meeting.

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.

The Company has not made any donations or aid during the term. Moreover, it has no spending within the framework of social responsibility projects. Social contributions are made by way of the foundation established by the GYO Association of which we are a member and the group of companies that are the main shareholders.

5. Voting Rights and Minority Rights

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

The direct participations and the share ratio of our company are as stated below. The company has no mutual participation exceeding 5 %.

Subsidiaries	Declared Capital (TL)	Share (TL)	Share (%)
Alsim Alarko Sanayi Tesisleri ve Tic. A.Ş.	104.572.000	1.196	0,00
Alarko Deyaar Gayrimenkul Geliştirme A.Ş.	77.419.087	500	0,00
Alarko Holding A.Ş.	223.467.000	608.222	0,27

6. Profit share rights

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

Our company has a profit distribution policy. This policy figures in our company's annual report, the report of compliance with Corporate Governance Principles and is announced to the public in the Company's web-site.

Our Company's profit distribution policy is: Profit distribution is done in accordance with the Capital Markets Regulations, the Turkish Commercial Code, the Tax Legislation and other applicable regulations as well as the relevant articles of our Articles of Association taking into consideration the company's new investments and liquidity level. The amount of profit



available for distribution will be determined taking into account the new investments to be made and liquidity status if the Capital Markets Board terminates profit distribution obligation in 2013 and the following years.

Our Company distributed TL 3.089.547 profit in 2012.

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

The information policy constituted in accordance with the Capital Markets Regulations, the regulations of the Istanbul Stock Exchange and the relevant articles of the Turkish Commercial Code is implemented using the instruments and methods stated below.

General Framework of the Information Policy :

Our Information Policy has been constituted in accordance with the Capital Markets Regulations, the regulations of the Istanbul Stock Exchange, the principles stated in our Report on Compliance with Corporate Governance Principles and our Company's rules of ethics.

The basic aim of our Information Policy is to share our Company's information, except for information of commercial confidential character, disclosures, past performance, future expectations, strategies and vision with the public, the relevant authorized institutions, shareholders and stakeholders.

Our Information Policy is based on principles of openness and transparency. Our investors, shareholders and all our other stakeholders are informed equally, fairly and correctly.

Power and Responsibility :

The constitution, follow up, supervision and development of our Company's Information Policy is the responsibility of the General Manager on behalf of the Board of Directors. The Company's General Manager has been appointed to administer the Information Policy.

Methods of Disclosing Information to the Public :

The following instruments and methods are used in the Public Information Policy constituted within the framework of the Capital Markets Regulations, Istanbul Stock Exchange Regulations and the articles of the Turkish Commercial Code

- **Announcement of Special Cases :** Announcement of special cases is prepared with in the framework of Communiqué Serial: VIII No. 54 "Communiqué Regarding Principles of Announcement of Special Cases to the Public" of the Capital Markets Board and after being signed by signatory executives, it is disclosed to the public through the Public Disclosure Platform (KAP). The announcement of special cases is also published in the Company's web-site and kept for 5 years.
- **Annual Reports :** Annual reports are prepared in accordance with the Capital Markets Regulations and Corporate Governance Principles and are approved by the Board of Directors. The annual reports of our Company are prepared in Turkish and English and are offered to the examination of the investors at the company headquarters and the company's web-site. If requested, the annual reports are presented to those who cannot come to headquarters on electronic media or sent by post.
- **Interviews and Press Releases :** Following the Ordinary General Meeting of the Company, the public is informed about the term's activities and future expectations by the General Manager through the written and visual media. More over, disclosures in the



form of press bulletins to inform the public are prepared by the Manager of the Shareholder Relations Department of our company and distribution is made in accordance with the information policy principles.

- **Web-Site** : There is explicit and detailed information about our company in the company's web-site www.alarkoyatirim.com.tr. Information found in our web-site can be reached using the links in item 9 in section II of the "Report on Corporate Governance Compliance Principles" in the "Investor Relations" page of our web-site.
- **Disclosure of Financial Statements** : Our Company's financial statements and notes are prepared in accordance with the provisions determined by the Capital Markets Board and are audited by independent auditors. The financial statements and notes and the independent auditors' report are presented to the Board of Directors after the approval of the Auditing Committee. In accordance with the regulations of the Capital Markets Board and Istanbul Stock Exchange, the financial statements, notes, independent auditors' report approved by the Board are disclosed by the Financial Affairs Management to the CMB and ISE through the Public Disclosure Platform (KAP) on electronic media after getting the state of responsibility authorized signatures. The Financial statements and notes are also published in our web-site.
- **Turkish Trade Registry Gazette and Other Newspapers** : According to the Capital Markets Regulations and the Turkish Commercial Code, invitation to the general assembly, capital increase, dividend payments, prospectuses, communiqués, etc. are made public through the Turkish Trade Registry Gazette and other newspapers.
- **Informing Investors and Financial Intermediary Analysts** : The introductory meetings and information meetings conducted for a certain group of investors or with financial intermediary institution analysts or statements, presentations and reports presented at press meetings are published and offered to the public in the web-site.
- **Written and Verbal Requests** : The Department of Relations with Shareholders has been appointed to deal with all matters related to informing the public and answering all queries directed to the Company. The written and verbal queries directed to the Company are answered by this department and the Board is informed about questions asked and answers given.
- **News and Rumors about the Company** : The printed and visual media is followed up closely on a daily basis by the Public Relations Department within the Alarko Group of Companies. The content of news related to the company is checked and reported to upper management every morning.

If a decision is made to make a public announcement for some news or rumor that appeared in the media but does not require to have a special case announcement according to the Communiqué, a special case announcement is made with the approval of the General Manager.

Criteria Used in Determining Those with Administrative Responsibility :

People who act on behalf of the company, those who have the authority to take managerial decisions that affect the company's development and commercial activities, and Board members, Group Coordinator-General Manager, Deputy Group Coordinators, Coordinators of companies within the Alarko Group of Companies, the Manager of the Shareholders' Legal Service, the Manager of Financial Affairs and the other managers and experts are considered as employees who can have access to internal information.

Persons who have access to information regarding some of the Company's operations due to the work they perform and executives and other personnel who have limited information about the whole cannot be considered as persons who have access to internal information.



Ensuring Confidentiality of Internal Information :

The confidentiality of the said information within the framework of the rules of ethics approved by the Board of Directors of the Company and specified in the philosophy of the Alarko Group of Companies is ensured until the special cases are disclosed to the public. According to the rules of ethics to which all the employees have to conform to, all the employees have to take the necessary precautions to ensure the confidentiality of internal information. Within this scope, no Alarko employee can be engaged in activities that will yield profits by share dealing using the information acquired as a result of his / her position.

Rules of ethics are followed-up by the superiors of all employees in hierarchical order. Employees are responsible of immediately notifying the management of any act or behavior contrary to the rules of ethics. Any contrary act or behavior noticed, notified or suspected by the Board of Auditors, the Auditing Committee, the Chief Executive Officer or other managers are reviewed by the Board of Directors or instructed to be reviewed by the Auditing Committee to ensure compliance therewith. Disciplinary sanctions are applied by the Chief Executive Officer authorized by the Board of Directors to doers of actually proven contrary acts.

General Manager Harun Hanne Moreno is responsible of the implementation of the company's information policy.

9. The Company web-site and its Contents :

Alarko Gayrimenkul Yatırım Ortaklığı A.Ş. has a web-site. The Company's web-site address is www.alarkoyatirim.com.tr. Matters specified in the Corporate Governance Principles have been included in the web-site.

Information in the web-site is also given in English for the benefit of international investors. "Report on Compliance with Corporate Governance Principles of Capital Markets Board" which contains a number of links for the following headings may accessed from the "Investor Relations" link of the web-site.

Within the scope of article 9 of this report, information listed in article 2.2.2 in Part II of the Corporate Governance Principles can be accessed through the links stated below.

LIST OF LINKS :

1) Statement Of Compliance With Corporate Governance Principles

PART I - SHAREHOLDERS

- 2) Shareholders Relations Department
- 3) Exercise of Right to Demand Information by the Shareholders
- 4) General Assembly Meetings
- 5) Voting Rights and Minority Rights
- 6) Profit Share Rights
- 7) Transfer of Shares

PART II – PUBLIC INFORMATION AND TRANSPARENCY

- 8) Informing Policy
- 9) Company's Web-site 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
- Periodic Financial Reports
- 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
- Profit Distribution Policy
- Information Policy
- Minutes of Board Meetings where important decisions are taken which may effect the value of Capital Market Instruments
- 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

10) Annual Report

PART III - OWNERS OF INTEREST

- 11) Informing the Stakeholders**
- 12) Participation of Stakeholders in Management**
- 13) Human Resources Policy**
- 14) Rules of Ethics and Social Responsibility**

PART IV – BOARD OF DIRECTORS

- 15) Structure and Composition of the Board of Directors**
- 16) Operational Principles of Board of Directors**
- 17) Number, Composition and Independence of Board of Director’s sub-committees**
- 18) Risk Management and Internal Audit Mechanism**
- 19) Strategic Objectives of the Company**
- 20) Financial Rights Granted**

10. Annual Report

The Annual Report contains the information stated in the Report on Compliance with Corporate Governance Principles.

PART III - OWNERS OF INTEREST

11. Informing the Stakeholders

Owners of interest of the Company are regularly informed on matters of interest to them. Stakeholders have the possibility to convey operations of the company which do not comply with the legislation and are unethical to the Corporate Management Committee or the Committee in charge of Auditing through the Unit of Shareholder Relations.



Employees of the Company are informed through annual meetings regularly held. In addition, a more extensive information activity is carried out through our web-site, e-bulletins, technical publications and books.

Our company works on a customer focused basis and measures and evaluates customer satisfaction regularly. Questions referred to our after sales service are answered within 48 hours at the latest.

12. Participation of Owners of Interest in Management

No particular model has been developed regarding participation of owners of interest in the Company's management. Rights of owners of interest are protected by virtue of applicable legislation.

13. Human Resources Policy

The 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 are determined in writing and are complied with. 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. Employees receive training regularly every 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 during 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 improvements are made continuously.

14. Rules of Ethics and Social Responsibility

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 comprising these rules of ethics is also published in the in-company intranet system and the www.alarkoyatirim.com.tr web-site. All Alarko Gayrimenkul Yatırım Ortaklığı A.Ş. employees are obliged to conform to these rules. Rules of ethics are followed-up by the superiors of all employees in the hierarchical order. Employees are obliged to notify the management of any act or behavior contrary to the rules of ethics immediately. The rules of ethics are published in the Report on Compliance with Corporate Governance Principles link of the web-site.

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.

Social contributions are made through the education foundation established by the GYO Association of which we are a member and the group of companies that our our main shareholders.

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

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

Board of Directors

Mustafa Filiz	Chairman
Ahmet Önder Kazazoğlu	Vice Chairman
Mehmet Alper Kaptanoğlu	Member
Mehmet Ahkemoğlu	Member
Hilmi Önder Şahin	Member
İzzet Cemal Kişmir	Member (Independent)
Mehmet Sağıroğlu	Member (Independent)

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

There are 2 independent members on the Board of Directors.

For the first year, the Auditing Committee has replaced the Nomination Committee nominated two candidates for election to the Independent Membership to the Board and the report regarding whether the candidates conform to the independence criteria has been presented to the Board on 11 April 2012. The Independent Board Members match the independence criteria and their independence declaration has been obtained. There has been no situation to rule out their independence during the relevant term.

The CV's of the members of the Board of Directors, their term in office and their duties outside the company are published in the previous parts of the Annual Report and the web-site of the Company. They are not included here to avoid repetition.

General Manager

Harun Hanne Moreno

Moreno was born in Istanbul in 1960. In 1982, he graduated from the Industrial Engineering Department of the Faculty of Engineering of Boğaziçi University. Moreno completed his MBA



at the Social Studies Institute of the Faculty of Business Administration of the same university in 2002.

Harun Moreno started to work at the Alarko Group of Companies in 1986. Following various middle and top management positions in the various units of the group, he was appointed general manager of the Alarko Real Estate Investment Partnership Co. in 2001. He is still holding this position.

Harun Hanne Moreno speaks English and Spanish. He is married and has two children.

16. Operational Principles of the Board of Directors

The Board of Directors convenes when it is deemed necessary from the point of view of the company's operations upon the invitation of the chairman or deputy chairman. However, meeting once a month is compulsory. The chairman of the Board confers with the other members of the Board and the General Manager and determines the agenda of the Board meetings and sends it to all members 3 days prior to the meeting. Members make a point of attending every meeting and expressing their opinions. Participation in the Board meeting can be done by any technological means that allows remote access. Remarks of members who are unable to attend the meeting but report them to the Board in writing are presented to the other members. No weighed voting right is granted to the Board members. Each member of the Board has one vote. In Board meetings related to related party transaction, the member of the relevant Board does not have a voting right. The meeting and resolution quorum of the Board meeting is stated in the Articles of Association. Decisions that present characteristics stated in the Communiqué of the Capital Markets Board the articles of the communiqué are applied. The powers and responsibilities of the Board members are given in the Articles of Corporation.

The Board of Directors held 29 meetings during the term. All members participated in 26 of the meetings. One member of the Board did not participate in 3 meetings due to excuses. Board decisions were taken unanimously. Therefore, there is no record of dissenting votes. In 2012 there were no related party transactions and transactions of important character to be presented to the approval of the independent members of the Board.

17. Number, Structure and Independence of Committees Constituted in the Board

New committees have been established and their operation principles have been determined within the framework of the Communiqué Serial: IV, No: 56 of the Capital Markets Board regarding the "Determination and Application of Corporate Governance Principles and the articles of the Turkish Commercial Code.

Hence;

- Corporate Governance Committee consisting of 3 members was established to develop corporate governance applications. Independent member Mehmet Sağıroğlu was elected as chairman of the committee and independent member Mustafa Filiz and Mehmet Ahkemoğlu were elected as members of the Committee. The Corporate Governance Committee convened one time with the total number of members within the term and presented the Board a report regarding their activities.
- An Early Detection of Risk Committee consisting of 4 members was constituted to detect the risks that our Company could be faced with and to organize an effective risk management system. Independent member Mehmet Sağıroğlu was elected as Chairman and Mustafa Filiz and Hilmi Önder Şahin were elected as members of the Committee. The Early Detection of Risk Committee convened 2 times with the total number of members in 2012 and presented the Board a report regarding their activities.
- Independent member İzzet Cemal Kişmir was elected as Chairman of the Auditing Committee within the Board and independent member Mehmet Sağıroğlu was elected as member. The Auditing Committee convened 5 times with the total number of members in 2012 and presented the Board a report regarding their activities.



Information regarding the activity areas, operating principles and the members of the committees has been disclosed to the public in the Public Disclosure Platform (KAP) and also in the web-site of our Company for the investors.

All of the committees consist of non-executive members.

As a result of the structuring of the Board, the number of Independent Board members is 2. Since the chairman of the committees constituted and all the members of the Auditing Committee have to be independent members, these members are active in more than one committee.

18. Risk Management and Internal Audit Mechanism

A risk governance and internal audit mechanism is established 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. The Auditing Group has been appointed to supervise the constitution of the internal control mechanism and to oversee its operability. The Auditing Group inspects the internal control mechanism regularly through the approved annual audit plans and communicates its opinions and findings to top management.

The Auditing Committee, the Committee of Early Detection of Risk and the Board determine the measures to be taken and instruct the company's managers through the General Manager.

19. Strategic Objectives of the Company

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

The main purpose of our land development projects dating back 40 years is to provide people buildings that;

- Have perfectly designed infrastructures,
- Meet all requirements of contemporary life-style,
- Integrate and preserve all particulars of the natural environment,
- Construct dwellings that will always be profitable investments.

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

20. Pecuniary Rights

No pecuniary benefits such as honorariums, fees, premiums, bonuses are given to members of the Board of Directors except the independent members of the Board of Directors. The gross total of pecuniary benefits given to Independent Board members and top executives was TL 769.068 (Gross) in 2012.

Information regarding the remuneration principles of Members of the Board and top executives was given at the general assembly and it is also disclosed to the public in the web site and the Public Disclosure Platform (KAP).

There are no allowances, travel, accommodation and representation expenses and real and financial means, insurances and any similar collaterals given to the Members of the Board of Directors.

The company did not lend any money, provide loan facilities and provide security in favor of any Board member or executive of the Company.



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 2012, 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 2012, and of its financial performance and its cash flows for the year then ended in accordance with the TAS / TFRS issued by the TASB.

Explanatory Note

As disclosed in Note 2 (v) and (vi) in detail, the Company has made an accounting policy change in relation to investment properties. Upon the said change, investment properties which were formerly recognized by the cost method have been accounted for in the accompanying financial statements by the fair value method.

İstanbul,
6 March 2013
Denet Bağımsız Denetim
Yeminli Mali Müşavirlik A.Ş.
Member, BDO International Network

DENET
Bağımsız Denetim
Yeminli Mali Müşavirlik A.Ş.

Bülent Üstünel
Partner in Charge

**FINANCIAL STATEMENTS AUDITED
BY INDEPENDENT AUDITORS**



ALARKO GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AUDITED STATEMENTS OF FINANCIAL POSITION
AS OF 31 DECEMBER 2012, 31 DECEMBER 2011 AND 31 DECEMBER 2010
(TL)

ASSETS	Notes	Current Period 31 December 2012	Previous Period 31 December 2011	Previous Period 31 December 2010
CURRENT ASSETS		157.032.720	158.511.968	76.761.625
Cash and Cash Equivalents	2,3	22.430.420	22.344.119	39.813.703
Financial Assets	2,4	106.977.778	105.075.714	–
Trade Receivables				
Trade Receivables	2,5	177.255	170.866	162.929
Trade Receivables from Related Parties	2,5	9.991.199	9.560.116	6.598.327
Inventories	2,7	17.130.593	20.964.222	29.466.187
Other Current Assets	13	325.475	396.931	720.479
NON - CURRENT ASSETS		151.856.130	140.693.151	194.781.319
Other Receivables	6	12.205	12.205	14.127
Financial Assets	2,4	3.115.791	1.826.361	88.632.600
Investment Properties (net)	2,8	148.709.000	138.815.000	106.125.000
Tangible Assets (net)	2,9	4.653	4.616	5.905
Intangible Assets (net)	2,10	14.481	34.969	3.687
TOTAL ASSETS		308.888.850	299.205.119	271.542.944

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



LIABILITIES	Notes	Current Period 31 December 2012	Previous Period 31 December 2011	Previous Period 31 December 2010
SHORT - TERM LIABILITIES		3.119.286	5.971.033	16.929.186
Trade Payables				
Trade Payables	2,5	47.528	10.929	591.466
Trade Payables to Related Parties	2,5	1.212.973	4.678	1.173.125
Other Liabilities	6	8.862	9.856	14.435
Debt Provisions	2,11	918.045	805.506	771.714
Other Short Term Liabilities	13	931.878	5.140.064	14.378.446
LONG TERM LIABILITIES		1.015.125	951.086	521.713
Other Payables	6	254.039	248.792	381.833
Provision for Termination Indemnity	2,12	120.456	106.386	107.652
Debt Provisions	2,11	57.872	–	–
Other Long Term Liabilities	13	582.758	595.908	32.228
EQUITY		304.754.439	292.283.000	254.092.045
Paid-in Capital	1,14	10.650.794	10.650.794	10.650.794
Capital Adjustment Differences	14	54.712.578	54.712.578	54.712.578
Value Increase Funds	14	1.852.639	563.210	988.966
Restricted Profit Reserves	14	2.587.834	1.837.887	1.460.770
Retained Earnings / (Accumulated Losses)	14	220.679.037	184.557.350	178.378.138
Net Profit / (Loss) for the Period	22	14.271.557	39.961.181	7.900.799
TOTAL LIABILITIES AND EQUITY		308.888.850	299.205.119	271.542.944



ALARKO GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
AUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2011 (TL)

	Notes	Current Period 1 January 2012 31 December 2012	Previous Period 1 January 2011 31 December 2011
CONTINUING OPERATIONS			
Sales Income	15	15.310.975	19.704.608
Cost of Sales (-)	15	(3.833.760)	(8.916.164)
GROSS PROFIT / (LOSS)		11.477.215	10.788.444
General Administration Expenses (-)	16,17	(3.504.422)	(3.161.114)
Other Operating Income	18	10.656.318	7.915.611
Other Operating Expenses (-)	18	(1.371.930)	(2.107.356)
OPERATING PROFIT / (LOSS)		17.315.053	13.435.585
Financial Income	19	6.415.648	29.025.977
Financial Expenses (-)	20	(9.401.272)	(2.500.381)
PROFIT / (LOSS) BEFORE TAX ON CONTINUING OPERATIONS		14.271.557	39.961.181
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		14.271.557	39.961.181
OTHER COMPREHENSIVE INCOME / (LOSS)			
Changes in value increase fund of financial assets	14	1.289.429	(425.756)
TOTAL COMPREHENSIVE INCOME / (LOSS)		15.560.986	39.535.425
EARNING / (LOSS) PER SHARE FROM CONTINUING OPERATIONS			
	2,22	1,340	3,752

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 2012 AND 31 DECEMBER 2011 (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
Balance as at 1 January 2011		10.650.794	54.712.578	1.460.770	988.966	178.378.138	7.900.799	254.092.045
Transfer to Retained Earnings / (Accumulated Losses)	14	-	-	-	-	7.523.682	(7.523.682)	-
Other Comprehensive Income	14	-	-	-	(425.756)	-	-	(425.756)
Transfer to Restricted Profit Reserves	14	-	-	377.117	-	-	(377.117)	-
Dividends Payable in Cash	14	-	-	-	-	(1.344.470)	-	(1.344.470)
Net Profit For the Period	22	-	-	-	-	-	39.961.181	39.961.181
Balance as at 31 December 2011		10.650.794	54.712.578	1.837.887	563.210	184.557.350	39.961.181	292.283.000
Transfer to Retained Earnings / (Accumulated Losses)	14	-	-	-	-	36.121.687	(36.121.687)	-
Other Comprehensive Income	4,14	-	-	-	1.289.429	-	-	1.289.429
Transfer to Restricted Profit Reserves	14	-	-	749.947	-	-	(749.947)	-
Dividends Payable in Cash		-	-	-	-	-	(3.089.547)	(3.089.547)
Net Profit For the Period	22	-	-	-	-	-	14.271.557	14.271.557
Balance as at 31 December 2012		10.650.794	54.712.578	2.587.834	1.852.639	220.679.037	14.271.557	304.754.439

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 2012 AND 31 DECEMBER 2011 (TL)

	Notes	Current Period 31 December 2012	Previous Period 31 December 2011
A. CASH FLOWS FROM PRINCIPAL ACTIVITIES			
Net Profit Before Tax (+)		14.271.557	39.961.181
Adjustments :			
Termination Indemnity, Net	12	14.070	(1.266)
Provision For Doubtful Receivables, Net	5	(22.238)	(2.431)
Depreciation and Amortisation (+)	9,10,17	21.948	9.077
Rediscount Interest Expense (+)	20	829	1.192
Rediscount Interest Income (-)	19	(1.192)	(699)
Debt Provisions	11	170.411	33.792
Operating Profit Before Working Capital Changes (+)		14.455.385	40.000.846
Increase (-) / Decrease (+) in Trade Receivables and Other Receivables	5,6	(414.871)	(2.965.866)
Decrease (+) / Increase (-) in Inventories	7	3.833.629	8.501.965
Increase (-) / Decrease (+) in Other Current and Non - Current Assets	13	71.456	323.548
Increase (+) / Decrease (-) in Trade Payables and Other Debts	5,6	1.249.146	(1.886.604)
Decrease (-) / Increase (+) in Other Liabilities	13	(4.221.336)	(8.674.702)
Net Cash Provided From Principal Activities		14.973.409	35.299.187
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of Tangible and Intangible Assets, Net (-)	9,10	(1.497)	(39.070)
Acquisition of Investment Properties (-)	8	(9.894.000)	(32.690.000)
Increase in Financial Assets (-)	4	(1.902.064)	(18.695.231)
Net Cash (Used in) / Provided From Investing Activities		(11.797.561)	(51.424.301)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends Paid		(3.089.547)	(1.344.470)
Net Cash (Used in) / Provided From Financing Activities		(3.089.547)	(1.344.470)
Increase / (Decrease) in Cash and Cash Equivalents		86.301	(17.469.584)
Cash and Cash Equivalents at the Beginning of the Period	3	22.344.119	39.813.703
Cash and Cash Equivalents at the end of the Period	3	22.430.420	22.344.119

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



ALARKO GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2012, 31 DECEMBER 2011 AND 31 DECEMBER 2010

1- ORGANIZATION AND PRINCIPAL ACTIVITIES

The company name of Aletim Alarko Elektrik Tesisat ve İnşaat Malzemeleri Anonim Şirketi founded on 6 June 1978 was changed to Alarko Gayrimenkul Yatırım Ortaklığı Anonim Şirketi (the Company) upon being published in the Turkish Trade Register Gazette dated 6 August 1996 nr 4096. The Company applied to the Capital Markets Board on 31 October 1996 for the registration of a document related to share certificates to be issued for the capital increase in its shareholders; and the said document was registered by the CMB certificate Nr GYO 1/1552 dated 13 December 1996 in accordance 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 acts in accordance with the regulations and legislation of the Capital Markets Board in its principal activities, investment portfolio policies, and administrative limits.

As of 31 December 2012 and 31 December 2011, the shareholders and the shareholding structure of the Company at historic values is as follows:

	31 December 2012		31 December 2011	
	Shareholding (%)	Book Value (TL)	Shareholding (%)	Book Value (TL)
Alarko Holding A.Ş.	16,42	1.748.258	16,42	1.748.258
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	48,77	5.194.442
Others (*)	0,03	3.453	0,03	3.453
Total	100,00	10.650.794	100,00	10.650.794

(*) Represents total of shareholdings less than 10 %.

As of 31 December 2012 and 31 December 2011, 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 of the Company shares belong to Alsim Alarko Sanayi Tesisleri ve Ticaret A.Ş. and 49,00 % of the Company shares is traded at the Istanbul Stock Exchange since 1996.

As of 31 December 2012 and 31 December 2011, the average number of the Company personnel is 7 and 7, respectively.



2- PRESENTATION OF THE 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 2012 in accordance with the Communiqué Nr. XI/29 have been approved by the Company Management on 6 March 2013 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 and 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 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
- Making provisions for unused leaves
- Valuation of investment properties at fair value

iv) 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.

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

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.

Taking into consideration the changes that have been made in relation to the principal activity and the public disclosure of portfolio information, the method used for valuation of investment properties has been changed to fair value method in 2012 thinking it will provide more information about the financial position and performance of the Company. This change is reflected to 2011 and 2010 financials by applying it retroactively as required by IAS 8.

Maslak Land which used to be recognized among inventories in the prior periods has been stated as investment property at fair value, taking into consideration the retention period of the said plot of land and the types of potential projects that might be developed on the land. This change is reflected to 2011 and 2010 financials by applying it retroactively as required by IAS 8.

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

The statements of financial position as of 31 December 2012, 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.



- Taking into consideration the changes that have been made in relation to the principal activity, preparation of portfolio charts and their public disclosure, the cost method used for valuation of investment properties has been changed to fair value method in 2012 thinking it will provide more information about the financial position and performance of the Company. This change is reflected to 2011 and 2010 financials by applying it retroactively as required by IAS 8.
- Maslak Land which used to be recognized among inventories in the prior periods has been stated as investment property at fair value, taking into consideration the retention period of the said plot of land and the types of potential projects that might be developed on the land.

The effect of the said adjustments on the Company's financial statements are as follows (TL) :

	Revised 31 December 2011	Reported 31 December 2011
Inventories	20.964.222	36.069.907
Investment Properties	138.815.000	59.307.337
Retained Earnings / (Accumulated Losses)	184.557.350	128.887.175
Net Profit for the Period	39.961.181	31.229.378

	Revised 31 December 2010	Reported 31 December 2010
Inventories	29.466.187	44.571.872
Investment Properties	106.125.000	35.349.140
Retained Earnings / (Accumulated Losses)	178.378.138	124.618.916
Net Profit for the Period	7.900.799	5.989.846

vii) New and Revised International Accounting / Financial Reporting Standards :

The Company applied the revised standards effective from 1 January 2012 that are relevant to its operations. The new and revised standards effective from 1 January 2012 are as follows :

IAS 12 "Income Taxes (Amendment)" is effective for annual periods beginning on or after 1 January 2012. Amendment has introduced clarification to the measurement of deferred tax assets and liabilities related to investment properties measured at fair value.

IFRS 7 "Financial Instruments": Disclosures - The main objectives of the amendment are to enhance transparency in transfer operations, to achieve a better understanding of the risks that the Company is exposed to in relation to transfer of financial assets and of their effects on the Company's financial position.

Standards and interpretations which have not yet become effective and also not early adopted by the Company :

- IFRS 9 "Financial Instruments" is effective for annual periods beginning on or after 1 January 2015. This standard amends the requirements for classification and measurement of financial assets. Adoption of IFRS 9 is only mandatory for the year ending 31 December 2015. The Company has not yet made assessment of the impact of these amendments.



- IFRS 10 “Consolidated Financial Statements” is effective for annual periods beginning on or after 1 January 2013. Introduces a single ‘control model’ which is taken as basis in determining whether the investment should be included within the scope of consolidation or not.
- IFRS 11 “Joint Arrangements” is effective for annual periods beginning on or after 1 January 2013. The standard outlines the accounting by entities that jointly control an arrangement. Joint arrangements structured as a separate vehicle will generally be treated as joint ventures and accounted for using the equity method only. In this case proportionate consolidation method will not longer be applied.
- IFRS 13 “Fair Value Measurement” is effective for annual periods beginning on or after 1 January 2013. IFRS 13 establishes a single framework for measuring fair value of financial and non-financial items recognised in the statement of financial position or disclosed in the notes in the financial statements.
- IAS 1 “Presentation of Financial Statements (Amendment), Presentation of Items of Other Comprehensive Income”; is effective for annual periods beginning on or after 1 July 2012; however, the amendment may be early adopted to save work. Introduces amendments in presentation of other comprehensive income items. When this amendment is first adopted, there will be no impact on the transactions and balances (and comparative information) recognized in the financial statements. However, the statement of comprehensive income will be reestablished to include the subtotals of other comprehensive income items that can be reclassified to profit or loss and those that cannot be reclassified to profit or loss.
- IAS 19 “Employee Benefits” (Amendment); is effective for annual periods beginning on or after 1 January 2013. The “corridor” approach for deferring gains / losses for defined benefits plants is eliminated. Actuarial gains/losses related to defined benefit plans will be recognised in other comprehensive income rather than in profit or loss in the subsequent periods. Amendments to timing are made for recognition of liabilities for termination benefits.
- IAS 32 “Financial Instruments”: Amendment to Presentation, Offsetting Financial Assets and Liabilities; is effective for annual periods beginning on or after 1 January 2014. The amendment has clarified and expanded the application guidance in relation to the offsetting of financial assets and liabilities in respect of the meaning of ‘currently has a legally enforceable right of set off’; the application of simultaneous realization and settlement; the offsetting of collateral amounts; and the unit of account for applying the offsetting requirements. When this amendment is first adopted for 31 December 2014 year end, there will be no impact in respect of the accounting treatment for offsetting the entity’s financial assets and financial liabilities.
- IFRIC 20 “Stripping Costs in the Production Phase of a Surface Mine”; is effective for annual periods beginning on or after 1 January 2013. Clarifies the recognition of stripping costs in the production phase of a surface mine.

Improvements to IFRS;

IASB has published the annual IFRS amendments introduced to the standards for the period 2009-2011. These are necessary but not urgent amendments. They are effective for annual periods beginning on or after 1 January 2013.



- IFRS 12 “Disclosure of Interest in Other Entities”; is effective for annual periods beginning on or after 1 January 2013. Combines existing disclosures from IAS 27 Consolidated and Separate Financial Statements, IAS 28 Investments in Associates and IAS 31 Interests in Joint Ventures. Introduces new disclosure requirements for interests in associates and joint arrangements, as well as new requirements for unconsolidated structured entities. As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements.
- IFRS 7 “Financial Instruments: Disclosure (Amendment)”; is effective for annual periods beginning on or after 1 January 2013. Introduces additional disclosures required in relation to information about rights of offset and related arrangements for financial instruments under an enforceable master netting arrangement (or similar arrangement).
- IFRS 9 “Financial Instruments, mandatory effective date of IFRS 9 and transition disclosures”; is effective for annual periods beginning on or after 1 January 2015. Defers the effective date of IFRS 9 to 1 January 2015. Entities are no longer required to restate comparatives on first time adoption. Instead, additional disclosures on the effects of transition are required.
- IAS 27 “Separate Financial Statements”; is effective for annual periods beginning on or after 1 January 2013. Upon cancellation of IAS 27, requirements for consolidation and disclosures of interests in other entities have been removed and inserted into IFRS 10 and IFRS 12, respectively.
- IAS 28 “Investments in Associates and Joint Ventures (Amendment)”; is effective for annual periods beginning on or after 1 January 2013. Disclosures removed and inserted into IFRS 12.
- IFRS 10, IFRS 11 and IFRS 12 “Transition Guidance - Consolidated Financial Statements, Joint Arrangements and Disclosures of Interest in Other Entities”; is effective for annual periods beginning on or after 1 January 2013. As the mandatory effective date of the amendment coincides with effective date of the standards themselves, and the amendment is guidance only, there will be no impact on amounts recognised in the financial statements.
- IAS 1 “Presentation of Financial Statements”; is effective for annual periods beginning on or after 1 January 2013. Clarifies the minimum comparative information required and also the requirements for comparative information where there has been a change in accounting policy, retrospective restatement or reclassification.
- IAS 16 “Property, Plant and Equipment”; is effective for annual periods beginning on or after 1 January 2013. Clarifies that items such as spare parts, stand-by or servicing equipment are required to be classified as property, plant and equipment (PPE) when they meet the definition of PPE. Otherwise they are required to be classified as inventory.
- IAS 32 “Financial Instruments: Presentation”; is effective for annual periods beginning on or after 1 January 2013. Clarifies that the following are required to be accounted for under IAS 12 Income Taxes:
 - . Income tax relating to distributions to holders of equity instruments
 - . Income tax relating to transaction costs of an equity instrument.

Other amendments have been made in IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 34 Interim Financial Reporting.



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 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 fair value. Income or losses arising from change fair value change in investment properties are recognized as profit or loss for the period of change.

(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	2% – 2,5%
Land improvements	10%
Machinery, plant, and equipment	20% – 25%
Furnitures and fixtures	6% – 25%
Other tangible assets	20%

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	3% – 50%
Rights	3,125% – 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 2012 and 2011 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 2012 and 31 December 2011 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 3.033,98 in respect of each year of service as of 31 December 2012 (31 December 2011- TL 2.731,85).

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 2012, the termination indemnity upper limit, to remain constant for restatement purposes, and this value is reduced by the actual discount rate of 3,33 % (31 December 2011-3,99 %) calculated based upon the assumption that the expected annual inflation rate will be 5,00 % (31 December 2011 – 7,00 %) and the expected discount rate will be 8,5 % (31 December 2011 – 11,27 %) 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 reporting date.



(l) 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 the cost of real estate sold and the expenses related to these properties.

(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.

(s) 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) :

	31 December 2012	31 December 2011	31 December 2010
Banks	19.993.122	21.455.521	22.987.049
- TL demand deposit	44.005	32.235	29.250
- Foreign currency demand deposit	12.965	–	9.881
- Foreign currency time deposit *	19.936.152	21.423.286	22.947.918
Cheques	16.650	35.146	–
B Type Liquid Fund	2.420.648	853.452	16.826.654
Total (Note 24 (i))	22.430.420	22.344.119	39.813.703

* As of 31 December 2012, the interest rate on USD time deposits at banks is 3,65 % and the accrued interest amounts to TL 3.964; and the interest rate on Euro time deposits at banks varies between 3,40 % and 3,50 % and the accrued interest amounts to TL 16.987 (31 December 2011 USD deposits: 4,95% - 5,30%, TL 3.846 and Euro deposits: 4,65% - 5,30%, TL 47.012; 31 December 2010 USD deposits : 2,50% - 3,00%, TL 622 and Euro deposits: : 3,10% - 3,40%, TL 22.115). The USD time deposit matures at 21 January 2013 and the maturity of Euro time deposits vary between 21 January 2013 and 28 January 2013 (31 December 2011: USD deposits mature between 2 February 2012 and 17 February 2012, Euro deposit matures between 3 January 2012 – 2 February 2012, 31 December 2010: USD deposit matures between 20 January 2011 – 2 February 2011, Euro deposit matures between 11 January 2011 – 1 February 2011).

The Company has no blocked deposits at banks as of 31 December 2012, 31 December 2011 and 31 December 2010.

4- FINANCIAL ASSETS

As of 31 December 2012, 31 December 2011 and 31 December 2010, the breakdown of the Company's financial assets is as follows:

Financial assets held to maturity;

Currency	31 December 2012			31 December 2011			31 December 2010		
	Book Value (TL)	Interest Rate	Maturity	Book Value (TL)	Interest Rate	Maturity	Book Value (TL)	Interest Rate	Maturity
USD	96.999.901	3,00%	14.01.2013	105.075.714	4,65%	18.01.2012	86.380.484*	4,65%	18.01.2012
	1.727.973	1,14%	14.01.2013						
	2.947.196	1,52%	14.01.2013						
	5.302.708	0,35%	14.01.2013						
Total	106.977.778			105.075.714			86.380.484		



* As of 31 December 2010, financial assets held to maturity consist of long term financial asset.

Financial assets held for trading;

	31 December 2012		31 December 2011		31 December 2010	
	Participation Rate (%)	Amount (TL)	Participation Rate (%)	Amount (TL)	Participation Rate (%)	Amount (TL)
Alsim Alarko Sanayi Tesisleri ve Tic. A.Ş.*	0,00	1.196	0,00	1.196	0,00	1.196
Alarko Deyaar Gayrimenkul Geliştirme A.Ş.*	0,00	500	0,00	500	0,00	500
Alarko Holding A.Ş.*	0,00	3.114.095	0,00	1.824.665	0,00	2.250.420
Total	0,00	3.115.791	0,00	1.826.361	0,00	2.252.116

* Participation rate is lower than 1%.

Investment in Alarko Holding A.Ş. is based on the stock price which is the current best bid at the Istanbul Stock Exchange expected to approach its fair value as of 31 December 2012, 31 December 2011 and 31 December 2010. The Company monitors the increases and decreases related to 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 1.852.639 was recorded as Value Increase under the "Financial Assets Value Increase Fund" account as a result of the value increase of TL 988.966 arising from valuation at fair value as of 31 December 2010, the value decrease of TL 425.756 as of 31 December 2011, and the value increase of TL 1.289.429 as of 31 December 2012 (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 2012	31 December 2011	31 December 2010
Trade receivables, net	137.727	102.176	143.143
Notes receivable	39.528	68.690	19.786
Doubtful trade receivables	189.553	211.791	214.222
Provision for doubtful trade receivables (-)	(189.553)	(211.791)	(214.222)
Total (Note 24 (i))	177.255	170.866	162.929
Due from related parties, net (Notes 23 (a) and 24 (i))	9.991.199	9.560.116	6.598.327
Grand Total	10.168.454	9.730.982	6.761.256



As of 31 December 2012, 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 2012	31 December 2011	31 December 2010
Provision for doubtful trade receivables at the beginning of the period	211.791	214.222	84.710
Provisions no longer required (Note 18)	(22.238)	(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))	189.553	211.791	214.222

Trade payables consist of the following (TL) :

	31 December 2012	31 December 2011	31 December 2010
Suppliers, net	47.528	10.929	591.466
Due to related parties (Notes 23 (b) and Note 24 (ii))	1.212.973	4.678	1.173.125
Total	1.260.501	15.607	1.764.591

6- OTHER RECEIVABLES AND PAYABLES

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

	31 December 2012	31 December 2011	31 December 2010
Deposits and guarantees given (Note 24 (i))	12.205	12.205	14.127

Other payables consist of the following (TL) :

	31 December 2012	31 December 2011	31 December 2010
Due to Alarko Central Administration (Note 24(ii))	8.120	9.277	10.034
Due to personnel	-	59	501
Other miscellaneous debts (Note 24(ii))	168	169	3.645
Due to shareholders (Notes 24(ii) and Note 23 (c))	574	351	255
Total	8.862	9.856	14.435

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

	31 December 2012	31 December 2011	31 December 2010
Deposits and guarantees received	254.039	248.792	381.833

7- INVENTORIES

Inventories comprise real estates held for trading. Details as of 31 December 2012, 31 December 2011 and 31 December 2010 are stated below :

	31 December 2012			31 December 2011			31 December 2010		
	Restated Book Value (TL)	Sales Value (TL)	Expertise Value (TL) Date	Restated Book Value (TL)	Sales Value (TL)	Expertise Value (TL) Date	Restated Book Value (TL)	Sales Value (TL)	Expertise Value (TL) Date
Real Estate Project									
Land share (1 Parcel) and Project cost	—	—	—	—	—	—	—	—	—
Projects unsold	12.808.999	—	14.195.000 31.12.2012	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	12.808.999	—	14.195.000	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	—	9.325.000 31.12.2012	4.321.594	—	8.770.000 05.12.2011	4.321.594	—	8.260.000 04.12.2010
Total	17.130.593	—	23.520.000	20.964.222	3.427.659	23.000.000	29.466.187	11.798.400	22.390.000





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 2012, sales contracts have been made for 51 villas.

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

As of 31 December 2012, 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 24.271.920, TL 30.789.070 and TL 36.662.654, respectively (Note 27).

As of 31 December 2012, the Company's real estate held for trading have been valued by Reel Gayrimenkul Değerleme ve Danışmanlık A.Ş. As of 31 December 2011 and 2010, this valuation was realized by Lotus Gayrimenkul Değerleme ve Danışmanlık A.Ş.

8- INVESTMENT PROPERTIES

Investment properties consist of the following (TL) :

Fair Value	Investment Properties
As of 1 January 2010	104.655.000
Additions	1.206.219
Increase arising from fair value changes	263.781
Disposals	–
As of 31 December 2010	106.125.000
Additions	26.000.000
Increase arising from fair value changes	6.690.000
Disposals	–
As of 31 December 2011	138.815.000
Additions	871.972
Increase arising from fair value changes	9.022.028
Disposals	–
As of 31 December 2012	148.709.000

As of 31 December 2012, the current period additions consist of acquisitions related to Hillside Beach Club Holiday Village (As of 31 December 2011, the current period additions consist of acquisitions related to Eyüp Topçular Plant Building, and as of 31 December 2010, the current period additions consist of acquisitions related to Hillside Beach Club Holiday Village).

As of 31 December 2012, 31 December 2011 and 31 December 2010, the total insurance on investment properties amounts to TL 65.290.332, TL 68.010.909 and TL 58.011.740, respectively (Note 27).



Market values of investment properties as of 31 December 2012, 31 December 2011 and 31 December 2010 is as follows :

31 December 2012

Name of Real Estate	Date of Expertise Report	Market Value (TL)
Hillside Beach Club Holiday Village	31.12.2012	69.150.000
Etiler Alkent Complex – Shops	31.12.2012	8.453.000
Eyüp Topçular – Plant	31.12.2012	29.138.000
Ankara Çankaya Business Center	31.12.2012	2.857.000
İstanbul Karaköy Business Center	31.12.2012	1.817.000
İstanbul Şişhane Business Center	31.12.2012	2.025.000
Maslak Land (*) (**)	31.12.2012	35.269.000
Total		148.709.000

* Article 27/d of the Capital Markets Board Communiqué Serial VI/29 published in the Official Gazette dated 28 July 2011 and number 28008 promulgates that 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.

** As of 31 December 2012, Maslak Land was removed from inventories and classified in investment properties account. This change has been applied retroactively in accordance with IAS 8 and recognized in the 2011 and 2010 financials (Note 2(vi)).

31 December 2011

Name of Real Estate	Date of Expertise Report	Market Value (TL)
Hillside Beach Club Holiday Village	16.12.2011	63.000.000
Etiler Alkent Complex – Shops	12.12.2011	7.935.000
Eyüp Topçular – Plant	16.12.2011	26.430.000
Ankara Çankaya Business Center	09.12.2011	2.720.000
İstanbul Karaköy Business Center	12.12.2011	1.730.000
İstanbul Şişhane Business Center	12.12.2011	1.920.000
Maslak Land	12.12.2011	35.080.000
Total		138.815.000



31 December 2010

Name of Real Estate	Date of Expertise Report	Market Value (TL)
Hillside Beach Club Holiday Village	09.12.2010	60.415.000
Etiler Alkent Complex – Shops	06.12.2010	7.135.000
Ankara Çankaya Business Center	07.12.2010	2.500.000
İstanbul Karaköy Business Center	07.12.2010	1.300.000
İstanbul Şişhane Business Center	07.12.2010	1.590.000
Maslak Land	06.12.2010	33.185.000
Total		106.125.000

As of 31 December 2012, the Company's investment properties have been valued by Reel Gayrimenkul Değerleme ve Danışmanlık A.Ş. For 2011 and 2010, this valuation was realized by Lotus Gayrimenkul Değerleme ve Danışmanlık A.Ş.

9- TANGIBLE ASSETS

As of 31 December 2012, tangible assets consist of the following (TL) :

Cost ;

	Opening 1 January 2012	Additions	Disposals	Closing 31 December 2012
Land improvements	123.365	–	–	123.365
Buildings	311	–	–	311
Plant, machinery and equipment	4.216	–	–	4.216
Furniture and fixtures	150.332	1.497	–	151.829
Other tangible assets	27.373	–	–	27.373
Sub Total	305.597	1.497	–	307.094
Accumulated depreciation ;				
Land improvements	123.365	–	–	123.365
Buildings	311	–	–	311
Plant, machinery and equipment	4.216	–	–	4.216
Furniture and fixtures	145.716	1.460	–	147.176
Other tangible assets	27.373	–	–	27.373
Sub Total (Note 17)	300.981	1.460	–	302.441
Net Value	4.616	37	–	4.653



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	608.690	5.562	(315.231)	299.021
Net Value	11.047	(5.142)	–	5.905



As of 31 December 2012, 31 December 2011 and 31 December 2010, the total insurance on tangible assets amounts to TL 49.022, TL 67.717 and TL 55.424, respectively (Note 27).

10- INTANGIBLE ASSETS

As of 31 December 2012, intangible assets consist of the following (TL) :

Cost ;

	Opening 1 January 2012	Additions	Disposals	Closing 31 December 2012
Rights	11.094	–	–	11.094
Other intangible assets	124.355	–	–	124.355
Sub Total	135.449	–	–	135.449
Accumulated amortisation ;				
Rights	10.807	29	–	10.836
Other intangible assets	89.673	20.459	–	110.132
Sub Total (Note 17)	100.480	20.488	–	120.968
Net Value	34.969	(20.488)	–	14.481

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	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 2012, 31 December 2011 and 31 December 2010, the provisions made by the Company for short term payables consist of the following (TL);

	31 December 2012	31 December 2011	31 December 2010
Rent payable to the Turkish Ministry of Environment and Forestry	915.280	803.794	769.899
Other	2.765	1.712	1.815
Total (Note 24 (ii))	918.045	805.506	771.714

Provisions for long term payables consist of provisions for unused vacation leaves as stated in the following (TL) :

	31 December 2012	31 December 2011	31 December 2010
Provisions for unused leaves at the beginning of the period	–	–	–
Increase/(decrease) during the period	57.872	–	–
Provisions for unused leaves at the end of the period	57.872	–	–

b) Stated among the Company's inventories, investment properties and fixed asset accounts as of 31 December 2012, 31 December 2011 and 31 December 2010;



Two parcels of the land in Eskice District in Büyükçekmece Village 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's an eminent domain proceeding commenced by Istanbul Municipality Waterworks as of 4 December 2012 in relation to parcels 8519, 8521, and 8522 in Eskice Çiftliği District in Büyükçekmece; and there is a lawsuit based on confiscation without expropriation commenced by the Company as of 19 October 2012 in relation to parcel 20 in Section 106.

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.

- c) The guarantees, sureties, and mortgages given by the Company in the name of its own corporate body are as follows (TL) :

Guarantees, sureties, and mortgages given by the Company	31 December 2012	31 December 2011	31 December 2010
A. Total amount of guarantees, sureties, and mortgages given by the Company in the name of its own corporate body	2.473.671	2.308.255	2.057.378
B. Total amount of guarantees given in favor of entities included in full consolidation	–	–	–
C. Total amount of guarantees, sureties, and mortgages given as collateral for third parties' liabilities to ensure continuity of ordinary trade operations	–	–	–
D. Total amount of other guarantees, sureties, and mortgages given			
i. Total amount of guarantees, sureties, and mortgages given in the name of the Parent Company	–	–	–
ii. Total amount of guarantees, sureties, and mortgages given in the name of other group companies not covered by articles B and C above	–	–	–
iii. The total amount of the guarantees, sureties and mortgages given in the name of third parties not covered by article C above	–	–	–
Total	2.473.671	2.308.255	2.057.378



d) Guarantee letters and notes received by the Company by period are set out in the table below (TL) :

	31 December 2012	31 December 2011	31 December 2010
Guarantee notes received	1.436.847	1.519.302	1.287.899
Guarantee letters received	428.827	377.882	383.505
Total	1.865.674	1.897.184	1.671.404

e) The Company's overdue receivables which are deemed not collectible and the related provisions made consist of the following (TL) :

	Uncollectible Receivables	Provisions Made
31 December 2012	189.553	189.553
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 2012	31 December 2011	31 December 2010
Provision for termination indemnity at the beginning of the period	106.386	107.652	137.576
Increase / decrease during the period	14.070	(1.266)	(29.924)
Provision for termination indemnity at the end of the period	120.456	106.386	107.652

13- OTHER ASSETS AND LIABILITIES

Other current assets consist of the following (TL) :

	31 December 2012	31 December 2011	31 December 2010
Prepaid rents	97.246	160.221	147.712
Prepaid taxes and funds	154.224	165.415	250.877
Deferred VAT	—	—	263.922
Expenses related to future months	15.432	18.375	25.412
Job advances	58.573	52.920	32.556
Total	325.475	396.931	720.479



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

	31 December 2012	31 December 2011	31 December 2010
Advances received *	–	4.117.791	14.287.604
Taxes, duties, and other withholdings payable (Note 24 (ii))	916.557	1.009.702	71.960
Income related to future months (Note 24 (ii))	15.321	12.571	18.882
Total	931.878	5.140.064	14.378.446

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

	31 December 2012	31 December 2011	31 December 2010
Advances received *	582.758	595.908	32.228

* Advances received as per the rental contracts.

14- EQUITY

a) Paid-in Capital

As of 31 December 2012, 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 2012, 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 2012, 31 December 2011 and 31 December 2010. The Company monitors the increases and decreases which arise from fair value recognition under "Financial Assets Value Increase Fund" in the Shareholder's Equity account in the financial statements. Accordingly, there is a value increase of TL 1.289.429 as of 31 December 2012, a value increase of TL 425.756 as of 31 December 2011 and a value increase of TL 988.966 as of 31 December 2010, and these are stated in the "Financial Assets Value Increase Fund" account (Note 4).

d) Restricted Profit Reserves

As of 31 December 2012, the restricted profit reserves consist of legal reserves amounting to TL 2.587.834 (31 December 2011 – 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.

e) Retained Earnings / (Accumulated Losses)

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

	31 December 2012	31 December 2011	31 December 2010
Extraordinary reserves	144.939.337	128.887.175	124.618.916
Retained earnings	75.739.700	55.670.175	53.759.222
Total	220.679.037	184.557.350	178.378.138

15- SALES AND COST OF SALES

Sales revenue consist of the following (TL) :

	1 January 2012 31 December 2012	1 January 2011 31 December 2011
Income on sale of real estate	4.756.027	9.816.388
Rent income	10.512.867	9.851.602
Income on land sales	42.081	36.618
Total	15.310.975	19.704.608

Cost of sales consist of the following (TL) :

	1 January 2012 31 December 2012	1 January 2011 31 December 2011
Cost of real estate sold	3.773.021	8.897.718
Cost of land sold	60.739	18.446
Total	3.833.760	8.916.164

Cost of sales basically consists of cost of land sales and cost of real estate sales. As of 31 December 2012, there is no impairment loss in relation to real estate sold during the year. As of 31 December 2011, the impairment loss calculated for the real estates sold during 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 2012 31 December 2012	1 January 2011 31 December 2011
General administration expenses	3.504.422	3.161.114
Total	3.504.422	3.161.114

17- EXPENSES BY NATURE

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

	1 January 2012 31 December 2012	1 January 2011 31 December 2011
Personnel expenses	1.169.885	711.213
Outsourced repair work and services	775.088	173.463
Rent expenses	474.916	647.805
Taxes, duties, and fees	459.753	1.073.146
Depreciation and amortisation	21.948	7.827
Bank expenses	40.585	18.169
Legal consultancy expenses	33.550	36.600
Project preparation and translation expenses	1.619	35.214
Financial consultancy and audit expenses	32.722	25.007
Publishing expenses	22.663	9.576
Communication expenses	13.608	10.803
Other consultancy expenses	14.000	287.750
Provisions for unused vacation leaves	57.872	—
Other	386.213	124.541
Total	3.504.422	3.161.114

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

	1 January 2012 31 December 2012	1 January 2011 31 December 2011
Project costs	—	1.250
General administration expenses	21.948	7.827
Total	21.948	9.077



	1 January 2012 31 December 2012	1 January 2011 31 December 2011
Tangible assets (Note 9)	1.460	1.960
Intangible assets (Note10)	20.488	7.117
Total	21.948	9.077

Employee benefits consist of the following (TL) :

	1 January 2012 31 December 2012	1 January 2011 31 December 2011
General administration expenses	1.239.127	714.390
Project costs	–	456.521
Total	1.239.127	1.170.911

	1 January 2012 31 December 2012	1 January 2011 31 December 2011
Wages and salaries	1.017.584	988.159
Personnel transportation expenses	29.722	30.026
Personnel catering expenses	16.327	14.256
Personnel health expenses	4.265	3.958
Other personnel expenses	171.229	134.512
Total	1.239.127	1.170.911

18-OTHER OPERATING INCOME / (EXPENSES)

Other operating income consists of the following (TL) :

	1 January 2012 31 December 2012	1 January 2011 31 December 2011
Increase arising from fair value changes	9.022.028	6.690.000
Turkish Ministry of Environment and Forestry – Rent	915.280	803.794
Turkish Ministry of Environment and Forestry – Land appropriation	227.503	200.746
Income from real estate other than rental income	381.340	183.677
Provisions for termination indemnity no longer required	–	1.266
Provision for doubtful receivables (Note 5)	22.238	17.065
Electricity and water transmission line	7.821	7.442
Other	80.108	11.621
Total	10.656.318	7.915.611



Other operating expenses consist of the following (TL) :

	1 January 2012 31 December 2012	1 January 2011 31 December 2011
Closed construction costs	–	761.881
Adequate pay by Muğla Revenue Office	–	168.616
Turkish Ministry of Environment and Forestry – Rent provision	1.070.601	821.499
Turkish Ministry of Environment and Forestry – Land appropriation	227.503	207.840
Provision for doubtful receivables (Note 5)	–	14.634
Maturity difference expenses	–	47.569
Electricity and water transmission line	7.821	7.442
Other	66.005	77.875
Total	1.371.930	2.107.356

19- FINANCIAL INCOME

Financial income consists of the following (TL) :

	1 January 2012 31 December 2012	1 January 2011 31 December 2011
Foreign exchange gains	2.258.534	25.787.127
Interest income	3.993.584	3.107.023
Profit on sale of other marketable securities	117.978	99.810
Maturity difference income	28.120	17.815
Rediscount interest income	1.192	699
Dividend income	16.240	13.503
Total	6.415.648	29.025.977

20- FINANCIAL EXPENSES

Financial expenses consist of the following (TL) :

	1 January 2012 31 December 2012	1 January 2011 31 December 2011
Foreign exchange losses	9.400.408	2.488.752
Losses on sales of other marketable securities	–	10.437
Rediscount interest expenses	829	1.192
Other expenses	35	–
Total	9.401.272	2.500.381



21- TAX ASSETS AND LIABILITIES

In Turkey, the corporation tax rate for 2012 is 20% (2011 and 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 2012	31 December 2011
Per statutory books	14.271.557	39.961.181
Other deductions	(14.271.557) *	(39.961.181)*
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

Due to the Company's REIT status, no deferred tax calculation has been made as of 31 December 2012, 31 December 2011 and 31 December 2010 (Note 2 (viii) (j)).

22- EARNINGS PER SHARE

Calculation of earnings per share is made as follows :

	31 December 2012	31 December 2011
Profit for the period	14.271.557	39.961.181
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)	1,340	3,752



23- RELATED PARTY DISCLOSURES

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

	31 December 2012		31 December 2011		31 December 2010	
	Trade	Non Trade	Trade	Non Trade	Trade	Non Trade
Alarko Holding A.Ş.	–	–	3.667	–	284	–
Attaş Alarko Turistik Tesisler A.Ş.	9.992.028	–	9.557.641	–	6.598.742	–
Less: Deferred Income	(829)	–	(1.192)	–	(699)	–
Total (Note 5)	9.991.199	–	9.560.116	–	6.598.327	–

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

	31 December 2012		31 December 2011		31 December 2010	
	Trade	Non Trade	Trade	Non Trade	Trade	Non Trade
Alsim Alarko San. Tes. ve Tic. A.Ş.	–	–	–	–	1.172.375	–
Attaş Alarko Turistik Tesisler A.Ş.	1.168.660	–	–	–	–	–
Alarko Holding A.Ş.	37.819	–	563	–	–	–
Altek Alarko Elek. Sant. Tesis İşl. ve Tic. A.Ş.	4.987	–	1.909	–	750	–
Alarko Carrier San. ve Tic. A.Ş.	1.507	–	2.206	–	–	–
Total (Note 5)	1.212.973	–	4.678	–	1.173.125	–

c) Balances due to shareholders consist of the following (TL) :

	31 December 2012	31 December 2011	31 December 2010
Dividends payable (Note 6)	574	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 2012	31 December 2011
Expenses		
Foreign exchange losses	191.402	10.508
Rental expenses	474.916	647.805
Maturity difference expenses	–	47.569
Services received	215.996	90.574
Rediscount expenses	829	1.192
Other expenses	66.009	16.851
Total	949.152	814.499

	31 December 2012	31 December 2011
Income		
Rent income	8.446.093	8.185.570
Turkish Ministry of Environment and Forestry – Land appropriation	227.503	200.747
Turkish Ministry of Environment and Forestry – Rent (2%)	915.280	803.794
Interest income	19.823	13.087
Adequate pay	–	154.959
Dividend income	–	13.503
Other	69.382	41.332
Total	9.678.081	9.412.992

Breakdown of transactions with related parties subject to invoice is as follows :

	31 December 2012			31 December 2011		
Purchases	Goods	Services	Other	Goods	Services	Other
Attaş Alarko Turistik Tes. A.Ş.	871.942	158.525	191.402	–	–	10.508
Alarko Carrier San. ve Tic. A.Ş.	–	–	4.663	26.000.000	–	4.729
Altek Alarko Elek.Sant. Tesis İşl. ve Tic. A.Ş.	–	4.227	–	–	–	–
Alarko Holding A.Ş.	–	93.321	433.210	46.302	750.888	12.123
Alsim Alarko San. Tes. ve Tic. A.Ş.	–	–	–	–	–	47.569
Total	871.942	256.073	629.275	26.046.302	750.888	74.929



Sales	31 December 2012			31 December 2011		
	Goods	Services	Other	Goods	Services	Other
Attaş Alarko Turistik Tes. A.Ş.	–	–	9.213.368	–	–	8.993.920
Aldem Alarko Konut İnş. ve Tic. A.Ş.	–	–	–	–	–	8.426
Alarko Holding A.Ş.	–	–	27.558	–	–	12.705
Alarko Carrier San. ve Tic. A.Ş.	–	–	344.609	–	–	292.228
Alsim Alarko San. Tes. ve Tic. A.Ş.	–	–	6.578	–	–	26.261
Altek Alarko Elektrik Sant. Tes. İşl. ve Tic. A.Ş.	–	–	85.968	–	–	79.452
Total	–	–	9.678.081	–	–	9.412.992

As of 31 December 2012, 31 December 2011 and 31 December 2010, there are no doubtful receivables arising from related parties.

As of 31 December 2012 and 31 December 2011 the salaries and similar remuneration provided to top management amounts to TL 769.068 and TL 744.113, 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 minimize its potential negative impact 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 are made when necessary.

As of 31 December 2012, 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		
	Related Party	Other Party	Related Party	Other Party	Deposits	Cash and Cash Equivalents
31 December 2012						
Maximum credit risk incurred as of the reporting date (A+B+C+D+E) (1) (Notes 3,5 and 6)	9.991.199	177.255	-	12.205	19.993.122	2.437.298
- 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)	9.991.199	169.209	-	12.205	19.993.122	2.437.298
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)	-	8.046	-	-	-	-
Portion taken under guarantee through collaterals	-	-	-	-	-	-
D- Net book values of impaired assets	-	-	-	-	-	-
- Overdue (gross book value) (Note 5)	-	189.553	-	-	-	-
- Impairment loss (-) (Note 5)	-	(189.553)	-	-	-	-
- 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, 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		
	Related Party	Other Party	Related Party	Other Party	Deposits	Cash and Cash Equivalents
31 December 2011						
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	21.455.521	888.598
- 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	21.455.521	888.598
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		
	Related Party	Other Party	Related Party	Other Party	Deposits	Cash and Cash Equivalents
31 December 2010						
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	16.826.654
- 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	16.826.654
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 2012, 31 December 2011 and 31 December 2010, the aging of assets past due but not impaired is as follows (TL) :

31 December 2012	Related Parties	Trade Receivables
1-30 days past due	-	-
1-3 months past due	-	-
3-12 months past due	-	8.046
1-5 years past due	-	-
- Portion hedged with collaterals	-	-

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 2012, 31 December 2011 and 31 December 2010, the maturity table for the Company's non-derivative financial liabilities is as follows:

31 December 2012	Book Value	Total Cash Outflows	Less than 3 months
Trade payables to related parties (Note 5)	1.212.973	1.212.973	1.212.973
Other trade payables (Note 5)	47.528	47.528	47.528
Other payables (Notes 6, 11 and 13)	1.858.785	1.842.890	1.842.890



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 2012, the maturity table of the assets and liabilities prepared as per their remaining maturities is as follows (TL) :

31 December 2012

Monetary Assets	0-1 months	1-3 months	3-6 months	6-12 months	Longer than 1 year	Total
Cash and cash equivalents	2.481.303	—	—	—	—	2.481.303
Inventories	—	—	12.808.999	—	4.321.594	17.130.593
Other assets	36.789	69.542	6.347	212.797	—	325.475
Trade and other receivables, net	137.727	39.528	—	—	12.205	189.460
Due from related parties, net	—	—	—	—	—	—
Total Assets in TL	2.655.819	109.070	12.815.346	212.797	4.333.799	20.126.831
Cash and cash equivalents	9.874.106	10.075.011	—	—	—	19.949.117
Financial assets	106.977.778	—	—	—	—	106.977.778
Trade receivables, net	—	—	—	—	—	—
Due from related parties, net	9.991.199	—	—	—	—	9.991.199
Total Assets in Foreign Currency	126.843.083	10.075.011	—	—	—	136.918.094
Total Monetary Assets	129.498.902	10.184.081	12.815.346	212.797	4.333.799	157.044.925
Monetary Liabilities						
Trade payables	47.528	—	—	—	—	47.528
Due to related parties	1.212.973	—	—	—	—	1.212.973
Provision for termination indemnity	—	—	—	—	120.456	120.456
Deposits and guarantees received	—	—	—	—	87.542	87.542
Advances received	5.107	10.214	—	—	582.758	598.079
Provisions for other short term debts and expenses	1.842.890	—	—	—	58.446	1.901.336
Total Liabilities in TL	3.108.498	10.214	—	—	849.202	3.967.914
Total Liabilities in Foreign Currency	—	—	—	—	166.497	166.497
Total Monetary Liabilities	3.108.498	10.214	—	—	1.015.699	4.134.411



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

31 December 2011

Monetary Assets	0-1 months	1-3 months	3-6 months	6-12 months	Longer than 1 year	Total
Cash and cash equivalents	920.833	—	—	—	—	920.833
Inventories	—	—	16.642.628	—	4.321.594	20.964.222
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	1.084.948	180.900	16.649.754	219.323	4.333.799	22.468.724
Cash and cash equivalents	9.922.186	11.501.101	—	—	—	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 Currency	124.554.349	11.501.101	—	—	—	136.055.450
Total Monetary Assets	125.639.297	11.682.001	16.649.754	219.323	4.333.799	158.524.174
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

Monetary Assets	0-1 months	1-3 months	3-6 months	6-12 months	Longer than 1 year	Total
Cash and cash equivalents	16.855.904	—	—	—	—	16.855.904
Inventories	—	—	25.144.593	—	4.321.594	29.466.187
Other assets	319.194	105.926	10.894	284.465	—	720.479
Trade and other 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	4.335.721	47.219.910
Cash and cash equivalents	8.132.307	14.825.492	—	—	—	22.957.799
Financial assets	—	—	—	—	86.380.484	86.380.484
Trade receivables, net	—	—	—	—	—	—
Due from related parties, 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	90.716.205	163.156.236
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	—	—	—	—	131.453	131.453
Total Monetary Liabilities	1.858.192	14.248.546	822.193	—	521.967	17.450.898

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 impact 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 exchange rate. The Company may face foreign currency risk because of its foreign currency denominated receivables and payables. The Company continuously monitors the said risk and takes the necessary precautions. The main foreign currencies constituting the said risk are USD and EURO.



As of 31 December 2012, the Company's net foreign currency position is TL 136.751.597 (31 December 2011 – TL 135.904.834, 31 December 2010 – TL 115.804.873). An increase / decrease of 10% in the foreign exchange rates will increase/decrease the Company's profit by a total of TL 13.675.159.

Foreign Currency Position

On totals basis;

	31 December 2012	31 December 2011	31 December 2010
A. Foreign currency assets	136.918.094	136.055.450	115.936.326
B. Foreign currency liabilities	166.497	150.616	131.453
Net foreign currency position(A-B)	136.751.597	135.904.834	115.804.873

Foreign Currency Position

Breakdown on foreign currency basis ;

	31 December 2012		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	2.848.673	1.598.044	1,7826	4.232.001	2.240.458	1,8889
Euro	17.100.444	7.271.524	2,3517	17.191.285	7.034.653	2,4438
2.Financial Assets						
USD	106.977.778	60.012.217	1,7826	105.075.714	55.627.992	1,8889
3.Due from Related Parties						
USD	9.991.199	5.604.846	1,7826	9.556.450	5.059.267	1,8889
TOTAL ASSETS DENOMINATED IN FOREIGN CURRENCY		136.918.094			136.055.450	
Deposits and guarantees received (Long term)						
USD	166.497	93.402	1,7826	150.616	82.037	1,8889
TOTAL LIABILITIES DENOMINATED IN FOREIGN CURRENCY		166.497			150.616	
NET FOREIGN CURRENCY POSITION	136.751.597			135.904.834		115.804.873
						115.936.326





As of 31 December 2012, the sensitivity analysis of foreign currency position is as follows (TL) :

Foreign Currency Position Sensitivity Analysis

31 December 2012

	Profit / Loss		Equity	
	Value increase in foreign currency	Value decrease in foreign currency	Value increase in foreign currency	Value decrease in foreign currency
	When USD changes by 10% against TL		When USD changes by 10% against TL	
1- Net assets / liabilities in USD	11.965.115	(11.965.115)	–	–
2- Portion hedged from USD risk (-)	–	–	–	–
3- USD Net Effect (1+2)	11.965.115	(11.965.115)	–	–
	When Euro changes by 10% against TL		When Euro changes by 10% against TL	
4- Net assets / liabilities in Euro	1.710.044	(1.710.044)	–	–
5- Portion hedged from Euro risk (-)	–	–	–	–
6- Euro Net Effect (4+5)	1.710.044	(1.710.044)	–	–
Total (3+6)	13.675.159	(13.675.159)	–	–



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

Foreign Currency Position Sensitivity Analysis

31 December 2011

	Profit / Loss		Equity	
	Value increase in foreign currency	Value decrease in foreign currency	Value increase in foreign currency	Value decrease in 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	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	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 (TL):

Foreign Currency Position Sensitivity Analysis

31 December 2010

	Profit / Loss		Equity	
	Value increase in foreign currency	Value decrease in foreign currency	Value increase in foreign currency	Value decrease in foreign currency
	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	
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 2012, 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 2012, 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 311.410, net, without any effect in profit/loss (31 December 2011 – TL 182.467, 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 2012, 31 December 2011 and 31 December 2010, the ratio of the total capital to total debts, net, is as follows (TL):

	31 December 2012	31 December 2011	31 December 2010
Total debt	4.134.411	6.922.119	17.450.899
Less: cash and cash equivalents	(22.430.420)	(22.344.119)	(39.813.703)
Net debt	(18.296.009)	(15.422.000)	(22.362.804)
Total equity	304.754.439	292.283.000	254.092.045
Debt/Equity Ratio	(%6)	(%5)	(%9)

The change in debt/equity ratio is due to the decrease in the Company's current assets arising from the utilization of liquid funds of the Company in fixed asset acquisitions and the decrease in short term liabilities related to the decrease in order advances received upon delivery of villas sold by the Company.

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 3.033,98 as of 31 December 2012 has been increased to TL 3.129,25 with effect from 1 January 2013 (31 December 2011 – TL 2.731,85).

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 2012	TL 89.611.274
31 December 2011	TL 98.867.696
31 December 2010	TL 94.729.818



28- ADDITIONAL INFORMATION

As of 31 December 2012, 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 2012	Prior 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)	132.522.293	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)	165.839.593	159.779.222	135.591.187	
C	Affiliates	Serial VI, No : 11, Art. 27/(b)	1.696	1.696	1.696	
	Due from Related Parties (Non-Trade)	Serial VI, No : 11, Art. 24/(g)	—	—	—	
	Other Assets		10.525.268	10.179.703	7.505.454	
D	Total Assets	Serial VI, No : 11, Art. 4/(i)	308.888.850	299.205.119	271.542.944	
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	304.754.439	292.283.000	254.092.045	
	Other Liabilities		4.134.411	6.922.119	17.450.899	
D	Total Liabilities and Equity	Serial VI, No : 11, Art. 4/(i)	308.888.850	299.205.119	271.542.944	
	Other Unconsolidated (Separate) Financial Data	Related Financial Arrangement	Current Period (TL) 31 December 2012	Prior 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)	19.993.122	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)	4.321.594	4.321.594	4.321.594	
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	1.696	
J	Non-cash Loans	Serial VI, No : 11, Art. 35	2.473.671	2.308.255	2.057.378	
K	Pledge amount on lands to be administrated for projects and the property 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 2012	Prior Period (TL) 31 December 2011	Prior Period (TL) 31 December 2011	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	Serial VI, No : 11, Art. 25/(n)	0,00 %	0,00 %	0,00 %	10 %
2	Real estates, real estate projects and rights supported by real estates	Serial VI, No : 11, Art. 27/(a), (b)	53,69 %	53,40 %	49,93 %	50 %
3	Money Market and Capital Market Instruments and Subsidiaries	Serial VI, No : 11, Art. 27/(b)	42,90 %	43,20 %	47,30 %	50 %
4	Real Estates, Real Estate Projects And Rights Supported By Real Estates, Subsidiaries, Capital Market Instruments	Serial VI, No : 11, Art. 27/(c)	0,00 %	0,00 %	0,00 %	49 %
5	Lands Held Idle	Serial VI, No : 11, Art. 27/(d)	1,40 %	1,44 %	1,59 %	20 %
6	Participation in the Operating Company	Serial VI, No : 11, Art. 32/A	0,00 %	0,00 %	0,00 %	10 %
7	Borrowing Limit	Serial VI, No : 11, Art. 35	0,81 %	0,79 %	0,81 %	500 %
8	Time and Demand Deposits in TL/Foreign Currency	Serial VI, No : 11, Art. 27/(b)	6,47 %	7,17 %	8,47 %	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 2012, the ratio of Company’s plots of land to the total assets is 1,40% 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. This rate as per the Financial Statements of 31 December 2012 is 53,69% and stays within the limits introduced by the Communiqué.

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. As per the financial statements of 31 December 2012, this rate is 42,90% and stays within the limits introduced by the Communiqué.

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 2012 financial statements, this rate is 6,47% and stays within the limits introduced by the Communiqué. The borrowing limit and the rates of participation in the operating company are also contained within the said limits. There are no other limitations in the Company.



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