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**	
Shareholders	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.

2. Presentation of the Financial Statements (continued)

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.

2. Presentation of the Financial Statements (continued)

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 in 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

2. Presentation of the Financial Statements (continued)

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 Compehensive 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.

2. Presentation of the Financial Statements (continued)

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

- UMS 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 IFRSs;

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.

2. Presentation of the Financial Statements (continued)

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

- 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 insterd 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 Insturments: 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.

2. Presentation of the Financial Statements (continued)

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.

2. Presentation of the Financial Statements (continued)

viii. Summary of Significant Accounting Policies and Valuation Methods (continued)

(a) Financial Instruments (continued):

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.

2. Presentation of the Financial Statements (continued)

viii. Summary of Significant Accounting Policies and Valuation Methods (continued)

(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 of 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%

2. Presentation of the Financial Statements (continued)

viii. Summary of Significant Accounting Policies and Valuation Methods (continued)

(e) Tangible Assets (continued):

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 recovarable 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.

2. Presentation of the Financial Statements (continued)

viii. Summary of Significant Accounting Policies and Valuation Methods (continued)

(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.

2. Presentation of the Financial Statements (continued)

viii. Summary of Significant Accounting Policies and Valuation Methods (continued)

(j) Income Taxes (continued):

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.

2. Presentation of the Financial Statements (continued)

viii. Summary of Significant Accounting Policies and Valuation Methods (continued)

(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.

2. Presentation of the Financial Statements (continued)

viii. Summary of Significant Accounting Policies and Valuation Methods (continued)

(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 activites are those that are related to the Company operations.

2. Presentation of the Financial Statements (continued)

viii. Summary of Significant Accounting Policies and Valuation Methods (continued)

(t) Statement of Cash Flows (continued)

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;

	31 December 2012			**31 December 2011**			**31 December 2010**		
Currency	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.*	-	1.196	-	1.196	-	1.196
Alarko Deyaar Gayrimenkul Geliştirme A.Ş.*	-	500	-	500	-	500
Alarko Holding A.Ş.*	-	3.114.095	-	1.824.665	-	2.250.420
Total	-	3.115.791	-	1.826.361	-	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 563.210 as of 31 December 2011,and the value increase of TL1.289.429 as of 31 December 2012 (Note 14 (c) and 24(vi)).

4. Financial Assets (continued)

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)	Expertise Date	Restated Book Value (TL)	Sales Value (TL)	Expertise Value (TL)	Expertise Date	Restated Book Value (TL)	Sales Value (TL)	Expertise Value (TL)	Expertise Date
Real Estate Project												
Land share (1 Parcel) and Project cost												
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**	

7. Inventories (continued)

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).

8. Investment Properties (continued)

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 Sitesi – 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 Sitesi – 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

8. Investment Properties (continued)

	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 Sitesi – 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) :

	Opening 1 January 2012	Additions	Disposals	Closing 31 December 2012
Cost ;				
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

9. Tangible Assets (continued)

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

9. Tangible Assets (continued)

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

Cost ;

	Opening 1 January 2010	Additions	Disposls	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

10. Intangible Assets

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.

11. Provisions, Conditional Assets and Liabilities (continued)

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 recevied 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.

14. Equity (continued)

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 esates 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
	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 (Note 10)	20.488	7.117
Total	21.948	9.077

17. Expenses by Nature (continued)

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

18. Other Operating Income / (Expenses) (continued)

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. San.Tes.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

23. Related Party Disclosures (continued)

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

23. Related Party Disclosures (continued)

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

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.San.Tes 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

	31 December 2012			31 December 2011		
Sales	Goods	Services	Other	Goods	Services	Other
Attaş Alarko Turistik Tes. A.Ş.	-	-	9.213.368	-	-	8.993.920
Aldem Alarko Konut İnşaat 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 remunration 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.

24. Nature and Extent of Risk Arising from Financial Instruments (continued)

i. Credit Risk (continued)

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			
31 December 2012	Related Party	Other Party	Related Party	Other Party	Bank Deposits	Cash and Cash Equivalents
Maximum credit risk incurred as of the reporting date (A+B+C+D+E) (1) (Notes 3,5 and 6)	**9.991.199**	**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.

24. Nature and Extent of Risk Arising from Financial Instruments (continued)

i. Credit Risk (continued)

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

	Receivables					
	Trade Receivables		Other Receivables			
31 December 2011	Related Party	Other Party	Related Party	Other Party	Bank Deposits	Cash and Cash Equivalents
Maximum credit risk incurred as of the reporting date (A+B+C+D+E) (1) (Notes 3,5 and 6)	**9.560.116**	**170.866**	**-**	**12.205**	**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.

24. Nature and Extent of Risk Arising from Financial Instruments (continued)

i. Credit Risk (continued)

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			
31 December 2010	Related Party	Other Party	Related Party	Other Party	Bank Deposits	Cash and Cash Equivalents
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.

24. Nature and Extent of Risk Arising from Financial Instruments (continued)

i. Credit Risk (continued)

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	-	-

24. Nature and Extent of Risk Arising from Financial Instruments (continued)

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

24. Nature and Extent of Risk Arising from Financial Instruments (continued)

ii. Liquidity Risk (continued)

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 month**	**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**

24. Nature and Extent of Risk Arising from Financial Instruments (continued)

ii. Liquidity Risk (continued)

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 month**	**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**

24. Nature and Extent of Risk Arising from Financial Instruments (continued)

ii. Liquidity Risk (continued)

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 month**	**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**

24. Nature and Extent of Risk Arising from Financial Instruments (continued)

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**

24. Nature and Extent of Risk Arising from Financial Instruments (continued)

iv. Foreign Currency Risk (continues)

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)	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	1.232.815	797.422	1,5460
Euro	17.100.444	7.271.524	2,3517	17.191.285	7.034.653	2,4438	21.724.984	10.602.208	2,0491
2.Financial Assets									
USD	106.977.778	60.012.217	1,7826	105.075.714	55.627.992	1,8889	86.380.484	55.873.534	1,5460
3.Due from Related Parties									
USD	9.991.199	5.604.846	1,7826	9.556.450	5.059.267	1,8889	6.598.043	4.267.816	1,5460
TOTAL ASSETS DENOMINATED IN FOREIGN CURRENCY	**136.918.094**			**136.055.450**			**115.936.326**		
Deposits and guarantees received (Long term)									
USD	166.497	93.402	1,7826	150.616	82.037	1,8889	131.453	85.028	1,5460
TOTAL LIABILITIES DENOMINATED IN FOREIGN CURRENCY	**166.497**			**150.616**			**131.453**		
NET FOREIGN CURRENCY POSITION	**136.751.597**			**135.904.834**			**115.804.873**		

24. Nature and Extent of Risk Arising from Financial Instruments (continued)

iv. Foreign Currency Risk (continued)

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)	-	-

24. Nature and Extent of Risk Arising from Financial Instruments (continued)

iv. Foreign Currency Risk (continued)

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	
1- Net assets /liabilities in USD	11.871.355	(11.871.355)	-	-
2- Portion hedged from USD risk (-)	-	-	-	-
3- USD Net Effect (1+2)	11.871.355	(11.871.355)	-	-
	When Euro changes by 10% against TL		When Euro changes by 10% against TL	
4- Net assets/liabilities in Euro	1.719.128	(1.719.128)	-	-
5- Portion hedged from Euro risk (-)	-	-	-	-
6- Euro Net Effect (4+5)	1.719.128	(1.719.128)	-	-
Total (3+6)	13.590.483	(13.590.483)	-	-

24. Nature and Extent of Risk Arising from Financial Instruments (continued)

iv. Foreign Currency Risk (continued)

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)	-	-

24. Nature and Extent of Risk Arising from Financial Instruments (continued)

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.

24. Nature and Extent of Risk Arising from Financial Instruments (continued)

vii. Capital Risk Management (continued)

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.

25. Financial Instruments (Disclosures on Fair Value and Hedge Accounting) (continued)

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)	-	-	-

28. Additional Information (continued)

As of 31 December 2012, 31 December 2011 and 31 December 2010, conformity with the portfolio restrictions is monitored as follows (continued):

	Portfolio Limitations	Related Financial Arrangement	Current Period 31 December 2012	Prior Period 31 December 2011	Prior Period 31 December 2010	Ratio of Minimum/ Maximum
1	Pledge amount on lands to be administrated for projects and the property of which does not belong to the company	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.

28. Additional Information (continued)

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.