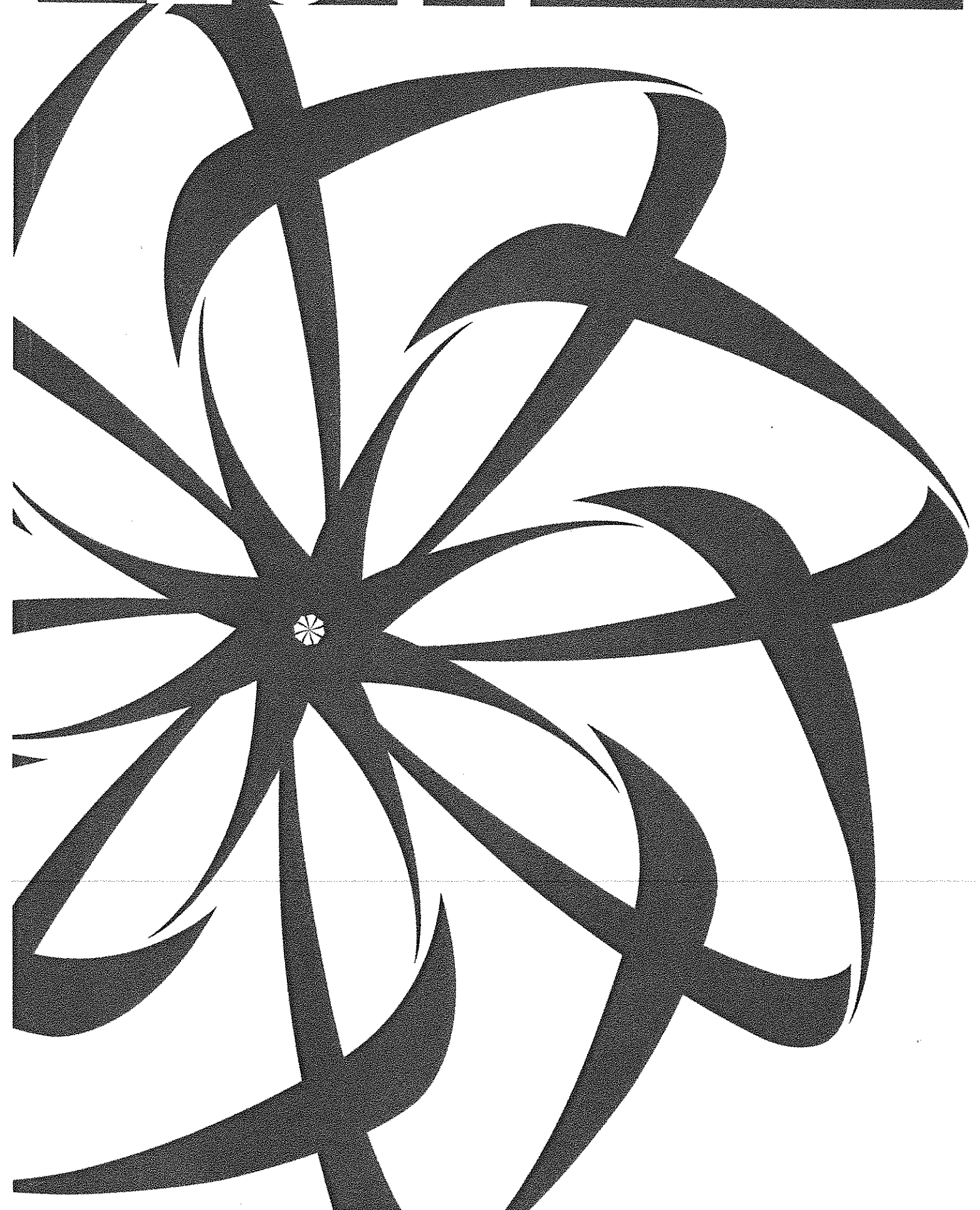
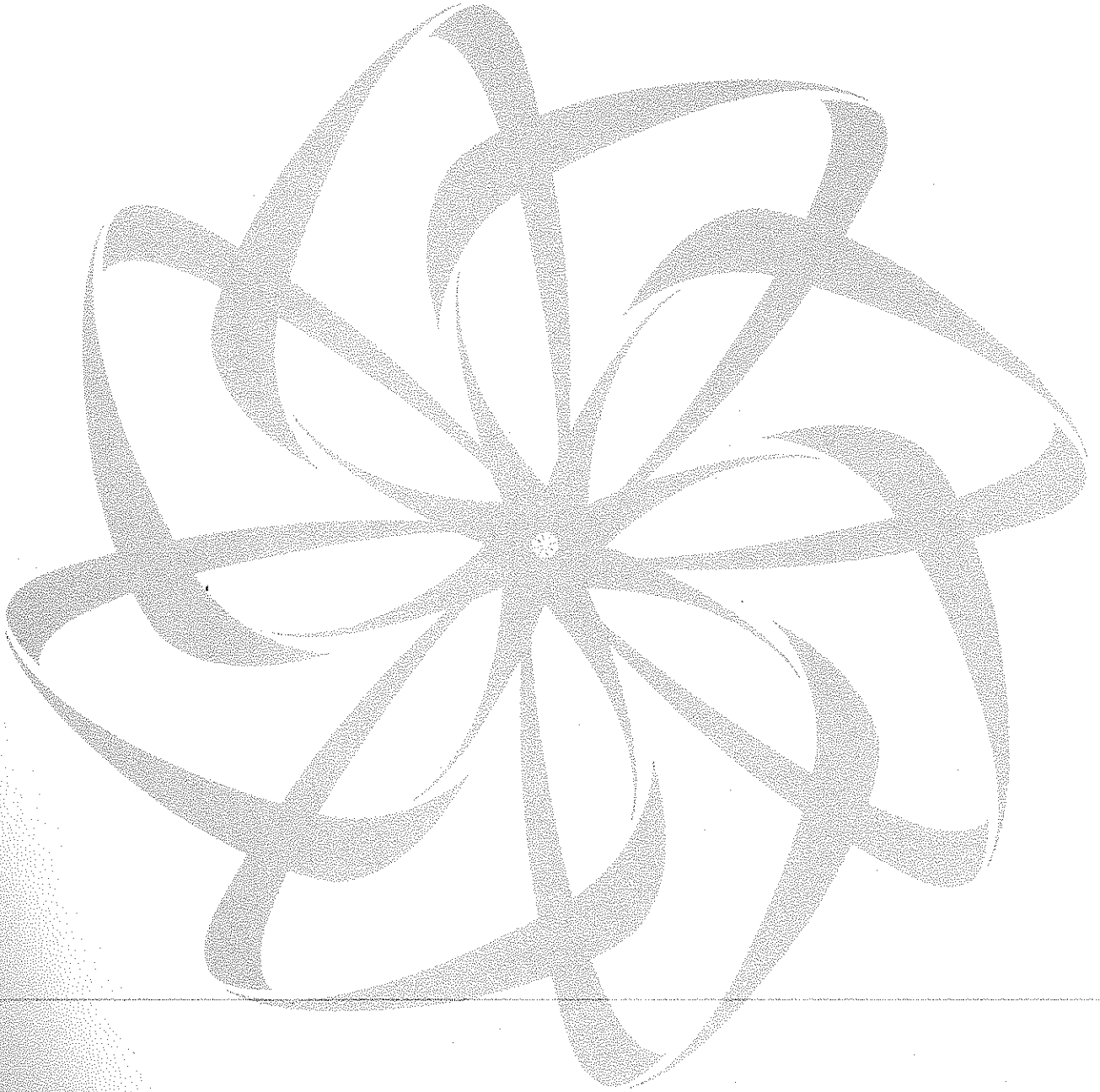


2011

AKMERKEZ
GAYRİMENKUL
YATIRIM ORTAKLIĞI A.Ş.
ANNUAL REPORT





Introduction

- 6 Agenda of the Annual General Meeting
- 10 Akmerkez in Brief
- 13 Milestones
- 19 Company Profile

Management

- 20 Message from the Board of Directors
- 22 Message from the General Manager

Activities

- 23 Developments in the Industry
- 26 Management of the Shopping Center
- 28 Profit Distribution Proposal
- 29 Profit Distribution Statements
- 32 Auditors' Report
- 34 Corporate Governance Principles Compliance Report
- 51 **Financial Statements and Independent Auditor's Report**

**DIRECTORS' REPORT ON THE ACTIVITIES IN 2011
SUBMITTED TO THE GENERAL MEETING OF
AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI
ANONİM ŞİRKETİ**

Dear Shareholders,

We have gathered to review the accounts 2011 of the Company and to discuss and pass resolutions on the issues in the agenda of the General Meeting.

The Company implemented all of the corporate governance principles established by the Capital Market Board (SPK) in 2011. We present our annual report covering the period of 01.01.2011-31.12.2011. We thank all shareholders for their attendance in this general meeting.

1. INTRODUCTION

A. BOARDS OF DIRECTORS AND AUDITORS

Board of Directors

Chairman	: RAİF ALİ DİNÇKÖK
Vice Chairman	: FEYYAZ BERKER
Member	: MEHMET ALİ BERKMAN
Member	: FRANCIENA J. ZIJLSTRA
Member	: DAVİT BRAUNŞTAYN
Member	: ERHAN ÖNER
Member	: ALİZE DİNÇKÖK EYÜBOĞLU
Member	: AHMET HAKAN DİNÇER
Member	: GÜNER ÖZTEK
Member	: DEVRİM ULUCAN

The members of the Board of Directors were elected by the general meeting held on 03.05.2011 for an office term of 1 year.

The members of the Board of Directors were RAİF ALİ DİNÇKÖK, MEHMET ALİ BERKMAN and ALİZE DİNÇKÖK EYÜBOĞLU who were nominated by AKKÖK SANAYİ YATIRIM VE GELİŞTİRME ANONİM ŞİRKETİ, the holder of the majority of the Group (A) registered nominative shares; FEYYAZ BERKER and ERHAN ÖNER who were nominated by TEKFEN HOLDİNG ANONİM ŞİRKETİ, the holder of the majority of the Group (B) registered

nominative shares; DAVIT BRAUNŞTAYN who was nominated by the holders of the majority of the Group (C) registered nominative shares; and FRANCIENA J. ZIJLSTRA who represented CORIO N.V., the holder of the majority of the Group (D) bearer shares.

AHMET HAKAN DİNÇEN, DEVRİM ULUCAN and GÜNER ÖZTEK are independent members of the board of directors pursuant to the Communiqué on the Principles Applicable to the Real Property Investment Companies.

All members of the board of directors meet the qualifications required from the members pursuant to the Communiqué on the Principles Applicable to the Real Property Investment Companies. Except for Franciena J. Zijlstra, who is the national of the Netherlands, all members of the board of directors are Turkish citizens.

Auditors

Lawyer SABİ RUSO

Lawyer İLKNUR BORACI

ALİ ŞEVKET TURSAN

General Manager

Zeynep Hüveyda ORAL

AGENDA of
The Annual General Meeting 2011 of
AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

DATE OF RESOLUTION: 30.04.2012

Members of the Board of Directors of Akmerkez Gayrimenkul Yatırım Ortaklığı Anonim Şirketi took the following resolutions as per the article 330/2 of the Turkish Commercial Code:

Resolved that:

- I. The annual general meeting 2011 of the Company be held at the address of Nispetiye Caddesi, Akmerkez, E-3 Blok, Kat 1, Etiler, İstanbul at 10.00 hours on 28.05.2012;
- II. The annual general meeting 2011 of the holders of the Preferential Group D Shares of the Company be held at the address of Nispetiye Caddesi, Akmerkez, E-3 Blok, Kat 1, Etiler, İstanbul at 11.00 hours on 28.05.2012;
- III. The annual general meeting 2011 of the holders of the Preferential Group A Shares of the Company be held at the address of Nispetiye Caddesi, Akmerkez, E-3 Blok, Kat 1, Etiler, İstanbul at 11.30 hours on 28.05.2012;
- IV. The annual general meeting 2011 of the holders of the Preferential Group B Shares of the Company be held at the address of Nispetiye Caddesi, Akmerkez, E-3 Blok, Kat 1, Etiler, İstanbul at 12.00 hours on 28.05.2012;
- V. The annual general meeting 2011 of the holders of the Preferential Group C Shares of the Company be held at the address of Nispetiye Caddesi, Akmerkez, E-3 Blok, Kat 1, Etiler, İstanbul at 12.30 hours on 28.05.2012;
- VI. Application be made to the Provincial Directorate of Science, Industry and Technology for appointment of a representative of the Ministry to attend the general meeting;
- VII. Agenda of the general meeting and the general meetings of the holders of the Preferential Groups A, B, C and D Shares be as follows.
 1. Opening and election of the Chairing Board of the General Meeting.
 2. Vesting power to the Chairing Board to sign the minutes of the General Meeting.
 3. Reading, discussion and adoption of each of the Directors' Report, the Auditors' Report and the Independent Auditor's Report for the year 2011.
 4. Reading, discussion and adoption of the balance sheet and income statement and the profit distribution proposal of the Board of Directors.

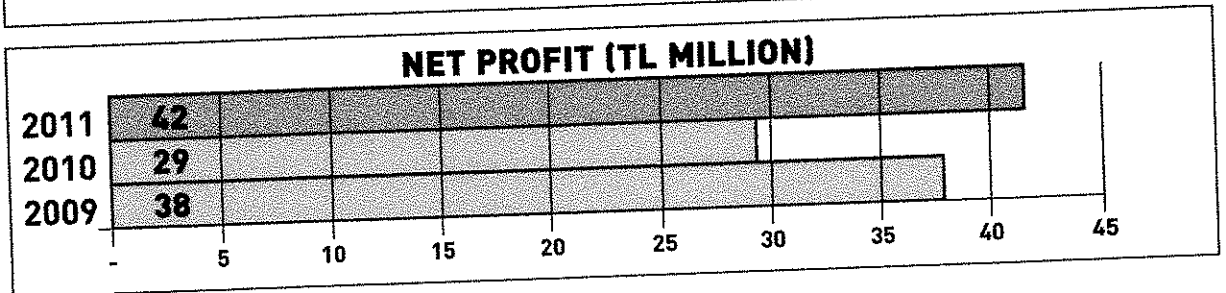
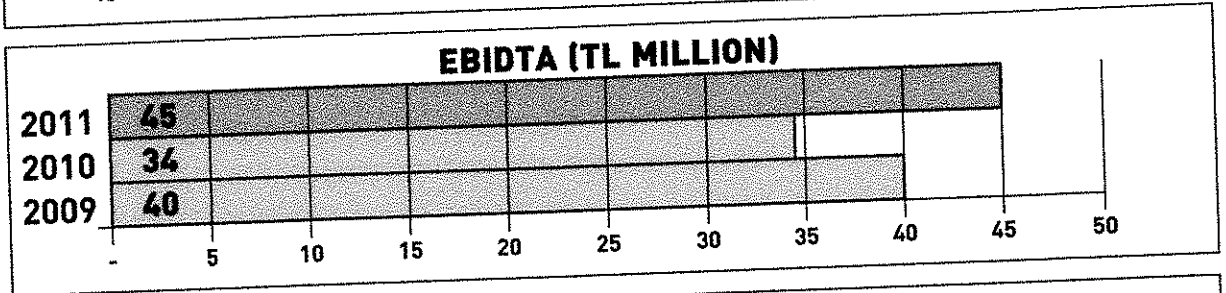
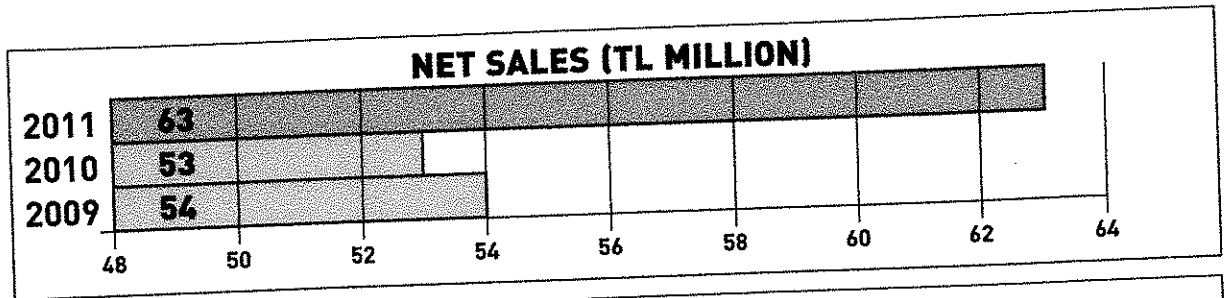
5. Release of each of the members of the Board of Directors from their obligations concerning the activities of the Company in 2011.
6. Release of each of the auditors from their obligations concerning the activities of the Company in 2011.
7. Providing that the mandatory permissions have been obtained from the Capital Market Board and the Ministry of Customs and Commerce, adoption of proposed amendments to the article 3 of the articles of association of the Company, titled "Objective and Subject", the article 4 titled "Head Office and Branch Offices of the Company, the article 5 titled "Term", the article 6 titled "Capital and Shares", the article 7 titled "Transfer of Shares", the article 8 titled "Preferential Securities", the article 9 titled "Limit of Borrowing and the Issue of Securities", the article 10 titled "Management of the Portfolio and Safekeeping, Insuring and Valuation of the Assets in the Portfolio", the article 11 titled "Election and Office Term of the Directors", the article 12 titled "Qualifications Required from the Directors", the article 13 titled "Meetings of the Board of Directors", the article 14 titled "Disclosure of Special Resolutions to the Public", the article 15 titled "Remuneration to the Directors", the article 16 titled "Administration and Committing of the Company", the article 17 titled "General Manager and Managers", the article 18 titled "Restrictions on the Managers", the article 19 titled "Auditors and their Office Term", the article 20 titled "Remuneration to the Auditors", the article 22 titled "General Meetings of Shareholders and the Required Quorum", the article 23 titled "Venue of the General Meeting of Shareholders", the article 24 titled "Attendance of a Representative of the Ministry to the General Meeting and Call for the General Meeting", the article 27 titled "Notices of the Company", the article 28 titled "Giving of Information", and the article 30 titled "Profit Distribution and Reserves" and of addition of a new article titled "Compliance with Corporate Governance Principles" to the articles of association as per the proposed text of amendment attached to this resolution of the Board of Directors.
8. Election of the members and independent members of the Board of Directors and determination of their office terms and remunerations.
9. Election of the auditors and determination of their remunerations.
10. Giving information to the General Meeting about the "Remuneration Policy" established regarding the members of the Board of Directors and the top executives pursuant to the Corporate Governance Principles.
11. Submission of the Independent Audit Firm selected by the Board of Directors to the approval of the General Meeting pursuant to the "Communiqué on the Independent Audit Standards in the Capital Markets" of the Capital Market Board.

12. Granting permission to the shareholders who have control of the Company, to the members of the Board of Directors, to the top executives of the Company and to the blood and in-law relatives of them up to the second kin to execute such transactions which may give rise to conflict of interest with the Company or its affiliates, to compete with them, to carry out any business within the field of business of the Company personally or on behalf of others or to invest in any company which is engaged in such business, and to execute any other transactions, pursuant the Corporate Governance Principles of the Capital Market Board, and in addition granting of powers to the members of the Board of Directors pursuant to the articles 334 and 335 of the Turkish Commercial Code.
13. Giving information to the shareholders about the charity donations made and relief aids provided by the Company during 2011 pursuant to the Capital Market legislation and about the related-party transactions executed in accordance with the valuation reports during 2011 pursuant to the provisions of the "Communiqué on the Principles to be complied with by the Joint Stock Companies being subject to the Capital Market Law" (Communiqué Serial IV, No. 41).
14. Giving information to the General Meeting about the discounts made to the rents and disclosed to the public during 2011.
15. Wishes and closing.

AGENDA OF THE GENERAL MEETINGS OF THE HOLDERS OF PREFERENTIAL GROUPS A, B, C and D SHARES

1. Opening and election of the Chairing Board of the General Meeting.
2. Vesting power to the Chairing Board to sign the minutes of the General Meeting.
3. Providing that the mandatory permissions have been obtained from the Capital Market Board and the Ministry of Customs and Commerce, adoption of proposed amendments to the article 3 of the articles of association of the Company, titled "Objective and Subject", the article 4 titled "Head Office and Branch Offices of the Company, the article 5 titled "Term", the article 6 titled "Capital and Shares", the article 7 titled "Transfer of Shares", the article 8 titled "Preferential Securities", the article 9 titled "Limit of Borrowing and the Issue of Securities", the article 10 titled "Management of the Portfolio and Safekeeping, Insuring and Valuation of the Assets in the Portfolio", the article 11 titled "Election and Office Term of the Directors", the article 12 titled "Qualifications Required from the Directors", the article 13 titled "Meetings of the Board of Directors", the article 14 titled "Disclosure of Special Resolutions to the Public", the article 15 titled "Remuneration to the Directors", the article 16 titled "Administration and Committing of the Company", the article 17 titled "General Manager and Managers", the article 18 titled "Restrictions on the Managers", the article 19 titled "Auditors and their Office Term", the article 20 titled "Remuneration to the Auditors", the article 22 titled "General Meetings of Shareholders and the Required Quorum", the article 23 titled "Venue of the General Meeting of Shareholders", the article 24 titled "Attendance of a Representative of the Ministry to the General Meeting and Call for the General Meeting", the article 27 titled "Notices of the Company", the article 28 titled "Giving of Information", and the article 30 titled "Profit Distribution and Reserves" and of addition of a new article titled "Compliance with Corporate Governance Principles" to the articles of association as per the proposed text of amendment attached to this resolution of the Board of Directors.
4. Wishes and closing.

BOARD OF DIRECTORS



The best shopping center in the world

Consisting of four floors, Akmerkez Shopping Center presents a safe, pleasant, and spotless environment complemented with a continuous music broadcast. It is air conditioned all year round. Furthermore, the building is armed with a fire warning siren as well as fire extinguishing systems, state-of-the-art security systems and these as well as impeccable building automation provides comfort and safety to its guests.

Its new decor allows Akmerkez to combine performance with aesthetics. Since the day it has opened its doors, Akmerkez has been more vibrant compared to ordinary shopping centers.

The "Akmerkez" concept originated with the collaboration of Akkök, Tekfen, and Istikbal groups, all of which are pioneers of their own industries, yet focuses on the same goal. The goal is both to revolutionize the "shopping center" concept of Istanbulites in order to provide them with many opportunities in one place; as well as to provide high-quality living spaces to elite members of the business world. As a result of the joint forces of the Groups, Akmerkez was inaugurated on December 18, 1993 in Etiler, one of the busiest districts in Istanbul.

Even in its early years, the prudent strategies set forth by the establishers of Akmerkez Shopping Center were recognized by prestigious institutions. In 1995, only one year after its inauguration, Akmerkez was named the "Best Shopping Center in Europe" by the International Council of Shopping Centers (ICSC). In 1996, Akmerkez received the

“ICSC International Design and Development” award, which is the biggest award issued in this field. The fact that Akmerkez is the first shopping center to receive both awards simultaneously as well as its structural and design quality along with the appeal of elite stores has rendered Akmerkez an exemplary shopping center.

Outstanding service quality in a shopping center with an award-winning design...

Akmerkez has received many other awards in the international arena during its ten-year history. The latest award Akmerkez received was the “Interior Design 5-Star” award granted at the Europe & Africa Property Awards 2010, organized by the International Property Awards for the successful interior restorations. The concept of the project was created by the world-famous and award-winning “Concept-i Corporate” design company.

Akmerkez provides its visitors with a wide range of services by combining residency and office opportunities with a shopping center. With its central location, structural and design quality, 14-story and 17-story office towers, 23-story Akmerkez Residence – Apartment Hotel building covering a 180,000 m² triangular area, Akmerkez has been enriching our urban lives since day one. Through its automated building services, air-conditioning equipment, music broadcast, state-of-the-art security systems, and its housekeeping, security, maintenance and management workforce of 345 employees Akmerkez Shopping Center provides its guests with a modern, peaceful, comfortable, and clean environment. The Shopping Center has a total of eight stories, of which four make up the 1,500-car capacity underground parking lots and the other four consist of the shopping floors. The shopping floors have 3 atriums linked to each other via main passages. There are a total of 41 escalators and 32 lifts, of which two are panoramic and the rest are passenger and service elevators, throughout the shopping center to ensure guests can browse around without wasting time or energy.

While being a pioneer in its industry by receiving both Europe’s Best Shopping Center and The World’s Best Shopping Center titles, Akmerkez sets out as an example to other shopping centers through its modern design and outstanding service quality.

A vibrant experience that exceeds the shopping center concept...

Akmerkez regularly conducts customer research in order to continuously update its store diversity; and hence has attained a 100 percent rate of store rental for many years. Moreover, the Shopping Center provides visitors with elite brands, both local and international, between the hours of 10:00 am – 10:00 pm seven days a week. The fact that the cultural and arts events held make Akmerkez more than just a shopping center also helps continually increase the number of patrons visiting the center. The success of the cozy and fun atmosphere is reflected in both the number of visitors, which is calculated to be 1.2 million per month. Moreover, the social responsibility events organized in light of its principle to invest in the future has made Akmerkez a significant brand that invests in society.

Akmerkez has reached its goal to “become the best shopping center of the world” through its innovative approach and continues to lead by monitoring industrial needs and international developments very closely. Akmerkez has adopted the principle to extend its outstanding performance and success story in the industry well into the future.

**Every step we take
is a success story...**

1990

Our journey starts

The laying of the foundation for the Akmerkez project, which would embellish the social life of the city, was started in Etiler, a popular district in Istanbul. Istanbulites watched the structural development with curiosity.

1993

Istanbulites meet their new vibrant center

Akmerkez Shopping Center opened its doors to guests showing of a giant facility with never-before-seen modern architecture built over a total of 180,000 m² area. Akmerkez joins elite brands under one roof and has since that day created a regular visitor base.

1995

Second anniversary gift: “Europe’s Best Shopping Center” Award

Thanks to its guest satisfaction priority approach, state-of-the-art design, and meticulous service quality, Akmerkez reached its goal to be “the world’s best shopping center” in only its second year. Akmerkez was named “The Best Suburban Shopping Center in Europe” by the International Council of Shopping Centers (ICSC). This award has a special place in the award-rich history of Akmerkez as it was the first in a series of acknowledgements

1996

The pride of being the World's best shopping center

The high quality of standards at Akmerkez was recognized by the International Council of Shopping Centers (ICSC) and it was named "The World's Best Shopping Center". The same year, ICSC awarded Akmerkez with the "ICSC International Design and Development" award, the largest award of the industry. Akmerkez is the first shopping center to have received both awards within the same year. Although Akmerkez was only in its third year, it indeed proved its leadership in the industry.

1998

Our brand leadership crowned with the TSCSR/AMPD Honorary Award

The Honorary Award Akmerkez received in the TSCSR / AMPD Awards was recognized by the Trade Council of Shopping Centers & Retailers (AMPD).

1999

Increasing its success every year

The Jean Louis Solal Marketing Award is among the most significant European awards and is presented to world-prominent retail institutions evaluated by the ICSC. Professionalism and successful marketing projects in the advertisement of Akmerkez won the centre the Jean Louis Solal Marketing Award and showed that it had created an exemplary profile worldwide.

2001

Two awards from ICSC in one year

Only two years later, Akmerkez won the Jean Louis Solal Marketing Award for its exterior window displays. As a result, Akmerkez proved that creativity does not only present itself in service diversity but also in meticulous design. In 2001, Akmerkez also received the Maxi Award from the ICSC.

2003

Celebrated our tenth anniversary

Akmerkez Shopping Center announced its leadership in the industry worldwide through the awards it has gathered, each more prominent than the other, and shared this success with Istanbulites on its tenth anniversary with luminary celebrations on its exterior facade.

2004

Awarded for outstanding quality by the Consumers Magazine

Akmerkez was presented with the Consumers Quality Award by the Consumers Magazine at the Consumers Summit on March 15, 2004, which also happened to be the World Consumer Rights Day. This award was presented by the Consumers magazine, stating that competition and high-quality service can only increase via conscious consuming, and this award is a symbol of the high-quality service it offers and meticulous approach Akmerkez has towards to its guests.

2005

We are publicly enlisted

Akmerkez was publicly enlisted and started trading on the Istanbul Stock Exchange (ISE) on April 15, 2005.

2006

Our folding success is once again awarded by ICSC

By winning the Jean Louis Solal Marketing Award and the Maxi Award once more after receiving it in 2001, Akmerkez showed that it could continue to achieve in a sustainable way.

2008

Celebrated our fifteenth anniversary with steps towards renovation

On its fifteenth anniversary, Akmerkez decided to invest USD 25 million in a complete make-over. The project, in which all the necessities of the modern age were combined with a creative design, was designed with a focus on technology and aesthetics.

2010

Awarded the Academy Awards of Property for our renovation project

With the restoration project initiated in 2008, Akmerkez aimed to provide its guests with a completely renewed vibrant space. Interior refurbishment within the scope of this project was deemed worthy of the "Interior Design 5 Star" award, accepted as the "Academy Awards of Property" at the Europe & Africa Property Awards which was organized as part of the International Property Awards.

2011

Our "FashionOnAir" Project brought another award to our shopping center

After opening its doors to the young designers who will give direction to the future of fashion in 2010, Akmerkez was awarded in 2011 with "Silver Awards" in the Public Relations Category of the "ICSC Solal Marketing Awards 2011" which is the most prestigious marketing awards program of the world which received applications from 177 projects in 22 countries.

COMPANY PROFILE

We received the Best Shopping Center awards for both the European and the World categories.

The renewed decor of Akmerkez combines aesthetics with functionality. Since its first day, Akmerkez has always been a vibrant space, more than just a shopping center for its visitors.

Our occupancy rate indicates our uniqueness

With an occupancy rate of 94.99 percent in the past five years, Akmerkez proves its success in the shopping center industry. The overall occupancy rate throughout the seventeen years Akmerkez has been in operation is 96.75 percent.

We continued a relationship with the tenants based on mutual trust

The environment of trust between Akmerkez and its tenants remained unchanged during the year. In 2011, the tenant rotation was as low as 6.88%.

New brands joined our tenant portfolio in 2011

Thanks to the favorable location of Akmerkez in downtown of İstanbul, coupled with the ease of access to the site and the care and diligence shown by the management to the positioning of the stores, significant local and international brands such as Yargıcı Accessories, Jacadi, Kipling and Calvin Klein joined Akmerkez in 2011.

We showed our unique service approach with the creation of Akmerkez Concierge+

"Akmerkez Concierge+", a service available at 7-star hotels, came to life in 2010 in response to our guests' daily needs and our desire to make their lives easier. Being a significant first in the shopping center industry, the concierge services were rendered at the highest level that could be rendered in this field of service. Akmerkez expanded the scope of its concierge services in 2011 to appeal to a broader client base.

Shopping Fest

As one of the hosts of the "İstanbul Shopping Fest" which was the most important activity of the industry in 2011 that lasted 40 days, Akmerkez organized various events at the night of March 26 during which the sales of the stores achieved a turnover in one day being equal to the turnover of 4 days. The success of the event is still talked by people after so much time has passed since then.

Art at Akmerkez

First launched by Akmerkez as an innovation in the industry in 2003, the art events at Akmerkez continued successfully during 2011 as well.

Message from the Board of Directors

Dear Shareholders,

Despite the concerns about the developments in the global economy causes unrest in the markets in Turkey from time to time, Turkey has maintained her prominent position particularly among the developing countries and for the European economies thanks to the high economic growth rate and the preservation of financial discipline.

Turkey grew by 11.6 percent and 8.8 percent during the first two quarters of the year, respectively. The economy continued to grow steadily during the third quarter and closed quarter with a growth rate of 8.2 percent.

In parallel with the growing economy, the rate of unemployment decreased to 8.8 in September. This represents a decrease by 2.5 points over the same month of the previous year.

After a period of recession that lasted four quarters from the third quarter of 2008 on, the Turkish economy entered a strong and long lasting recovery period from the fourth quarter of 2009 on. During the first quarter of 2011, when the growth rate of GDP reached the second highest rate in the aftermath of the global crisis, Turkish economy outgrew the Chinese and Argentinian economies over a period of one year and became the first in the ranking of fastest growing economies.

In the aftermath of the global financial crisis, the domestic demand instruments determined the recovery and shifting of the economy of the country to a course of higher growth. During the period of recovery and rapid growth that started in the fourth quarter of 2009, the negative contribution of the foreign demand reached 5 points in average and the contribution of the domestic demand reached almost 17 points during the first quarter of 2011 when the economy broke the world record in growth rate. The special consumptions and the investment spending, which accounted for more than 5% of the growth rate, were the locomotive of the domestic demand. During and after the first quarter of 2011, the special consumption entered a new growth trend as distinct from the special investments and public spending.

The construction and commercial real property industries, which suffered from recession in the world and especially in the euro zone during the last quarter of 2011, enjoyed a boom in Turkey owing to the growth of the general economy. In line with this, demand for leased office spaces and investment in shopping centers increased. Entrance of foreign retailers into the Turkish market after the crisis has positively affected the organized retail industry in recent years. Upward trend in the shopping center rents continued. In line with these developments and as a result of positive market conditions in 2011, the industry entered 2012 with positive expectations. Closely monitoring the conditions in Turkey and the world and rapidly adapting itself to the changes owing to its dynamic structure, Akmerkez GYO maintained its leadership in the industry in 2011 as well. Having targeted to be the "Best Shopping Center of the World" from the very beginning and attained that target at a time as early as its second year, Akmerkez Shopping Center enjoyed the pride of offering a comfortable and a contemporary living

center to its guests in 2011 after completion of the interior space renovation works. Awards received from prestigious national and international institutions so far are an indication of the sustainability of the success of the Company.

Contribution of our valuable employees, shareholders and managers to the successful performance of the Company in 2011 is great. We thank each of you for your valuable contribution.

BOARD OF DIRECTORS

Message from the General Manager

Dear Shareholders,

Notwithstanding the adverse economic conditions prevailed in some European countries during 2011, the financial discipline achieved by the government in recent years both ensured growth of the economy and gained flexibility to the economy in giving response to the shocks of the global crisis.

In 2011, the construction industry grew by 10%. A more moderate growth rate is expected in 2012. According to the data released by GYODER (the Association of Real Property Investors), the employment in the construction industry reached a peak level with 1 million 910 thousand jobs, accounting for 7.7% of the total employment. It is expected that the employment in the construction industry will remain high during 2012.

Having the second largest population in Europe, Turkey achieved the second highest growth rate (8.5%) among the OECD-member countries in 2011. In view of her strategic importance, Turkey maintained her position as a prominent country in terms of investments. With this powerful structure, Turkey has become a preferential market for the international investors in the retail industry.

One of the most important topics of 2011 was the enactment of the new Turkish Commercial Code in January 2011 which will come in effect during the second half of 2012. The Code, which brings a number of novelties for the commercial life, will bring along with it certain mandatory regulations. Especially the financial constructions of the companies will gain a transparent structure to the international standards. The regulations will also add a new dimension to the landlord-tenant relations. It is expected that the new code will encourage the foreign investors to invest in Turkey.

Although it appears that Turkey is growing at a slower rate in 2012, it is expected that positive developments will occur in the construction industry, the shopping center investments and the retail industry.

Akmerkez GYO A.Ş. showed a successful performance in 2011 thanks to the renovated interior space of the shopping center, its customer-focused practices, its adoption to the changing conditions and its dynamic structure.

I thank all employees, tenants, valuable shareholders and guests for their contribution to our success.

Zeynep Hüveyda ORAL
General Manager

Developments in the Industry

“Shopping Fest”

One major retail organization in 2011 was the “Shopping Fest” that lasted 40 days and 40 nights between March 18 and April 26, 2011, which aimed to raise the retail activity through powerful marketing and to provide special discount opportunities to the consumer.

According to the released by the Interbank Card Center, the purchases made during the said period increased substantially by 25% over the same period of the previous year, amounting to TL 8 billion 153 million 77 thousand.

Amount of charges to foreign cards in İstanbul during the same period indicates that a considerable number of foreigners attended the festival.

Due to cold and rainy weather conditions during the İstanbul Shopping Fest, the shopping lovers enjoyed the discounts and campaigns of the Shopping Fest mostly in the shopping centers. According to the data, most of the spending by credit and debit cards between March 18 and April 26, 2011 was made at the shopping centers which accounted for a turnover of TL 1 billion 189 million 902 thousand. Turnover of the shopping centers in İstanbul increased by 21% compared with the same period of the previous year.

People who wanted to collect scores by paying their purchases by credit card to enjoy a number of discount opportunities during the İstanbul Shopping Fest mostly preferred to purchase seasonal clothing at discounted prices. People spent TL 672 million 93 thousand by credit and debit cards for clothing in İstanbul during March 18-April 26. Amount of spending increased by 27% over the same period of the previous year.

At the end of the İstanbul Shopping Fest, one of the sectors accounting for the highest spending by credit and debit cards was the jewelry. During the period of March 18-April 26, turnover of the jewelries increased by 32 percent over the same period of the previous year, amounting to TL 119 million.

According to the data released by the Interbank Card Center, the champion of the İstanbul Shopping Fest was the district of Beşiktaş where Akmerkez is located. People spent TL 633 million 964 thousand by credit and debit cards in Beşiktaş, followed by Kadıköy, including the Bagdat Street, which accounted for TL 607 million 625 thousand. With the recently opened shopping centers, the district of Ümraniye ranked third with a spending amounting to TL 521 million 249 thousand.

In the Aftermath of Economic Crisis

Due to the impact of economic recession in Europe and political uncertainty in the Middle East and the North Africa, Turkey has become the most attractive market for the retailers who seek to expand their markets. With the rise of retail demand and the entry of new brands into the Turkish market, competition in the Turkish market has become more powerful. Rising competition forced the retailers to focus more on innovative ideas such as creating new concepts and taking part in various shopping platforms.

Online retail business continued its aggressive growth during 2011. A number of retailers have created online shops and many others have joined "special shopping web sites". It is expected that 20% of the retail sales in the world will be made online by 2020. It is anticipated that online retail sales in Turkey will increase significantly in parallel with the world.

Istanbul is the largest retail market of Turkey in terms of both current and future supply. Despite the rapidly growing volume of retail outlets in the city, it is expected that the development of the shopping centers will continue in the mid-term.

Retail Supply

According to the data released by Jones Lang Lasalle (JLL), there is a total leasable area of 3,078,000 m² at 104 shopping centers in Istanbul as of the end of 2011. The existing organized retail stock accounts for 40% of the total stock in the country.

Major shopping centers are mostly located on the European side of Istanbul.

A leasable area of 417,500 m² at 12 shopping centers opened in 2011 has been added to the existing stock in the city. The development in 2010 was 374,500 m² at 12 shopping centers. Out of 12 shopping centers opened in 2011, only 2 with a leasable area of 22,500 m² are located on the Asian side of Istanbul.

Supply in the Future

It is expected that the development of shopping centers in Istanbul will be strong during 2012-2013. 29 shopping centers with an outlet supply of 1,118,000 m² which are currently under construction are expected to be opened by the end of 2013. The expected rise in the total leasable area in Istanbul represents 53% of the supply which is under construction and to be completed by the end of 2013 across Turkey.

With the addition of the future supply by the end of 2013, the total leasable area in Istanbul will reach 4,196,000 m² at 133 shopping centers, representing 43% of the total supply across Turkey.

Retail Density

After Ankara, İstanbul is the second city where the retail density is highest with a leasable area of 232 m² per 1000 persons. In view of the future supply which is under construction, it is expected that İstanbul will become the most dense market upon reaching of the retail supply to 287 m² by the end of 2013.

As of the end of 2011, the retail density on the European side of İstanbul was 281 m², while it was 149 m² on the Asian side. Among the most dense sub-markets on the European side are Bakırköy with an area of 1,578 m², Bayrampaşa with an area of 1,020 m², Şişli with an area of 994 m² and Beylikdüzü with an area of 929 m².

Shopping centers were again in demand in 2011; turnover of shopping centers rose by 14% over 2010

According to the data released by the Association of Shopping Center Investors (AYD), the turnover index rose by 14% in 2011 over 2010.

All categories were on the rise in 2011

Turnovers of all categories rose in general throughout 2011. Turnovers at shopping centers rose by 16% in the shoes and handbags category, by 15% in the clothing and accessories category, by 15% in the foods and beverages category, by 11% in the other articles category, by 11% in the technology markets and electrical goods category and by 2% in the hypermarkets, supermarkets and delicatessens category in 2011 over 2010.

Turnover per m² at shopping centers reached TL 574 with the impact of new-year shopping; productivities are rising day by day

The average turnover of TL 412 per m² in 2010 rose by 14% to TL 468 per m² in 2011.

With weather grew colder, shopping centers were full

The year-to-year visitor index rose by 5% in 2011 over 2010. Particularly during October, November and December when the weather grew colder, visits to shopping centers rose and contributed positively to the turnovers at the shopping centers.

Management of the Shopping Center

As a brand which has signed many firsts in Turkey so far, Akmerkez continued to realize pioneering and successful projects in the industry during 2011. Introducing many firsts to the visitors throughout the year, Akmerkez was the pioneer of new trends both in the field of culture and art and in the digital applications.

Edible Art by Maksut Aşkar

Akmerkez continued the Pop-Up concept which it introduced with the FashiOnAir project in 2010 with the Pop-Up exhibition concept titled "Edible Art by Maksut Aşkar" in 2011. Miscellaneous designs in the "Edible Art", which was the first experimental Pop-Up exhibition where the art and the taste were brought together under the roof of a shopping center first time even in Turkey, appealed to 5 senses simultaneously.

Application of 'Find the 7 Elephants'

With its 'Find the 7 Elephants' project introduced in October, which brought the real and virtual worlds together, Akmerkez pioneered a new trend in the industry. On entering Akmerkez, thousands of people who have downloaded the 'Find the 7 Elephants' application into their iPhone, iPad, iPod Touch found themselves in a virtual game in a real space. Those who found the 7 Elephants on 7 days apart won surprise gifts.

The application was downloaded by around 5 thousand people within as a short time as 3 months. In the creation of the game, the aim was to offer a technological and amusing experience to the visitors of Akmerkez by targeting the youngsters who are dynamic and closely monitoring the technology. Those who downloaded the application at the same time had access to information about the stores and the special events at Akmerkez Shopping Center.

The İstanbul Shopping Fest

Doors of Akmerkez were opened with the enthusiasm of the İstanbul Shopping Fest. Akmerkez took part in the İstanbul Shopping Fest held across İstanbul during March 18-April 26 with colorful events and very special surprises. As one of the hosts of the festival that lasted 40 days, Akmerkez signed a joyful night with the events held in the night of March 26.

Akmerkez, where the doors were open until 02.00am, entertained ten thousands of guests until the late hours of the night. Candan Erçetin, the powerful sound of pop music, sang her beautiful songs for the guests, while discount checks and very special surprises provided by some 80 stores on the occasion of the festival turned each purchase into a joyous opportunity. Meanwhile, delicious foods and beverages offered by all cafes and restaurants at Akmerkez turned the festival into a feast.

In the lottery organized specially for the night when Akmerkez hosted the Shopping Fest, 3 lucky persons won a MINI One.

Award to Akmerkez

Opening its doors in 2010 to young designers who will give direction to the future of fashion, Akmerkez introduced the "pop-up retailing" with the FashionOnAir Project. Initiated by Akmerkez, this new trend was followed with interest by the guests and stateholders of Akmerkez. The designers who participated in the project besides the pop-up stores opened with a distinct concept at each period were on the focus of the media. In 2011, the project won the 'Silver Award' in the Public Relations Category in the ICSC Solal Marketing Awards 2011, which is one of the most prestigious marketing awards of the world. Recognizing supporting of young designers who will give direction to the future of the fashion and fulfilling the role assigned to it in the globalization of the Turkish fashion as a social responsibility, Akmerkez has proven its success in the international area with the award of ICSC for the FashiOnAir project.

Art at Akmerkez

Continuing to give support to art events in 2011, Akmerkez hosted a number of valuable exhibitions in collaboration with Tunca Art Gallery. All exhibitions made during 2011 were followed by the art lovers and the media with interest. 416 news stories appeared in the press about 6 exhibitions made throughout the year.

FashiOnAir2 Living Room Pop-Up Store

Developed with the concept of "Living Fashion Room", the first Pop-Up Store of the year which brought together the distinct designs of 61 young designers welcomed the guests of Akmerkez in a retro living room which carried marks from every era.

The store where collections of designs who have signed created designs in varies categories from textile to industrial designs, to accessories and to decorations were exhibited received appreciation from the guests of Akmerkez and the press.

PROFIT DISTRIBUTION PROPOSAL

Members of the board of directors of AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ met and took the following resolutions:

The net profit in the period stated on our financial statements issued pursuant to the provisions of the Communiqué Serial XI, No. 29 of the Capital Market Board is TL 42,013,558.00 and the net profit in the period stated on our financial statements issued pursuant to the provisions of the Code of Tax Procedure is TL 42,002,013.79.

Resolved unanimously by the present members that from the net profit in the period amounting to TL 42,013,558.00 which is stated in our financial statements issued pursuant to the provisions of the Communiqué Serial XI, No. 29 of the Capital Market Board,

- 1- Statutory reserve amounting to TL 2,100,100.69 be set aside pursuant to the provision of the first paragraph of the article 466 of the Turkish Commercial Code;
- 2- TL 1,863,200.00 part of TL 39,927,975.83 which was calculated by adding the TL 14,518.52 which is the amount of the donations made during the year to the net distributable profit in the amount of TL 39,913,457.31 be set aside for distribution to the shareholders in cash as 1st Dividend;
- 3- A share be set aside from the remaining profit for payment to the Members of the Board of Directors pursuant to the article 30(c) of the articles of association of the Company;
- 4- TL 34,282,880.00 part of the remaining profit be set aside for distribution to the shareholders in cash as 2nd Dividend;
- 5- TL 3,428,288.00 being one tenth of the part remaining after deduction of 5% of the paid-up capital from the dividends payable to the shareholders be set aside as the second order statutory reserve pursuant to the provision of the sub-paragraph 3 of the paragraph 2 of the article 466 of the Turkish Commercial Code;
- 6- The remaining profit be not distributed but be set aside as extraordinary reserve;
- 7- It be proposed to the General Meeting that the profit share in total amount of TL 36,146,080.00 which has been set aside from the net profit in the period for distribution as 1st Dividend and 2nd Dividend to the shareholders be distributed in cash as TL 0.97 gross (=net) (TL 100.00=TL 97.00) at the rate of 97% of the paid-up capital against the profit share coupons 2011 of the share certificates owned by the shareholders and that the distribution of the profit share be done on 30.05.2012;
- 8- This resolution on the profit distribution proposal and the Profit Distribution Statement 2011 which has been issued in accordance with the decrees of the Capital Market Board be disclosed to the public and that one copy of the profit distribution statement be submitted to the Capital Market Board.

MEMBERS OF THE BOARD OF DIRECTORS

PROFIT DISTRIBUTION STATEMENT

1.	Paid-up/Issued Capital		37,264,000.00
2.	Total Statutory Reserves (According to Statutory Records)		39,630,471.79
Information regarding preference in profit distribution as per articles of association			
		According to the Capital Market Board	According to Statutory Records
3.	Profit in the Period	42,013,558.00	42,002,013.78
4.	Taxes Payable (-)	-	-
5.	Net Profit in the Period (=)	(3-4)	(3-4)
6.	Losses in Previous Years (-)	-	-
7.	First Order Statutory Reserve (-)	2,100,100.69	2,100,100.69
8.	Amount of Distributable Profit of the Consolidated Subsidiary (*) about which distribution resolution has not been taken (-)	-	-
9.	Net Distributable Profit in the Period excluding any Unrealized Capital Earnings (=)	39,913,457,31	39,901,913,10
10.	Unrealized Capital Rises (-)	-	-
11.	Unrealized Capital Decreases (-)	-	-
12.	Net Distributable Profit in the Period excluding any Unrealized Capital Earnings (=)	39,913,457,31	39,901,913,10
13.	Donations made during the year (+)	14,518,52	14,518,52
14.	Net distributable profit in the period including the donations based on which the First Dividend will be calculated	39,927,975,83	39,916,431,62
15.	First dividend to shareholders	1,863,200,00	
	- Cash	1,863,200,00	
	- Gratis Shares		
	- Total	1,863,200,00	-
16.	Dividend to holders of preferential shares	Amount of dividend payable to holders of preferential shares as per the provisions of the articles of association	
17.	Dividend to members of the board of directors, employees, etc.	-	
18.	Dividend to holders of redeemed shares	-	
19.	Second Dividend to Shareholders	34,282,880,00	
20.	Second Order Statutory Reserve	3,428,288,00	
21.	Statutory Reserves	-	
22.	Special Reserves	-	
23.	EXTRAORDINARY RESERVE	339,089,31	
24.	Other Resources Envisaged to be Distributed: - Profits in the Previous Years - Extraordinary Reserves - Other Reserves Distributable Pursuant to the Law and the Articles of Association	-	

(*) The Subsidiary includes subsidiaries and joint ventures of the Parent Company as well as partnerships in which a common management is used.

INFORMATION ABOUT THE RATE OF DISTRIBUTED PROFIT SHARE (1)				
INFORMATION ABOUT THE DIVIDEND PER SHARE				
	GROUP	TOTAL AMOUNT OF DIVIDEND (TL)	DIVIDEND PER SHARE AT PAR VALUE OF TL 1.00	
			AMOUNT (TL)	RATE (%)
GROSS	A	3.953.477,50	0,97	97
	B	2.756.138,60	0,97	97
	C	2.326.903,90	0,97	97
	D	27.109.560,00	0,97	97
	TOTAL	36.146.080,00		
NET	A	3.953.477,50	0,97	97
	B	2.756.138,60	0,97	97
	C	2.326.903,90	0,97	97
	D	27.109.560,00	0,97	97
	TOTAL	36.146.080,00		
RATIO OF THE DISTRIBUTABLE PROFIT SHARE TO THE NET DISTRIBUTABLE PROFIT IN THE PERIOD INCLUDING THE DONATIONS				
AMOUNT OF PROFIT SHARE DISTRIBUTED TO THE SHAREHOLDERS (TL)	RATIO OF THE PROFIT SHARE DISTRIBUTED TO THE SHAREHOLDERS TO THE NET DISTRIBUTABLE PROFIT IN THE PERIOD INCLUDING THE DONATIONS (%)			
36.146.080,00	90,53%			

(1) If there is a group of shareholders owning preferential shares in respect of the profit distribution, the shareholder groups must be stated separately.

Shareholding Structure and Shareholder Value

The rate of shares of Akmerkez GYO held by the public is 50.04% as of 31.12.2011.

During 2011, two General Meeting of Shareholders, one being the Annual General Meeting held on 03.05.2011 and the other the Extraordinary General Meeting held on 22.07.2011, were held. The rate of attendance in both general meetings was above 90%.

All shares in the capital of the Company are listed in the İstanbul Stock Exchange.

Capital and Shareholding Structure of Akmerkez GYO

The shares representing the capital at par value of TL 23,564,000 which will be issued on account of rising of the issued capital of TL 13,700,000 which is within the registered capital ceiling of TL 27,400,000, by TL 23,564,000, all of which will be provided from the profits, from TL 13,700,000 to TL 37,264,000 pursuant to the resolution of the annual general meeting 2010 held on 03.05.2011, were registered by the Capital Market Board by its decision dated 30.06.2011, no. 20/626 and registered by the İstanbul Trade Register Office, together with the "Document as Basis of Registration", on 08.07.2011.

Our shareholders have become entitled to receive gratis shares at the rate of 172% of the shares they own from the shares representing the raised capital at par value of TL 23,564,000. Distribution of gratis shares has been made by way of registration with the Central Registration Agency ("MKK") pursuant to the Capital Market Regulations.

List of the shareholders who own 5% and more of the capital of the Company as of 31.12.2011 is as follows:

Name and Last Name/ Trade Name of the Shareholder	Amount of Share in the Capital (TL)	Rate of Share in the Capital (%)
AKKÖK SANAYİ VE YATIRIM GELİŞTİRME A.Ş.	4.890.900,00	13,12
TEKFEN HOLDİNG A.Ş.	4.019.839,04	10,79
DAVİT BRAUNŞTAYN	2.559.403,42	6,87
PUBLIC	18.645.844,00	50,04
OTHER	7.148.013,54	19,18
TOTAL	37.264.000,00	100,00

**AUDITORS' REPORT SUBMITTED TO
THE ANNUAL GENERAL MEETING OF SHAREHOLDERS 2011 OF
AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI**

Name of the Company	AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ
Head Office of the Company	Nispetiye Caddesi Akmerkez E-3 Blok Kat 1 Etiler, İstanbul
Capital of the Company	TL 37,264,000.00
Business of the Company	The Company has been established to engage in the objectives and subjects cited in the regulations of the Capital Market Board concerning the investment companies.
Names and Office Terms of the Auditors	SABİ RUSO, İLKNUR BORACI, ALİ ŞEVKET TURSAN Office term is one year. They are not shareholders.
Number of the meetings of the directors attended and of the meetings of the board of auditors held	They attended three meetings of the board of board of directors Four meetings for auditing of the books and transactions of the Company were held.
Dates of Inspection of the Accounts of the Company and Result of Such Inspections	In the inspections carried out in April, July, October and December, it was found that the books of the Company were held in accordance with the laws and supported by evidencing documents.
Number and results of counts made at the treasury of the Company pursuant to the article 353 of the records.	It was found as a result of treasury counts carried out once two months, totaling 6 times in a year that the physical assets were consistent with the Turkish Commercial Code

Results of the inspection made pursuant to the article 353(4) of the Turkish Commercial Code

As a result of the inspections made once a month, it was found that there wasn't any commercial paper delivered to the company as pledge, guarantee or custody.

Complaints and Claims of Fraud Received

No compliant and claim of fraud was given to the auditors of the Company.

We believe that the balance sheet of Akmermez Gayrimenkul Yatırım Ortaklığı Anonim Şirketi issued as of 31.12.2011 reflects the actual financial standing of the company at the said date and that the Income Statement covering the period of 01.01.2011-31.12.2011 reflect the actual operational results of the company in the said period and that the proposal for distribution of the profit conforms to the laws and the articles of association of the company. We, therefore, propose that the balance sheet and the income statement be adopted and the board of directors released.

Yours sincerely,

SABİ RUSO**İLKNUR BORACI****ALİ ŞEVKET TURSAN**

Corporate Governance Principles Compliance Report

Information policy of Akmerkez Gayrimenkul Yatırım Ortaklığı Anonim Şirketi has been established as follows pursuant to the paragraph 3 of the article 43 of the Communiqué Serial VI, No. 11 the Capital Market Board on the Principles Applicable to Real Property Investment Companies

Information other than the information specified in the Communiqué on the Principles Applicable to Real Property Investment Companies, the Communiqué on the Principles Applicable to Disclosure of Special Situations to Public and the other relevant regulations is disclosed to the public in accordance with this information policy:

a. As subject to the rules and limitations set out in the aforesaid regulations, Akmerkez may take out ads and notices, hold press conferences, conduct public meetings, participate in fair and similar events regarding its existing portfolio or new projects at hand and sales, leases and similar marketing activities related thereto.

b. Up-to-dateness of the technological infrastructure built in order to communicate the information of Akmerkez to the public and to inform the shareholders and the investors on every subject about the Company is ensured and the information is communicated through the following distribution channels:

Annual report: Annual report of Akmerkez is issued in Turkish and English and submitted to the investors fifteen days before the General Meeting and transmitted via electronic medium upon request.

Corporate web site: The portfolio value statement, the financial statements by periods, the stock performance, the annual report, the articles of association, the special situation disclosures and the documents related with the General Meeting of the Company are published in the web site of the Company.

Relations with the press: In order to inform the media about the current and future investment projects of the Company, the Company will hold press conferences. Dates of the press conferences will be notified to the concerned persons ten days before the conference. Press releases related with the conferences held will be distributed and interview requests will be evaluated.

Informing of the investors and specialists: How to respond to the questions and comment requests of shareholders, stakeholders, investors and financial analysts about Akmerkez is described in the third item below.

c. Questions asked and/or information and comments requested by the press, shareholders, stakeholders, investors, financial analysts and specialists about Akmerkez will be transmitted to the Company via the corporate web site, telephone and fax and the questions will be answered by the advisors of the board of directors, the General Manager, the accounting manager, the company lawyers and the shareholder relations unit depending on the subject of such questions, within seven business days.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

1. Corporate Governance Principles Compliance Statement

Akmerkez GYO A.Ş. is a market leader in the shopping center industry and aims to sustain this position for long years. Besides the financial strength and brand strength, the Company targets to be an important value for its stakeholders.

Akmerkez GYO A.Ş. has adopted the principle of being a strong, respectable, hardworking and sharing entity for its shareholders and investors as well as customers and employees.

From this point of view, the Company fulfills the requirements of the "Corporate Governance Principles" established by the Capital Market Board.

SECTION I - SHAREHOLDERS

2. The Shareholder Relations Unit

As a corporation listed in the İstanbul Stock Exchange, the Company has established a "Shareholder Relations Unit" by the resolution of the Board of Directors dated 16.03.2009 pursuant to the article seven of the Communiqué Serial IV, No. 41 of the Capital Market Board in order to ensure the use of shareholding rights, the making of required reporting to the Board of Directors and the communication between the Board of Directors and the shareholders.

Annual general meeting formalities and communication with the shareholders were carried out actively and regularly in 2011.

3. Shareholders' Use of Right to Information

The shareholders didn't ask any question or make any request in writing or via electronic medium during the period. Akmerkez has a web page concerning its financial activities and all information is updated in accordance with the communiques of the Capital Market Board. At present, the shareholders can reach the Company by phone, fax and electronic mail as well as via the internet pages at the addresses of www.akmerkez.com.tr and www.akmgyo.com.

Appointment of a special auditor was not requested during the period or the previous period.

4. Information about the General Meeting

The Company calls the shareholders to the General Meeting in accordance with the provisions of the Turkish Commercial Code and the Capital Market Regulations. Notice to the shareholders is published in minimum two daily newspapers and the Turkish Trade Register Gazette. The notice for the General Meeting states the agenda, the date, time and place of the General Meeting and the conditions for attendance at the General Meeting. Such information is notified to the İstanbul Stock Exchange and the Central Registration Agency. Besides the shareholders of the Company, the representatives of the Stock Exchange, the intermediary agencies and the press can attend the General Meeting. After the meeting, documents of the meeting are sent to the Capital Market Board, the Central Registration Agency and the İstanbul Stock Exchange. Information about the meeting will be published in the web site of the Company from this year on.

During 2011, Akmerkez held one Annual General Meeting and one Extraordinary General Meeting where resolutions on the issues in the agenda were taken.

5. Voting Rights and Minority Rights

There isn't any preferential voting right under the Articles of Association of the Company. Each share has one vote. There isn't a practice regarding representation of the minority shares in the management and method for casting of cumulative votes.

The shareholder groups A, B, C and D (public) have the right to nominate candidates to the management. Apart from this right, there isn't any preference giving privilege to the shareholders.

6. Profit Distribution Policy and Time of Profit Distribution

Regarding the profit distribution, the Company complies with the regulations in the Turkish Commercial Code and the capital market legislation.

The amount remaining after deduction of the sums which the Company is obliged to pay and set aside pursuant to the general accounting principles, such as overheads and miscellaneous depreciation expenditures as well as the mandatory reserves for taxes and financial obligations payable by the Company as a legal entity, from the income ascertained at the end of the account year as well as after deduction of any losses in the previous years from the net profit shown on the annual balance sheet is distributed in accordance with the following order and principles:

First Order Statutory Reserve

a) 5% of the remaining amount is set aside as first order statutory reserve until it reaches 20% of the paid-up capital pursuant to the article 466 of the Turkish Commercial Code.

First Dividend

b) From the remaining amount, including the donations made during the respective account year, first dividend is set aside in an amount determined by the General Meeting which may not be less than the amount and rate determined by the Capital Market Board, in accordance with the principles set out in the profit distribution policy of the Company.

c) The General Meeting may set aside an amount from the remaining amount up to 5% for distribution to the members of the board. How that amount will be distributed is determined by the board of directors. The general meeting may also set aside an amount up to 1.5% for allocation to existing or would-be-established foundations, particularly education and health foundations (Turkish Commercial Code, Article 469(3)).

Second Dividend

d) Minimum 80% of the amount remaining after deduction of the amounts set out in the paragraphs (a), (b) and (c) from the net profit is distributed as 2nd dividend.

e) If an amount remains after deduction of the amounts set out in the paragraphs (a), (b), (c) and (d) from the net profit, the General Meeting is authorized to distribute that amount as 2nd dividend in part or whole or to maintain it on the balance sheet as the period-end profit or to add it to statutory or facultative reserve or to set aside it as extraordinary reserve.

Second Order Statutory Reserve

f) Pursuant to the sub-paragraph 3 of the paragraph 2 of the article 466 of the Turkish Commercial Code, one tenth of the amount remaining after deduction of a profit share at the rate of 5% of the issued capital from the amount decided to be distributed to the shareholders and any persons participating in the profit is set aside as second order statutory reserve.

g) Unless the statutory reserve has been set aside as required by the law and the first dividend has been set aside for payment to the shareholders as provided in the articles of association, no further reserve may be set aside from the profit or no profit may be carried forward to the next year or no profit share may be paid to the directors, the employees, the servants and the workers.

Akmerkez GYO A.Ş. distributed the profit in 2010 to its shareholders during 2011 in accordance with the Articles of Association and the Capital Market legislation. Profit distribution will be made during the next period in accordance with the Capital Market legislation and the article 30 of the Articles of Association of the Company. The profit distribution policy of the Company is to distribute the whole or substantial part of the profit to the shareholders.

Statement of dividend distributions during the last five years:

Balance Sheet Period	Distributed Profits (TL)	Rate of Distributed Profit Share	Paid-up Capital (TL)	Note
2010	23.564.000,00	172%	13.700.000,00	Gratis Shares
2009	30.414.000,00	222%	13.700.000,00	Cash
2008	40.826.000,00	298%	13.700.000,00	Cash
2007	43.840.000,00	320%	13.700.000,00	Cash
2006	11.097.000,00	81%	13.700.000,00	PROFITS IN PREVIOUS YEARS (PROFIT FROM INFLATION)
2006	52.024.380,00	379,74%	13.700.000,00	Cash

7. Share Transfer

Pursuant to the article seven of the Articles of Association of the Company, the registered nominative shares of the Company in the groups (A), (B) and (C) and the bearer shares in the group (D) which are held by the public may not be transferred to another person during one year following the end of the sale of shares to the public. Any share transfer made in contradiction with this provision is not entered into the share register of the Company.

Even after the elapse of the aforesaid period during which transfer of the shares is forbidden, sale, transfer, pledge or other disposal of the registered nominative shares in the groups (A), (B) and (C) in favor of third persons is subject to prior consent of the Board of Directors. The Board of Directors may withhold such consent and refuse to enter such transaction into the share register without stating any reason. Each consent is valid for the respective transaction. Disposal of the shares made by such consent becomes valid upon its entry into the share register. Provision of the paragraph 4 of the article 418 of the Turkish Commercial Code and the provisions of the Capital Market legislation are reserved.

Transfer of shares between the shareholders in the same group and by a real person shareholder to his/her spouse and offspring and to the Directors at minimum rate as required by the law in order to become a director of the Company is not subject to the consent of the Board of Directors.

There isn't any restrictive provision as to the transfer of bearer shares in the group D held by the public. Such shares can be freely transferred in accordance with the provisions of the Turkish Commercial Code, the Capital Market Law and the Communiques of the Capital Market Board.

SECTION II - PUBLIC DISCLOSURE AND TRANSPARENCY

8. Company's Information Policy

Public disclosures required by the Capital Market legislation were made during the period.

Such information is published under the sub-sections of Continuous Information Form, Annual Reports and Independent Audit Report under the section of Financial Information in the web site of the Company in order to provide updated information to the public about the financial performance of the Company and other matters concerning the public.

9. Special Situation Disclosures

Pursuant to the principle of public disclosure and transparency, 27 public disclosures were made during the period of 01.01.2011-31.12.2011 with a view to informing the shareholders of the Company and the other concerned parties on a timely manner. The Company didn't receive any clarification request from the Capital Market Board or the İstanbul Stock Exchange regarding the Special Situation Disclosures made pursuant to the regulations of the Capital Market Board.

10. Web Site of the Company

The Company has web sites at the addresses of www.akmerkez.com.tr and www.akmgyo.com. The trade register data, the shareholder structure, the articles of association, the prospectus, the signature circular, the periodic financial statements, the portfolio value statement, the stock performance data, the special situation disclosures, the annual reports and the other documents of the Company related with the general meetings are published in these web sites.

11. Disclosure of Ultimate Controlling Shareholder(s) in Real Person Status

Ali Raif Dinçök, Ömer Dinçök and Nilüfer Çiftçi from Akkök Sanayi Yatırım ve Geliştirme Anonim Şirketi and Feyyaz Berker, A. Nihat Gökyiğit, Alev Berker and Erhan Öner from Tekfen Holding Anonim Şirketi, which are majority shareholders of the Company, are the ultimate controlling shareholders. The shareholding structure is stated in the annual report each year.

12. Disclosure of Persons Who Have Access to Insider Information to the Public

Persons and departments who and which have access to insured information at Akmerkez GYO A.Ş. are the Directors, the Auditors, the General Manager and the Accounting Department.

SECTION III - STAKEHOLDERS

13. Disclosure of Information to Stakeholders

Stakeholders of Akmerkez GYO A.Ş. are its shareholders. The Company makes appraisal of the value of the real properties in its portfolio and the real property rights it owns, through an independent appraisal firm, and discloses the appraised value to the public at the end of each year pursuant to the Capital Market Law and the relevant regulations and the Communiqué of the Capital Market Board concerning the Principles Applicable to Real Property Investment Companies.

14. Participation of the Stakeholders in the Management

Pursuant to the article eight of the Articles of Association of the Company, holders of the group D shares sold to public (traded in the stock exchange) have the right to nominate a candidate to the Board of Directors. Pursuant to the article eleven of the Articles of Association, if these shareholders attend the general meeting and nominate a candidate by majority of votes, they can be represented by one member in the Board of Directors.

15. Human Resources Policy

There isn't a human resources department at Akmerkez GYO A.Ş. Works related with the human resources are carried out by the Accounting Department.

The Company has four staff members as per the job description. All staff members are competent in their jobs and have been selected in accordance with the policy of the Company. Their performances have been assessed on the basis of their individual competencies and job descriptions.

15.1 Human Resources Management of Akmerkez contains modern and innovative applications which run on internationally recognized models and integrated systems. The sentence of "The purpose of investment in human resources is to gain responsible, creative, participant and happy employees who have self-confidence and develop themselves" summarizes the human resources policy of Akmerkez. In all human resources processes of the Company, from recruitment to performance management system, to personal development, to fixing of salaries and to termination, modern and integrated systems are used.

15.2 Human resources policy of Akmerkez aims at gaining candidates who conform to the culture and values of Akmerkez and have Common Behavioral Competencies of Akmerkez to the Company in the course of recruitment and appointment so as to ensure serving to the main and subsidiary objectives of the Company. The criteria which bear importance in the selection and assessment processes of Akmerkez include propensity to team working, loyalty to the company and the job, self-confidence, innovativeness, openness to change, participation, taking initiation and capability to produce solutions.

15.3 In line with the continuous learning and development policy of the Company, the employees are given training courses that support the targets of the Company, the technical and behavioral competencies and the personal development in social and cultural areas. The Company knows that creation of a clear, close and uninterrupted communication medium between the management and the employees is very important for the motivation and productivity of the employees.

15.4 Performance management system of Akmerkez is a system that extends from the personal development to the corporate development, that seeks embracement of corporate targets by the individuals and that reinforces the common corporate culture. Outputs of the performance management system are used in the training planning, salary fixing/rewarding and career planning functions of the Human Resources. Akmerkez always gives care to implementation of a fair assessment system by which high performance is rewarded.

Although no complaint to the effect that discrimination is made among the employees has been received so far, the HAY Job Evaluation System which is based on the principle of equality is implemented with a view to preventing occurrence of any problem in this regard in the future. The HAY Job Evaluation System is a methodology for salary-fixing and rewarding of which effectiveness and reliability has been proven around the world, which is used to prevent any discrimination among the employees and to ensure justice in the salaries. This model is an objective and transparent salary and subsidiary rights model which reflects the realities of the national and international business world, which is based on the principle of equality and fairness, which seeks to fix the salary according to the job performed, and which can be easily used by the leader.

16. Information about the Customers and Suppliers

Leases for a term of five and ten years are executed in US dollar with real persons and legal entities who and which are tenants of the real properties in the portfolio of the Company.

17. Social Responsibility

Since its establishment, Akmerkez GYO A.Ş. has always acted very sensitively on the matters of social responsibility, technological developments, cultural activities and environment and continued this sensitivity throughout 2011.

Besides offering quality products and services pursuant to the principles of Corporate Social Responsibility, the Company is also aware of its responsibility for raising the social standards. It is sensitive toward the needs of the society without neglecting the future generations. In this regard, the Company has adopted the principle of contributing to the social enrichment by making donations and providing social aids primarily to the education, culture and art and sport activities.

Pursuant to the principles of Corporate Social Responsibility, the Company made donations and provided social aids to various entities and institutions in 2011.

Donations made during 2011 are as follows:

<u>Donations and Social Aids</u>	<u>(TL)</u>
Societies and Foundations	14.518,52
Public Entities	-
Total	14.518,52

SECTION IV - BOARD OF DIRECTORS

18. Structure and Formation of the Board of Directors and Independent Directors

The Board of Directors of ten persons consists of a Chairman, a Vice Chairman, five members and ten independent members. One of the five members represents the publicly held group D shares in the Board of Directors. The members of the Board of Directors have segregated the duties among themselves.

Name and Last Name	Duty	Profession	Duties undertaken at the Company during the last 5 years	Duties undertaken outside the company at present	Share held in the capital of the Company (%)	Represents the share group	Whether he/she is an independent member of the Board of Directors	Takes part in Committees and undertakes duties
Raif Ali Dinçök	Chairman of the Board	Business Administrator	Member of the Board	Chairman/ Vice Chairman of Boards of Directors of Akkök and Akkök Group		Group A	Not an Independent Member	
Feyyaz Berker	Vice Chairman of the Board	Engineer	Chairman of the Board	Chairman and Member of Boards of Directors of other companies in which he owns stocks	1.36	Group B	Not an Independent Member	
Davit Braunştayn	Member of the Board	Industrial Engineer	Member of the Board	Chairman and Member of Boards of Directors of other companies in which he owns stocks	6.87	Group C	Not an Independent Member	
Erhan Öner	Member of the Board	Engineer	Member of the Board	Chairman and Member of Boards of Directors of other companies in which he owns stocks	0.2	Group B	Not an Independent Member	
Alize Dinçök Eyübođlu	Member of the Board	Manager	Member of the Board	Member of Board of Directors of Akkök and Akkök group companies		Group A	Not an Independent Member	
Mehmet Ali Berkman	Member of the Board	Manager	Member of the Board	CEO at Akkök and Akkök group companies		Group A	Not an Independent Member	
Francine J. Zijlstra	Member of the Board	Business Administrator	Member of the Board	Head of strategy and company acquisition department of Corio N.V.		Group D	Not an Independent Member	
Devrim Ulucan	Independent Member of the Board & Member of the Board of Auditors	Lecturer	Independent Member of the Board & Member of the Board of Auditors	Lecturer			Independent Member	Committee in charge of audit
Güner Öztekin	Independent Member of the Board & Member of the Board of Directors	Retired Ambassador	Independent Member of the Board & Member of the Board of Auditors	Retired Ambassador			Independent Member	Committee in charge of audit
Ahmet Hakan Dinçer	Independent Member of the Board & Member of the Board of Auditors	Manager	Independent Member of the Board & Member of the Board of Auditors	Turkey Manager of Inditex S.A.			Independent Member	Committee in charge of audit

19. Resumes of the Members of the Board of Directors

Raif Ali DİNÇKÖK

Chairman of the Board of Directors

After graduating from the Business Administration Department of Boston University in 1993, he started his career at Akkök Group of Companies. He worked at the Purchasing Department of Ak-AL Tekstil San. A.Ş. during 1994-2000 and worked as coordinator at Akenerji during 2000-2003. Raif Ali Dinçkök, the Chairman of the Board of Directors of Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş., is also the Chairman of the Boards of Directors of AK-AL Tekstil Sanayii A.Ş., Aktek Bilgi İletişim Teknolojisi Sanayi ve Ticaret A.Ş., AK-PA Tekstil İhracat Pazarlama A.Ş. and Dinkal Sigorta Acenteliği A.Ş. Raif Ali Dinçkök is a member of the Board of Directors and Executive Committee of Akkök Sanayi Yatırım ve Geliştirme A.Ş. and of the Boards of Directors of Akkök Group of Companies.

Feyyaz BERKER

Vice Chairman of the Board of Directors

Feyyaz Berker, born on October 7, 1925, Civil Engineer, MSc, studied at Robert College and Michigan University. Currently acting as the Chairman of the Board of Directors of Tekfen Holding A.Ş., Mr. Berker is the founder and Honorary President of the Turkish Industry & Business Association (TÜSİAD). Actively carrying out duties at various foundations such as TAPV, HEV, TEMA, TEGV, TTGV, Mr. Berker has received Honorary Title of Doctor from the Bosphorus University. Mr. Berker is married with two children and two grandchildren.

Alize DİNÇKÖK EYÜBOĞLU

Member of the Board of Directors

Mrs. Eyüboğlu was born in İstanbul in 1983. She was graduated from the Business Department of Sawyer School of Management of Suffolk University in 2005. She started her career as Strategic Planning Specialist at Ak-AL Tekstil Sanayi A.Ş. in 2005. After establishment of Akış Gayrimenkul Yatırımı A.Ş. in 2006, she was transferred to that company. Worked as Project Coordinator, Sales and Marketing Manager and Assistant General Manager in charge of Sales and Marketing, respectively, Mrs. Eyüboğlu is also member of the Boards of Directors of Akkök Group of Companies.

Franciena J. ZIJLSTRA

Member of the Board of Directors

A national of the Netherlands, Franciena J. Zijlstra has university degree in business administration and post-graduation degree in real estate. Having an experience of twenty years in international finance and real estate industries and currently acting as the head of the Strategy and Company Acquisition department of Corio, Mr. Zijlstra plays an active role in the formation and development of the portfolio of the Company. He is a member of ICSC Europe, ICSC Europe Research Group and ULI.

Davit BRAUNŞTAYN

Member of the Board of Directors

Born in İstanbul in 1964, Davit Braunştayn was graduated from the Industrial Engineering Department of the Bosphorus University and received MBA degree in finance from Columbia University. Started his career as analyst at the Investment Banking department of Lazard Frenes&Co. in the United States, Mr. Braunştayn then transferred to Lignadekor Üretim ve Pazarlama A.Ş. where he is currently the general manager. Mr. Braunştayn speaks English, French and German.

Erhan ÖNER

Member of the Board of Directors

Born in İzmir in 1946, Erhan Öner received bachelor's degree from the Middle East Technical University and from the Mechanical Department of Miami University and post-graduation degrees in Pipeline Engineering from Texas University, in business administration from Cornell University and in finance and business administration from Urwick and Ashridge Colleges. He joined Tekfen Group as project engineer in 1969, worked there in various positions and was appointed as the general manager of Toros Gübre ve Kimya Endüstrisi A.Ş. in 1980. Afterward, he acted as the chairman, vice chairman, delegate member and member of the board of directors of Tekfen Group. Appointed as the CEO OF Tekfen Holding A.Ş. Group of Companies in 2000, Mr. Öner is a member of TÜSİAD and married with two children. Mr. Öner speaks English.

Mehmet Ali BERKMAN

Member of the Board of Directors

Mehmet Ali Berkman was born in Malatya in 1943. After he was graduated from the Industrial Administration program of the Business Administration department of the Middle East Technical University, he received MBA degree in the Operational Research from Syracuse University in the United States with the scholarship awarded by TEV. He joined Koç Group in 1972. He worked as General Manager of Mako, Döktaş, Uniroyal and Arçelik companies of the group. He was appointed as the Head of Strategic Planning of Koç Holding A.Ş. in 2000. Besides this duty, he acted as the Head of Human Resources in 2001. He was retired in early 2004 pursuant to the policy of the group. He has been acting as the member of the Board of Directors and Chairman of the Executive Committee of Akkök Sanayi Yatırım ve Geliştirme A.Ş. since September 2005. Having undertaken the role of Chairman of the Boards of Directors of Aksa Akrilik Kimya Sanayi A.Ş. and Akenerji Elektrik Üretimi A.Ş., Mr. Berkman has been acting as Member and Chairman of the Boards of Directors of the other group companies.

Ahmet Hakan DİNÇER

Member of the Board of Directors (Independent Member)

Born in İstanbul in 1965, Ahmet Hakan Dinçer was graduated from the Economics Department of İstanbul University. Started his career as Sales Assistant at Gipaş A.Ş. in 1981, Mr. Dinçer worked as Regional Manager at Ak-Pa A.Ş., a member of the Akkök Group, in 1987 and then worked as Export Manager at Aksu, another member of the group. He established his own company in textile industry in 1996 and became the General Manager of Za Ltd in 1997. He was appointed as the Country Manager of Inditex S.A. in 1999. He is currently performing this duty. Mr. Dinçer speaks English, French and Spanish.

Güner ÖZTEK

Member of the Board of Directors (Independent Member)

Born in Çankırı in 1935, Güner Öztekin was graduated from St. Joseph High School and the Faculty of Political Sciences of Ankara University. Started his career as Personal Secretary at the Secretariat-General of the Foreign Ministry on December 31, 1959, Mr. Öztekin worked as Embassy Clerk, Personal Secretary, Undersecretary of Embassy and Embassy, respectively at the Foreign Ministry. He is currently the Chairman of the Board of Directors and Director of the Foundation for Middle East and Balkan Studies. Speaking French and English, Mr. Öztekin is married.

Devrim ULUCAN

Member of the Board of Directors (Independent Member)

Born in İstanbul in 1940, Prof. Dr. Devrim Ulucan was graduated from the Law Faculty of İstanbul University. Completed doctorate at Cologne University in Germany, Mr. Ulucan started his academic career as Assistant at İstanbul Technical University. He was conferred the title of Assistant Profession in 1979 and the titled of Professor in 1989. Mr. Ulucan is currently a lecturer at the Business Faculty of the İstanbul Technical University. Mr. Ulucan also worked as Minister's Advisor at the Ministry of Labor and Social Security during 1992-1995. Speaking German, Mr. Ulucan is married.

20. Mission, Vision and Strategic Targets of the Company

The Company is the country leader in the shopping centers industry. It targets to develop and sustain this position for long years.

21. Risk Management and Internal Control Mechanism

Financial statements are updated by the Company daily, weekly and monthly. Necessary legal actions are taken within the statutory time against the tenants who have failed to fulfill their obligations arising from the leases on a timely manner, in order for full and regular collection of the rents which are the primary operational income of the Company. Foreign exchange position of the Company is monitored so as to minimize the exchange risks.

22. Powers and Responsibilities of the Members of the Board of Directors and the Executives

Duties of the executives of the Company have been defined. Powers of the Board of Directors are set out in the Articles of Association. The signature circular specifying the powers of the executives is renewed each year after the general meeting.

Duties and responsibilities of the members of the board of directors are set out in the Turkish Commercial Code, the Capital Market Regulations and the Articles of Association of the Company.

23. Operational Principles of the Board of Directors

The members of the Board of Directors are informed by the General Manager and mutual communication is ensured. Having carried out its activities in accordance with the powers set out in the Articles of Association, the Board of Directors has taken all its resolutions unanimously so far.

24. Ban of Executing Transaction and Competing with the Company

Pursuant to the article 20 of the Communiqué on the Principles Applicable to Real Property Investment Companies, the members of the Board of Directors may not obtain consent from the General Meeting for being exempted from the ban of executing transaction with the company as provided in the article 334 of the Turkish Commercial Code and for being exempted from the ban of competing with the company as provided in the article 335 of the Turkish Commercial Code.

25. Ethical Boards

Employees of the Company are the persons who have adopted the mission and working principles of the Company and who are working in accordance with the general professional and ethical principles.

26. Number, Structure and Independence of the Committees of the Board of Directors

There are ten members at the Board of Directors of the Company. Three of the members are independent members and are at the same time the members of the Audit Committee. The financial statements issued once quarterly are submitted to the approval of the Board of Directors after the approval of the Audit Committee.

27. Number of meetings held by the Board of Directors during the year and attendance of the members to these meetings

The Board of Directors held 27 meetings during 2011 and took resolutions in accordance with the quorums for the meeting and the resolution as set out in the articles of association.

28. If it is decided that the chairman of the board of directors and the executive committee/general manager be the same person, disclosure of the rationale for this

The Chairman of the Board of Directors and the Chairman of the Executive Committee/General Manager are different persons.

29. Financial Rights Provided to the Board of Directors

As per the article thirty of the Articles of Association of the Company, an amount up to 5% of the net profit remaining after setting aside of the statutory reserve and the 1st dividend determined by the Capital Market Board can be set aside for payment to the members of the Board of Directors by the resolution of the General Meeting in the manner determined by the Board of Directors, but there isn't a resolution taken by the General Meeting for payment of a share from the profit to the members of the Board of Directors.

The Annual General Meeting held on 03.05.2011 resolved that a monthly remuneration of TL 3,860 net be paid to each of the members of the Board of Directors. Apart from this, no financial right is provided to the members of the Board of Directors.

SECTION V - OTHER INFORMATION

30. Conflict of interest arising between the Company and the entities from which the Company receives services in fields such as investment consultancy and rating and measures taken by the Company to prevent such conflict of interest

There isn't any conflict of interest arising between the Company and the entities from which the Company receives services in fields such as investment consultancy and rating.

31. If the Company could not have attained the operational and financial performance targets established by the Company and disclosed to the public, disclosure of the reason for this

The Company has attained its operational and financial targets as of the end of 2011.

32. Business of the Company

Business of Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. is to create value by means of the real properties owned by it.

33. Amendments to the regulations that may significantly affect the activities of the Company

No amendment has been made to the regulations that would significantly affect the activity of the Company.

34. Disclosure as regards to significant administrative sanctions and penalties imposed on the Company and the members of the board of directors on account of their practices in contradiction with the regulations

No significant administrative sanction and penalty has been imposed on the Company and the members of the board of directors on account of their practices in contradiction with the regulations.

35. Subsidiaries and Affiliates

The Company doesn't have a subsidiary or an affiliate company.

36. Information about the issue of securities

Except for the shares of stock sold to the public, the Company has not issued any security.

37. Legal Status and Disputes

The Company doesn't have any dispute either with the public authorities regarding taxation and similar fiscal obligations or with any third person and employee, except for the real persons and legal entities stated in the following table. The Company doesn't owe or has paid any damages by contract or tort.

The lawsuits filed against the Company with the courts in İstanbul are still pending. Information about these lawsuits is given in the following table.

LAWSUITS FILED BY THE COMPANY

No.	Court	Case File No.	Plaintiff	Defendant	Subject-matter	Current Status
1	3 rd ADMINISTRATIVE COURT IN İSTANBUL	2007/979 E. 2008/781 K.	AKMERKEZ GYO	İBB	ANNULMENT OF THE UKOME DECISION	Action was dismissed. The Company appealed the judgment of the local court with the State Council, requesting suspension of execution. The appeal was dismissed by the 8th Department. We wait for return of the file from the State Council.
2	6 th LAW COURT OF FIRST INSTANCE IN İSTANBUL	2010/87 E.	AKMERKEZ GYO	AVRUPA SANDVIÇ	RESTITUTION	The Company won the action. The defendant appealed the judgment. The Court of Appeals reversed the judgment of the local court. The action will be reheard.
3	2 nd COURT OF INTELLECTUAL AND INDUSTRIAL PROPERTY RIGHTS COURT IN İSTANBUL	2010/163 E.	AKMERKEZ GYO	1-İSTANBUL ARAŞTIRMA HİZ. 2-ÇAĞLA GÜRDAL	BREACH OF TRADEMARK (e-akmerkez)	The Company won the lawsuit. Upon serving of the judgment containing the reason to us, the judgment will be enforced.
4	8 th COMMERCIAL COURT OF FIRST INSTANCE IN İSTANBUL	2007/635 E.	AKMERKEZ GYO	ANC GIDA	ACTION OF DEBT	The main action was sustained in part. The counter action was sustained in part as well. We are waiting for serving of the judgment to us.
5	3 rd INTELLECTUAL AND INDUSTRIAL PROPERTY RIGHTS COURT IN İSTANBUL	2011/3 E.	AKMERKEZ GYO	ÖZYURTLAR İNŞAAT	ACTION FOR DAMAGES TL 70,000 (AK&NMERKEZ)	Action is still pending.
6	5 th COURT OF PEACE IN ŞİŞLİ	2011/116 DEĞ. İŞ.	AKMERKEZ GYO	ARTÖLYE - BİRGEN USLUOĞLU	DETERMINATION OF EVIDENCE	The parties made peace. The case has been left off for application.
7	3 rd LAW COURT OF PEACE IN İSTANBUL	2011/692 E.	AKMERKEZ GYO	ARTÖLYE - BİRGEN USLUOĞLU	DETERMINATION OF RENT	The parties made peace. The case has been left off for application.
8	21 st COURT OF PEACE IN İSTANBUL	2011/868 E.	AKMERKEZ GYO	ARTÖLYE - BİRGEN USLUOĞLU	EVACUATION	The parties made peace. The case has been left off for application.

LAWSUITS FILED AGAINST THE COMPANY

No.	Court	Case File No.	Plaintiff	Defendant	Subject-matter	Current Status
1	9 th COMMERCIAL COURT OF FIRST INSTANCE IN ISTANBUL	2009/636 E.	ÇAKIR GIDA (former tenant of the outlet no. 420)	AKMERKEZ GYO A.Ş.	ACTION FOR RESTITUTION Claim: TL 19,700	The lawsuit concluded against the Company. We appealed the judgment. We are waiting for return of the case file from the Court of Appeals.
2	14 th COMMERCIAL COURT OF FIRST INSTANCE IN ISTANBUL	2009/674 E.	ÇAKIR GIDA (former tenant of the outlet no. 420)	AKMERKEZ GYO A.Ş.	ACTION FOR DAMAGES Claim: TL 10,000	The action was dismissed in favor of us. The plaintiff appealed the judgment. We are waiting for return of the case file from the Court of Appeals.
3	2 nd COURT OF PEACE IN ISTANBUL	2009/742 E. New Case No: 2011/124 E. with the court having jurisdiction.	BERKAY İNCE İTERYO (Tower B3, 1st Office Floor)	1- AKMERKEZ GYO A.Ş. 2- ÜÇGEN BAKIM	ACTION FOR DAMAGES Claim: TL 100,000	The court rendered decision of non-jurisdiction in favor of us. The plaintiff appealed the judgment. The Court of Appeals approved the judgment. The opponent party referred the case to another court having jurisdiction. The action is still pending.
4	14 th COMMERCIAL COURT OF FIRST INSTANCE IN ISTANBUL	2004/355 E.	ERMES İNŞAAT	AKMERKEZ GYO A.Ş.	ACTION OF DEBT Claim: TL 1,105,234.29	The court sustained the action in part. The court ordered that the debt of TL 637,841.56 be collected together with interest. The judgment has been appealed by us. We are waiting for return of the case file from the Court of Appeals.
5	2 nd CONSUMER COURT IN ISTANBUL	2009/295 E.	ALBER RIFAT BAYRAKTAR	AKMERKEZ GYO A.Ş.	ACTION FOR DAMAGES Claim: TL 10,000 (theft at car park)	The action concluded against us. We paid TL 79,507.40 plus interest to the plaintiff. We are going to file request for revision of the judgment with the Court of Appeals.
6	1 st CONSUMER COURT IN ISTANBUL	2007/753 E.	MEHMET BOZKURT	AKMERKEZ GYO A.Ş.	ACTION FOR DAMAGES Claim: TL 41,000 (theft at car park)	ACTION IS STILL PENDING.
7	2 nd LAW COURT OF PEACE IN ISTANBUL	2010/168 E.	BERKAY İNCE İTERYO (Tower B3, 1st Office Floor)	AKMERKEZ GYO A.Ş.	ACTION FOR RESTITUTION	The action concluded in favor of us. The plaintiff appealed the judgment. We are waiting for return of the case file from the Court of Appeals.
8	4 th CONSUMER COURT IN ISTANBUL	2010/1107 E.	NURI CEM ERBAK	AKMERKEZ GYO A.Ş.	ACTION FOR DAMAGES Claim: TL 10,000 (theft at car park)	We settled the case with the plaintiff by paying TL 5,000 to the plaintiff.
9	44 th COMMERCIAL COURT OF FIRST INSTANCE IN ISTANBUL	2010/521 E. Yeni Esas No: 2011/279 E.	AVRUPA SANDVIÇ (OUTLET NO. 414)	AKMERKEZ GYO A.Ş.	ACTION FOR RESTITUTION Claim: TL 32,846.29	ACTION IS STILL PENDING.
10	15 th COMMERCIAL COURT OF FIRST INSTANCE IN ISTANBUL	2010/663 E.	NİLÜFER BİLSEL	AKMERKEZ GYO A.Ş.	ACTION FOR DAMAGES Claim: TL 10,000 Claim for Pecuniary Damages: TL 40,000	ACTION IS STILL PENDING.
11	11 th COMMERCIAL COURT OF FIRST INSTANCE IN ISTANBUL	2010/758 E.	ATM DİŞ TİCARET (OUTLET NO. 445)	AKMERKEZ GYO A.Ş.	ACTION FOR DAMAGES TL 525,000	ACTION IS STILL PENDING.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş

**CONVENIENCE TRANSLATION OF
THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2011
TOGETHER WITH AUDITOR'S REPORT**

(ORIGINALLY ISSUED IN TURKISH)

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH**

INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of
Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş.**

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

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting standards issued by the Capital Markets Board of Turkey ("CMB"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

4. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. as of 31 December 2011 and of its financial performance and its cash flows for the year then ended in accordance with financial reporting standards endorsed the by the Capital Markets Board of Turkey (Note 2).

Additional paragraph for convenience translation into English

5. The financial reporting standards described in Note 2 (defined as "CMB Financial Reporting Standards") to the financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period between 1 January - 31 December 2005. Accordingly, the accompanying consolidated financial statements are not intended to present the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with IFRS.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers

Cansen Başaran Symes, SMMM
Partner

Istanbul, 9 March 2012

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AT 31 DECEMBER 2011 AND 2010

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

	Notes	31 December 2011	31 December 2010
ASSETS			
Current assets		26.509.293	11.658.720
Cash and cash equivalents	3	25.689.014	8.905.678
Trade receivables	5	813.643	1.230.945
Other current assets	9	6.636	1.522.097
Non-current assets		139.998.478	137.966.308
Investment properties	7	139.271.229	131.965.987
Property and equipment	8	1.452	80.822
Intangible assets		4.620	8.514
Other non-current assets	9	721.177	5.910.985
Total assets		166.507.771	149.625.028
LIABILITIES			
Current liabilities		5.099.886	30.289.069
Financial liabilities	4	-	26.550.604
Trade payables			
Due to related parties	5	2.108	58.931
Other trade payables	5	144.400	109.714
Other payables	6	759.960	44.641
Provisions	10	3.012.160	2.802.063
Other current liabilities	9	1.181.258	723.116
Non-current liabilities		239.514	181.146
Provision for employment termination benefits	11	74.624	46.189
Other non-current liabilities	9	164.890	134.957
Equity		161.168.371	119.154.813
Share capital	12	37.264.000	13.700.000
Adjustment to share capital	12	27.745.263	27.745.263
Restricted reserves	12	35.622.015	33.334.115
Retained earnings	12	18.523.535	15.139.347
Net income for the year	12	42.013.558	29.236.088
Total liabilities and equity		166.507.771	149.625.028

These financial statements for the year ended 31 December 2011 have been approved for issue by the Board of Directors on 9 March 2012.

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

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
**CONVENIENCE TRANSLATION OF THE STATEMENTS OF COMPREHENSIVE
INCOME FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010**

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

	Notes	2011	2010
CONTINUING OPERATIONS:			
OPERATING INCOME			
Net sales	13	62.753.678	52.509.177
Cost of sales (-)	13	(21.936.225)	(22.285.362)
Gross profit		40.817.453	30.223.815
Marketing, selling and distribution expenses (-)	14	(38.449)	(8.363)
General administrative expenses (-)	14	(3.529.406)	(3.920.220)
Other income	16	4.971.443	5.023.605
Other expense (-)	16	(570.833)	(1.173.115)
Operating profit		41.650.208	30.145.722
Financial income	17	3.423.036	4.854.823
Financial expenses (-)	17	(3.059.686)	(5.764.457)
Profit before tax from continuing operations		42.013.558	29.236.088
Tax expense from continuing operations	19	-	-
Profit for the year from continuing operations		42.013.558	29.236.088
Other comprehensive income		-	-
Total comprehensive income		42.013.558	29.236.088
Earnings per share	18	1,68	1,17

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

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
CONVENIENCE TRANSLATION OF THE STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

	Notes	Share capital	Adjustment to share capital	Restricted reserves	Retained earnings	Net profit for the year	Total equity
1 January 2010		13.700.000	27.745.263	30.361.215	10.533.419	37.992.828	120.332.725
Transfers		-	-	2.972.900	35.019.928	(37.992.828)	-
Dividend paid		-	-	-	(30.414.000)	-	(30.414.000)
Net profit for the period		-	-	-	-	29.236.088	29.236.088
31 December 2010	12	13.700.000	27.745.263	33.334.115	15.139.347	29.236.088	119.154.813
1 January 2011		13.700.000	27.745.263	33.334.115	15.139.347	29.236.088	119.154.813
Transfers		-	-	-	29.236.088	(29.236.088)	-
Capital increase		23.564.000	-	2.287.900	(25.851.900)	-	-
Net profit for the period		-	-	-	-	42.013.558	42.013.558
31 December 2011	12	37.264.000	27.745.263	35.622.015	18.523.535	42.013.558	161.168.371

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

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

[Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.]

	Notes	2011	2010
Cash flows from operating activities:			
Profit before tax		42.013.558	29.236.088
Adjustments to reconcile net cash generated from operating activities to income before tax:			
Depreciation and amortisation	15	3,831,138	3,714,402
Provision for employment termination benefits	11	28,435	9,344
Debt provision	10	93,900	132,846
Provision for doubtful receivables	6	138,728	253,607
Reversal of provisions	10	(42,103)	(969,577)
Rediscount on notes receivable and post-dated cheques		(2,393)	456
Interest income	17	(1,169,583)	(804,209)
Expense accruals	9	35,645	15,581
Interest expense	17	603,305	1,734,000
Net cash before changes in net working capital:		45.530.630	33.322.538
Decrease / (increase) in trade receivables		280,967	(18,732)
Decrease / (increase) in other receivables		1,515,461	(939,333)
(Decrease) / increase in trade payables		(22,137)	160,559
Increase / (decrease) in other payables		709,607	(26,974)
Increase / (decrease) in other liabilities		493,816	(137,211)
Net cash provided by operating activities		48.508.344	32.360.847
Interests received		(1,104,246)	794,032
Decrease / (increase) in other long-term assets		5,189,808	14,835,695
Net cash used for investment properties	7	(11,053,116)	(24,593,559)
Net cash used in investing activities		14.759.062	(8.963.832)
Cash (outflows) /inflows related to short and long term borrowings		(26,550,604)	1,504,500
Interest paid		(480,679)	(2,489,799)
Dividends paid		-	(30,414,000)
Net cash used in financing activities		(27.031.283)	(31.399.299)
Increase/ (decrease) in cash and cash equivalents		16.717.999	(8.002.284)
Cash and cash equivalents at the beginning of the period		8.895.501	16.897.785
Cash and cash equivalents at the end of the period	3	25.613.500	8.895.501

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

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

(Amounts expressed in Turkish lira ["TL"] unless otherwise indicated.)

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

The principal activity of Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. (the "Company") is to create value through the ownership of real estates investment property. The address of the Company is as follows:

Nispetiye Cad. Akmerkez Tic. Merkezi E3 Kule K:1 Etiler / İstanbul-Türkiye

The trade name "Akmerkez Gayrimenkul Yatırımı A.Ş." has been changed as "Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş." in the Extraordinary Shareholders Meeting held on 17 February 2005 and this change has been registered on 24 February 2005 by the Ministry of Trade.

With respect to the Board Decision dated 21 June 2005, the trade name of the Company is set as "Akmerkez Alışveriş Merkezi" and this name is certified by the Istanbul Trade Registrar as at 1 July 2005.

The Company's shares have been quoted on the Istanbul Stock Exchange ("ISE") since 15 April 2005 and as of 31 December 2011 50.04% of these shares are publicly quoted.

The shareholding structure as of 31 December 2011 and 2010 is as follows:

	31 December 2011	31 December 2010
Akkök Sanayi Yatırım ve Geliştirme A.Ş.	13,12%	13,12%
Tekfen Holding A.Ş.	10,79%	10,79%
Public offering	50,04%	49,00%
Other *	26,05%	27,09%
Total	100,00%	100,00%

(*) Other represents shareholders with less than 10% shareholdings.

The average number of personnel during the period by categories is as follows:

	31 December 2011	31 December 2010
Administrative	4	4

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Accounting Standards

The financial statements of the Company have been prepared in accordance with the accounting and reporting principles published by the Capital Markets Board ("CMB"), namely "CMB Financial Reporting Standards". CMB regulated the principles and procedures of preparation, presentation and announcement of financial statements prepared by the entities with Communiqué Serial XI No. 29, "Principles of Financial Reporting in Capital Markets" ("the Communiqué"). The Communiqué is effective for the annual periods starting from 1 January 2008 and supersedes Communiqué Serial XI No. 25, "The Accounting Standards in the Capital Markets". According to the Communiqué, entities shall prepare their financial statements in accordance with International Financial Reporting Standards ("IAS/IFRS") endorsed by the European Union. Until the differences of the IAS/IFRS as endorsed by the European Union from the ones issued by the International Accounting Standards Board ("IASB") are announced by Turkish Accounting Standards Board ("TASB"), IAS/IFRS issued by the IASB shall be applied. Accordingly, Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS") issued by the TASB which are in line with the aforementioned standards shall be considered.

As the differences of the IAS/IFRS endorsed by the European Union from the ones issued by the IASB have not been announced by TASB as of the date of preparation of these financial statements, the financial statements have been prepared within the framework of Communiqué Serial XI No. 29 and related promulgations to this Communiqué as issued by the CMB, in accordance with the CMB Financial Reporting Standards which are based on IAS/IFRS. The consolidated financial statements and the related notes to them are presented in accordance with the formats recommended by the CMB, with the announcements dated 14 April 2008 and 9 January 2009, including the compulsory disclosures.

The Company maintains its books of account and prepare its statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance and accounting principles issued by the CMB. These financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the CMB Financial Reporting Standards. These financial statements have been prepared in Turkish Lira by taking into consideration the historical costs except for the financial assets and liabilities which are accounted for at their fair values.

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

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Adjustment of Financial Statements during Hyper-Inflationary Periods:

With the decision taken on 17 March 2005, the CMB announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with CMB Financial Reporting Standards. Accordingly, IAS 29, "Financial Reporting in Hyperinflationary Economies", issued by the IASB, has not been applied in the financial statements for the accounting year commencing 1 January 2005.

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Company's functional and presentation currency is TL.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Going concern

The Company has prepared the financial statements for the period 1 January - 31 December 2011 in accordance with the going concern principle.

Compliance with portfolio restrictions

The information included in Note 2, "Supplementary Note: Control of Compliance with Portfolio Restrictions" represent a condensed information based on the figures extracted from the financial statements that are prepared in accordance with the Communiqué Serial XI, No: 29 "Principals of Financial Reporting in Capital Markets" of the CMB. This condensed information has been prepared in accordance with the requirements of Communiqué Serial VI, No: 11 "Principals of The Real Estate Investment Trusts" of the CMB particularly relating to the principles regarding the control of compliance to portfolio restrictions.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2. Summary of Significant Accounting Policies

Significant changes in accounting policies or material errors are corrected, retrospectively; by restating the prior period financial statements.

Comparative Figures and the Reclassification to the Financial Statements of the Prior Period

The Company complies with the principles and articles of valid commercial laws and regulations and Communiqués announced by CMB in the accounting records and the preparation of the financial statements.

In order to determine the financial status and performance trends, the financial statements of the Company have been prepared in comparison with the financial statements of previous periods. The Company prepared its balance sheet as of 31 December 2011 in comparison with the balance sheet prepared as of 31 December 2010; prepared the statement of income, statement of changes in shareholders' equity and cash flow statement between 1 January - 31 December 2011 in comparison with 1 January - 31 December 2010. Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current period. In this respect, the Company classified the interest and foreign exchange differences attributable to the provisions amounting to TL212,104 from the general administrative expenses to finance expenses in the comparative comprehensive statement of income the year ended 31 December 2010.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2.1 Changes in standards and interpretations

The standards listed below and the changes and comments introduced to the prior standards have been enforced as of 1 January 2011:

- IAS 32 (amendment), "Financial instruments: Presentation", is effective for annual periods beginning on or after 1 February 2010.
- IFRIC 19, "Extinguishing financial liabilities with equity instruments", is effective for annual periods beginning on or after 1 July 2010.
- IFRS 1 (amendment), "First-time adoption of IFRS", is effective for annual periods beginning on or after 1 July 2010.
- IAS 24 (revised), "Related party disclosures", is effective for annual periods beginning on or after 1 January 2011.
- IFRIC 14 (amendment), "IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction", is effective for annual periods beginning on or after 1 January 2011.
- Annual Improvements to IFRSs 2010. Amendments effect six standards and one IFRIC: IFRS 1, IFRS 3, IFRS 7, IAS 27, IAS 34 and IFRIC 13.

Standards, amendments and interpretations not yet effective as of 31 December 2011 and not early adopted by the Company:

- IFRS 7 (amendment), "Financial instruments: Disclosures", is effective for annual periods beginning on or after 1 July 2011. This amendment will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets. Comparative information is not needed in the first year of adoption. Earlier adoption is permitted.
- IFRS 1 (amendment), "First-time adoption of IFRS", is effective for annual periods beginning on or after 1 July 2011.
- IAS 12 (amendment), "Income taxes", is effective for annual periods beginning on or after 1 January 2012.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

- IAS 1 (amendment), "Presentation of financial statements", is effective for annual periods beginning on or after 1 July 2012.
- IAS 19 (amendment), "Employee benefits", is effective for annual periods beginning on or after 1 January 2013.
- IFRS 9, "Financial instruments", is effective for annual periods beginning on/after 1 January 2015.
- IFRS 10, "Consolidated financial statements", is effective for annual periods beginning on or after 1 January 2013.
- IFRS 11, "Joint arrangements", is effective for annual periods beginning on/after 1 January 2013.
- IFRS 12, "Disclosures of interests in other entities", is effective for annual periods beginning on or after 1 January 2013.
- IFRS 13, "Fair value measurement", is effective for annual periods beginning on or after 1 January 2013.
- IAS 27 (revised), "Separate financial statements", is effective for annual periods beginning on or after 1 January 2013.
- IAS 28 (revised), "Associates and joint ventures", is effective for annual periods beginning on or after 1 January 2013.
- IFRIC 20, Stripping costs in the production phase of a surface mine.

Abovementioned amendments to the standards have no material effect on the financial statements.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

[Amounts expressed in Turkish lira ("TL") unless otherwise indicated.]

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3. Restatement and the errors in the accounting estimates

Material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period financial statements. The effect of changes in accounting estimates affecting the current period is recognised in the current period; the effect of changes in accounting estimates affecting current and future periods is recognised in the current and future periods. For the period 1 January - 31 December 2011 there has been no change in the accounting estimates.

2.4. Summary of Significant Accounting Policies

The significant accounting policies followed in the preparation of the financial statements are summarized below:

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank deposits and highly liquid investments, whose maturity at the time of purchase is less than three months and conversion risk on value at the date of sale is immaterial.

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 venture. 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.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Trade receivables and payables

Trade receivables are financial assets created by the Company through selling services directly to the tenants. Trade receivables of the Company are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method. Short term receivables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest is significant.

An impairment provision for trade receivables is established if there is objective evidence that the Company will not be able to collect all amounts due in accordance with the original agreement terms. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is reversed through other operating income.

Trade payables consist of payables to suppliers for purchases of goods and services. Trade payables and other financial liabilities are accounted for at amortized cost. Short term payables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest is significant.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

[Amounts expressed in Turkish lira ("TL") unless otherwise indicated.]

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Financial liabilities and borrowing costs

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method in financial statements. Starting from 1 January 2009 "Borrowing Costs" IAS 23 (revised) requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset, removing the option of immediately expensing borrowing costs. For periods before 1 January 2009 in accordance with the previous IAS 23 "allowed alternative treatment" borrowing costs could be recognized as expense. The Company's financial obligations consist of operational bank loans and accordingly borrowing costs are recognized as expense.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Current and deferred income taxes

The Corporate Tax Law No: 5520 was amended on 21 June 2006 with the Law announced in the Official Journal No 26205. The majority of the clauses of Law No 5520 are effective as of 1 January 2006. The corporation tax rate of the fiscal year 2011 is 20% (2010: 20%). Corporation tax is payable at a rate of 20% on the total income of the Company after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, and investment allowance, etc) and corporate income tax deductions (like research and development expenditures deduction). No further tax is payable unless the profit is distributed.

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, except from these corporations' dividends subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

The Company is exempt from corporate income tax in accordance with paragraph 4-d of Article 8 of the Corporate Income Tax Law and in accordance with paragraph 6-a of Article 94 of the Income Tax Law, the earnings of the real estate investment trusts are subject to withholding taxes. According to the Council of Ministers decision, No: 93/5148, the withholding tax rate is determined as "0". Therefore, the Company has no corporate tax obligation.

Deferred income taxes are provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. Currently enacted tax rates are used to determine deferred income tax at the balance sheet date. As the Company is exempt from corporate income taxes based on the current tax legislation, no deferred income tax asset or liability has been calculated on temporary taxable and deductible differences in these financial statements.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

[Amounts expressed in Turkish lira ("TL") unless otherwise indicated.]

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Employment termination benefits

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed at least one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service

[20 years for women] and achieves the retirement age [58 for women and 60 for men]. Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement.

The amount payable consists of one month's salary limited to a maximum of TL 2,731.85 (TL in full) as of 31 December 2011

Provision which is allocated by using the defined benefit obligation's current value is calculated by using estimated liability method. All actuarial profits and losses are recognised in the comprehensive statement of income.

The employment termination benefit obligation as explained above is considered as a defined benefit plan under IFRS. IFRS, requires actuarial valuation methods to be developed to estimate the enterprise's obligation for such benefits. The liability for this unfunded plan recognized in the balance sheet is the full present value of the defined benefit obligation at the end of the reporting period, calculated using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows from the retirement of its employees using the long term TL interest rates.

The principal actuarial assumption is that the maximum liability will increase in line with inflation. Thus the effective discount rate applied represents the expected real interest rate after adjusting for the effects of future inflation. As the maximum liability amount is revised semi-annually by the authorities, the maximum amount of TL 2,805.04 (TL in full) which is effective from 1 January 2012 has been taken into consideration when calculating the liability [1 January 2011: TL 2,623.23]

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Provisions, contingent assets and liabilities

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are not recognized for future operating losses.

Contingent assets or contingent obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company are not included in financial statements and are treated as contingent assets or liabilities.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Property and equipment and related depreciation

Property and equipment are carried at cost less accumulated depreciation and provision for impairment, if any. Any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement.

Depreciation is calculated over of the cost of property and equipment using the straight-line method based on expected useful lives.

The expected useful lives are stated below:

	Years
Machinery, plant and equipment	5
Furniture and fixtures	5

Subsequent costs incurred for tangible assets are included in the asset's carrying amount or recognized as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statements during the financial period in which they were incurred.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount and the provision for impairment is charged to income statement.

Gains and losses on the disposal of property and equipment are determined by deducting the net book value of the property and equipment from its sales and are included in the related income and expense accounts, as appropriate.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied or utilised by the Company in the normal course of business, is classified as investment property.

Investment properties are stated at cost less their accumulated depreciation and impairment loss, if any. Investment properties are restated for the effects of inflation using the measuring unit current as at 31 December 2004. Additions made subsequent to 1 January 2005 are stated at their nominal values. The financial expenses related to the loans used for acquisition of investment properties and incurred during the progress of the said investment properties are restated and included in the cost. Investment properties are depreciated over their inflation-adjusted values and the nominal values of additions made subsequent to 1 January 2005. The useful life of investment properties is estimated to be 50 years.

Part of the Company's investment property is used for administrative purposes; however, as the ratio is considered immaterial (i.e., with a gross value less than 1% of total gross value), they are not classified separately, but rather stated within the investment properties account.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Impairment of assets

The Company reviews all assets including tangible assets at each balance sheet date in order to see if there is a sign of impairment on the stated asset. If there is such a sign, carrying amount of the stated asset is projected. Impairment exists if the carrying value of an asset or a cash generating unit including the asset is greater than its net realizable value. Net recoverable value is the higher of the net sales value or value in use. Value in use is the present value of cash flows generated from the use of the asset and the disposal of the asset after its useful life. Impairment losses are recorded in comprehensive income statement. Impairment loss for an asset is reversed, if an increase in recoverable amount is related to a subsequent event following the booking of impairment by not exceeding the amount reserved for impairment.

Revenue recognition

Revenue is recognised when the amount of revenue can be measured reliably and when it is probable that the economic benefits associated with the transaction will flow to the Company. Revenue is presented net of value added and sales taxes. The following criteria are necessary for the recognition of revenue:

Rent income from investment properties

Rent income from investment properties is recognised on an accrual basis. Revenue is realized when economic benefits arising from the transaction have passed, and when the amount of such income can be reliably measured. Rent discounts and similar promotions granted to existing tenants from time to time are netted of from rent revenues as they are not rent incentives for acquisition of new contracts.

The minimum amount of the total rent payments to be received in the future periods based on the existing contracts are summarised below ;

	31 December 2011	31 December 2010
Within 1 year	69.387.549	65.259.897
1 to 5 years	237.146.560	186.967.483
Over 5 years	126.760.852	121.387.559
	433.294.961	373.614.939

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Interest income and expense

Interest income and expense is accounted for using the effective interest rate method. Interest income comprises mostly interest income from time deposits.

Interest expenses incurred from borrowings are calculated using the effective interest rate method .

Paid-in capital

Ordinary shares are classified as equity. Proceeds from issuing new equity instruments are recorded net of transaction costs.

Earnings per share

Earnings per share are determined by dividing net comprehensive income by the weighted average number of shares that have been outstanding during the period concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of their shares ("Bonus Shares") to existing shareholders funded from retained earnings or other reserves. For the purpose of earnings per share computations, such Bonus Share issuances are regarded as issued shares for all periods presented and accordingly the weighted average number of shares used in earnings per share computations in prior periods is adjusted retroactively for the effects of these shares, issued without receiving cash or another consideration from shareholders.

Reporting of cash flows

Cash flows statement includes cash and cash equivalents, cash with original maturity periods of less than three months and bank deposits.

Subsequent events

Subsequent events cover any events which arise between the reporting date and the balance sheet date, even if they occurred after any declaration of the net profit for the period or specific financial information publicly disclosed. The Company adjusts or provides disclosure in its financial statements if such subsequent events arise that require an adjustment or disclosure to the financial statements.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 3 - CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents as of 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Cash	4.219	4.442
Banks		
-TL time deposit	25.075.514	8.776.177
-TL demand deposit	523.577	26.484
-Foreign currency denominated demand deposit	85.704	98.575
	25.689.014	8.905.678

As of 31 December 2011, the interest rate on TL deposit accounts at bank is 12.25% and the accrued interest amounts to TL75,514. The maturity of TL time deposit is 24 January 2012.

As of 31 December 2010, the interest rate on TL deposit accounts at banks varies between 6.40% and 8.70% and the accrued interest is equal to TL10,177. The maturity dates of TL bank deposit vary between 3 January 2011 and 27 January 2011.

The cash and cash equivalents disclosed in the statements of cash flows are as follows:

	31 December 2011	31 December 2010
Cash and cash equivalents	25.689.014	8.905.678
Less: accrued interest	(75.514)	(10.177)
	25.613.500	8.895.501

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 4 - FINANCIAL LIABILITIES

The details of the financial liabilities as of 31 December 2011 and 2010 are as follows:

	<u>Original Currency</u>		<u>Weighted average interest rate (%)</u>		<u>Domestic Currency</u>	
	<u>31 December 2011</u>	<u>31 December 2010</u>	<u>31 December 2011</u>	<u>31 December 2010</u>	<u>31 December 2011</u>	<u>31 December 2010</u>
USD	-	17.173.741	-	3,2%	-	26.550.604
	-	17.173.741			-	26.550.604

The loan provided by Yapı ve Kredi Bankası A.Ş. on 3 June 2010 amounting to USD8,500,000 has been fully paid on 10 June 2011 and the loan provided by İş Bankası A.Ş. on 24 May 2010 amounting to USD8,350,000 have been fully paid on 31 May 2011. As of 31 December 2011 there are no borrowings.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
**CONVENIENCE TRANSLATION OF THE NOTES TO THE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011**

(Amounts expressed in Turkish lira ["TL"] unless otherwise indicated.)

NOTE 5 - TRADE RECEIVABLES AND PAYABLES
Short-term trade receivables

	31 December 2011	31 December 2010
Trade receivables	3,983,985	4,165,427
Notes and post-dated cheques receivable	-	99,525
Rediscount on notes and post-dated cheques receivable (-)	-	(2,393)
	3.983.985	4.262.559
Less: Provision for doubtful receivables	(3.170.342)	(3.031.614)
	813.643	1.230.945

Provision for doubtful trade receivables as of 31 December 2011 and 2010 consist of the following:

	2011	2010
1 January	3.031.614	2.778.007
Provisions made during the period	138.728	253.607
31 December	3.170.342	3.031.614

	31 December 2011	31 December 2010
Short-term trade payables		
Taxes payable	755,176	40,575
Social security's payable	2,108	58,931
	146.508	168.645

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**CONVENIENCE TRANSLATION OF THE NOTES TO THE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011**

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 6 - OTHER RECEIVABLES AND PAYABLES

As of 31 December 2011 and 2010 there are no other receivables.

Short-term other payables

	31 December 2011	31 December 2010
Taxes payable	755,176	40,575
Social security's payable	4,784	4,066
	759,960	44,641

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
**CONVENIENCE TRANSLATION OF THE NOTES TO THE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011**

(Amounts expressed in Turkish lira ["TL"] unless otherwise indicated.)

NOTE 7 - INVESTMENT PROPERTIES

Movement schedule of investment properties for the years ending on 31 December 2011 and 2010 are as follows:

	1 January 2011	Additions	Transfers	31 December 2011
Cost				
Buildings	172,387,423	-	2,016,757	174,404,180
Construction in progress (*)	422,398	11,053,116	(2,016,757)	9,458,757
	172,809,821	11,053,116	-	183,862,937
Accumulated depreciation				
Buildings	40,843,834	3,747,874	-	44,591,708
	40,843,834	3,747,874	-	44,591,708
Net Book Value	131,965,987			139,271,229
	1 January 2010	Additions	Transfers	31 December 2010
Cost				
Buildings	136,566,099	-	35,821,324	172,387,423
Construction in progress (*)	11,650,163	24,593,559	(35,821,324)	422,398
	148,216,262	24,593,559	-	172,809,821
Accumulated depreciation				
Buildings	37,246,546	3,597,288	-	40,843,834
	37,246,546	3,597,288	-	40,843,834
Net Book Value	110,969,716			131,965,987

(*) As of 31 December 2011 and 2010 construction in progress comprise expenditures related with the renovation of Akmerkez facilities. Significant part of the renovation work pertaining to shopping mall and parking block has been completed in 2011, the management plans to start and complete the renovation of the exteriors of the building within 2012.

As of 31 December 2011, the fair value of the Company's investment properties based on the valuation report of EVA Gayrimenkul Değerleme Danışmanlık A.Ş dated 31 December 2011 amount to TL1,002,060,000 (31 December 2010: TL809,457,000).

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
**CONVENIENCE TRANSLATION OF THE NOTES TO THE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011**

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 8 - PROPERTY AND EQUIPMENT

	1 January 2011	Additions	31 December 2011
Cost			
Furniture and fixtures	7,455,809	-	7,455,809
Machinery and equipment	99.702	-	99.702
	7.555.511	-	7.555.511
Accumulated depreciation			
Furniture and fixtures	7,374,987	79,370	7,454,357
Machinery and equipment	99.702	-	99.702
	7.474.689	79.370	7.554.059
Net book value	80.822		1.452

	1 January 2010	Additions	31 December 2010
Cost			
Furniture and fixtures	7.455.809	-	7.455.809
Machinery and equipment	99.702	-	99.702
	7.555.511	-	7.555.511
Accumulated depreciation			
Furniture and fixtures	7.259.795	115.192	7.374.987
Machinery and equipment	99.702	-	99.702
	7.359.497	115.192	7.474.689
Net book value	196.014		80.822

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
**CONVENIENCE TRANSLATION OF THE NOTES TO THE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011**

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 9 - OTHER ASSETS AND LIABILITIES

	31 December 2011	31 December 2010
Other current assets		
Prepaid expenses	6.636	5.051
Deferred VAT	-	1.517.046
	6.636	1.522.097

Other non-current assets		
Advances given (*)	720.975	5.910.054
Other	202	931
	721.177	5.910.985

(*) Consists of advances given to Üçgen Bakım ve Yönetim Hizmetleri A.Ş, a related party, regarding the renovation work of exteriors of the shopping mall.

	31 December 2011	31 December 2010
Other current liabilities		
Deferred income	1.052.465	688.570
Advances received	93.148	18.965
Accrued expenses	35.645	15.581
	1.181.258	723.116

	31 December 2011	31 December 2010
Other long-term liabilities		
Deposits and guarantees received	164.890	134.957
	164.890	134.957

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 10 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provision, contingent assets and liabilities consist of the following:

Real rights on immovables are as follows:

- There is a rental restriction in favour of TEK (Turkish Electricity Institution) with registry dated 31 December 1992 No: 5538.
- There is a 5 year rental restriction in favour of Yapı Kredi A.Ş. on Çarşı Block 1 basement coded (4,60) at a land share of 76800/25600000 (independent component, no 89) resgistered on 17 April 1995, No: 1315.

	31 December 2011	31 December 2010
Guarantee notes and letters		
Guarantee notes and cheques received	5.309.700	5.680.528
Letters of guarantees received	3.764.663	3.189.340
	9.074.363	8.869.868

The commitments received consist of letters of guarantees received from the tenants of the shopping mall.

As of 31 December 2011, the guarantees given by the Company relate to the ongoing legal claims amounting to TL2,209,229 (31 December 2010: TL61,729).

Provision for lawsuits

The provision for the lawsuits against the Company as of 31 December 2011 amount to TL3,012,160

(31 December 2010: TL2,802,063). The movements of provision for lawsuits are as follows:

	2011	2010
1 January	2.802.063	3.426.690
Provisions made during the period	93.900	132.846
Foreign exchange differences and interests	158.300	212.104
Reversals	(42.103)	(969.577)
31 December	3.012.160	2.802.063

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**CONVENIENCE TRANSLATION OF THE NOTES TO THE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011**

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 11 - EMPLOYEE BENEFITS

Liabilities related to employee benefits consist of provisions for employment termination benefits. The movements of the provision for 2011 and 2010 are as follows:

	2011	2010
1 January	46.189	36.845
Current year charge	28.435	9.344
31 December	74.624	46.189

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 12 - SHAREHOLDERS' EQUITY

At 31 December 2011 and 2010 the issued and fully paid-in share capital held is as follows:

Shareholders	31 December 2011		31 December 2010	
	Shareholding (%)	Amount	Shareholding (%)	Amount
Akkök Sanayi Yatırım ve Geliştirme A.Ş.	13.12	4,890,900	13.12	1,798,125
Tekfen Holding A.Ş.	10.79	4,019,839	10.79	1,477,882
Public quotation	50.04	18,646,906	49.00	6,713,000
Other (*)	26.05	9,706,355	27.09	3,710,993
Total paid-in capital	100.00	37,264,000	100.00	13,700,000

(*) Represents shareholdings less than 10%.

At the Ordinary General Meeting of the Company dated 3 May 2011, it was decided to allocate bonus shares from the first and second dividend to be distributed to the shareholders from the profit of 2010 in line with the previous allocation of the issued shares and as per CMB Communiqué Serial I, No: 40 on Registration of Shares to Board Records and Disposal of Shares, to apply to the CMB in order to register the new issued bonus shares to the CMB Board records. After the increase in the issued shares, the capital will amount to TL37,264,000.

On 26 May 2011 the Company applied to CMB for registration and as per the resolution issued by CMB Decision No. 20/626, dated 30 September 2011, the new issued shares have been registered to board records. Accordingly, as of 8 July 2011 the increased capital has been registered with the İstanbul Trade Registry.

The Company's issued and fully paid share capital amounting to TL37,264,000 is represented by 3,726,400,000 shares of Krş1 nominal value of which 407,575,000 are Class A shares, 284,138,000 are Class B shares, 239,887,000 are Class C shares and 2,794,800,000 are Class D shares

(31 December 2010: 149,843,750 Class A shares, 104,462,500 Class B shares, 88,193,750 Class C shares, 1,027,500,000 Class D shares).

There are 10 members of the Board of Directors who are assigned by the General Assembly as follows; four members elected with the majority votes of Class A shares; three members elected with the majority votes of Class B shares; two members elected with the majority votes of Class C shares and one member elected with the majority votes of Class D shares which represent the publicly offered shares and subject to participation to the General Assembly.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 12 - SHAREHOLDERS' EQUITY (Continued)

Companies whose shares are quoted on the ISE are subject to profit distribution rules of CMB as follows:

In accordance with the decision of CMB on 28 January 2010, no obligation has been imposed for the minimum profit distribution of the incorporated companies whose shares are quoted in ISE, off the profits earned as a result of the operations in 2009. Additionally, pursuant to CMB Decision Serial IV No. 27, regarding profit distribution obligation, it has been made possible that shares, issued in cash or through the addition of dividend to the capital upon the decision of the Company's general assembly, can be distributed to the shareholders free of charge or that the distribution can be partly made in cash and partly through the free distribution of shares. It has been further made possible that initial dividend amount be left to the partnership without distribution, if such amount is lower than the 5% of the existing paid-up/issued capital amount.

Moreover, in accordance with the CMB regulations, in the event that the entire profit distribution amount calculated pursuant the minimum profit distribution amount calculated over the net distributable profit found in accordance with CMB regulations can be covered by the distributable profit in the statutory records, it shall be distributed completely, and if the relevant amount cannot be covered by that amount, all of the net distributable profit in the statutory records shall be distributed. In the event that there is any period loss in financial statements prepared in accordance with the CMB regulations or statutory records, no profit shall be distributed.

According to the articles of incorporation of the Company, after deducting the mandatory reserves in accordance with the TCC and CMB requirements and those distributable to the Board of Directors and certain foundations, the Company would distribute at least 80% of its profits as dividends to its shareholders.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
**CONVENIENCE TRANSLATION OF THE NOTES TO THE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011**

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 12 - SHAREHOLDERS' EQUITY (Continued)

Equity statement in accordance with the Communiqué Serial: XI, No: 29 is as follows.

	31 December 2011	31 December 2010
Share capital	37,264,000	13,700,000
Adjustment to share capital	27,745,263	27,745,263
Restricted reserves	35,622,015	33,334,115
Retained earnings	18,523,535	15,139,347
Net income for the period	42,013,558	29,236,088
	161.168.371	119.154.813

The break-down of retained earnings is as follows:

	31 December 2011	31 December 2010
Retained earnings	1,174,882	1,174,882
Extraordinary reserves	13,365,437	9,981,249
Inflation difference on extraordinary reserves	521,985	521,985
Inflation difference on legal reserves	3,461,231	3,461,231
	18.523.535	15.139.347

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 13 - SALES AND COST OF SALES

	31 December 2011	31 December 2010
Sales		
Stores and warehouse rent income	60,303,144	50,867,059
Apart hotel rent income	2,450,534	1,642,118
	62.753.678	52.509.177
Cost of sales		
Cost of services	(18,188,351)	(18,688,074)
Depreciation expense	(3,747,874)	(3,597,288)
	(21.936.225)	(22.285.362)
Gross profit	40.817.453	30.223.815

NOTE 14 - MARKETING, SELLING AND DISTRIBUTION EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES

	31 December 2011	31 December 2010
Marketing, selling and distribution expenses		
Advertisement expenses	38,449	8,363
	38.449	8.363

	31 December 2011	31 December 2010
General administrative expenses		
Personnel expenses	1,092,852	1,027,884
Legal expenses	1,078,688	939,159
Taxes, duties and funds	635,616	618,408
Consultancy expenses	170,127	202,729
Provision for doubtful receivables	138,728	253,607
Depreciation and amortisation	83,264	117,114
Provisions for litigations	93,900	132,846
Provision for employment termination benefits	28,435	9,344
Insurance expense	10,949	10,404
Store decoration expenses	-	334,610
Other	196,847	274,115
	3.529.406	3.920.220

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
**CONVENIENCE TRANSLATION OF THE NOTES TO THE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011**

[Amounts expressed in Turkish lira ("TL") unless otherwise indicated.]

NOTE 15 - EXPENSES BY NATURE

	31 December 2011	31 December 2010
Depreciation and amortisation		
Cost of sales	3,747,874	3,597,288
General and administrative expenses	83,264	117,114
	3.831.138	3.714.402

Allocation of depreciation and amortisation charges

	31 December 2011	31 December 2010
Investment properties (Note 7)	3,747,874	3,597,288
Tangible assets (Note 8)	79,370	115,192
Intangible assets	3,894	1,922
	3.831.138	3.714.402

NOTE 16 - OTHER INCOME/EXPENSES

	31 December 2011	31 December 2010
Other operating income		
Shopping Mall - shared area rent income	4,206,216	3,788,244
Infrastructure service income	569,597	154,334
Reversals from provisions	42,103	969,577
Other	153,527	111,450
	4.971.443	5.023.605
Other operating expense		
Compensation expenses (*)	(569,841)	(1,148,793)
Other	(992)	(24,322)
	(570.833)	(1.173.115)

(*) Compensations paid to tenants discharged prior to their contract expiration dates.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**CONVENIENCE TRANSLATION OF THE NOTES TO THE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011**

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 17 - FINANCIAL INCOME /EXPENSES

	31 December 2011	31 December 2010
Financial income		
Foreign exchange gains	2,251,060	4,048,677
Interest income	1,169,583	804,209
Rediscount interest income	2,393	1,937
	3.423.036	4.854.823
	31 December 2011	31 December 2010
Financial expenses		
Foreign exchange losses	(2,456,381)	(4,030,457)
Interest expense	(603,305)	(1,731,607)
Rediscount interest expenses	-	(2,393)
	(3.059.686)	(5.764.457)

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 18 – EARNINGS PER SHARE

The earning per share stated in income statement is calculated by dividing net income for the period by the weighted average number of Company's shares for the period.

The companies in Turkey are allowed to increase their paid-in capital by issuing "free shares" which represent the increases from retained earnings and revaluation funds. The issue of such shares is treated as the issuance of ordinary shares in the calculation of earnings per share. The weighted average number of shares includes such shares and their retrospective effects.

The earnings per share amount is calculated by dividing net income for the period by the weighted average number of Company's shares for the period.

	31 December 2011	31 December 2010
Weighted average number of shares as of the reporting date (per share of TL 1 nominal value)	25.060.055	25.060.055
Net profit	42.013.558	29.236.088
Earnings per share	1,68	1,17

At 26 May 2011 the Company has applied to CMB for registration of the new shares. The share capital amounting to TL13,700,000 within the registered capital limit of TL27,400,000 has been increased to TL37,264,000 from the dividend to be distributed to the shareholders over the profit of 2010 amounting to TL23,564,000. Based on the resolution issued by CMB Decision No. 20/626, dated 30 June 2011, the new issued shares have been registered. Accordingly, at 8 July 2011, the increased capital has been registered to İstanbul Commercial Office and after registration, the Company's share capital consists of 25,060,055 shares in average, of TL1 nominal value each.

NOTE 19 - TAX ASSETS AND LIABILITIES

The Company is exempt from corporate income tax in accordance with paragraph 4-d of Article 8 of the Corporate Income Tax Law and in accordance with paragraph 6-a of Article 94 of the Income Tax Law, the earnings of the real estate investment trusts are subject to withholding taxes. According to the Council of Ministers decision, No: 93/5148, the withholding tax rate is determined as "0". Therefore, the Company has no corporate tax obligation.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

[Amounts expressed in Turkish lira ("TL") unless otherwise indicated.]

NOTE 20 - RELATED PARTY DISCLOSURES

- a) As of 31 December 2011 and 2010 there are no receivables from related parties, due to related parties as of the same dates are as follows:

	31 December 2011	31 December 2010
Due to related parties		
Aktek Bilgi İletişim Teknoloji San. Ve Tic. A.Ş.	748	540
Akkök Sanayi Yatırım ve Geliştirme A.Ş.	744	3,605
Due to shareholders	616	577
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.	-	54,209
	2.108	58.931

	31 December 2011	31 December 2010
Advances given		
Üçgen Bakım ve Yönetim Hizmetleri A.Ş. (Note 9)	720.975	5.910.054

- b) As of 31 December 2011 and 2010, sales and purchases from related parties are as follows:

	31 December 2011	31 December 2010
Sales to related parties		
Akmerkez Lokantacılık Gıda San. Tic. A.Ş.	937,069	824,683
Tekfen Turizm İşletmeleri A.Ş.	235,896	204,085
Akiş Gayrimenkul Yatırımı A.Ş.	108.942	114.721
Eurobank Tekfen A.S.	-	150
	1.281.907	1.143.639

	31 December 2011	31 December 2010
Purchases from related parties:		
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.	29.802.054	43.894.368
Ak Depo Lojistik ve Dış Ticaret A.Ş.	68.228	58.784
Aktek Bilgi İletişim ve Teknoloji Sanayi ve Ticaret A.Ş.	9.168	6.065
Akkök Sanayi Yatırım ve Geliştirme A.Ş.	4.984	22.056
Akmerkez Lokantacılık Gıda San. Tic. A.Ş.	874	248
	29.885.308	43.981.521

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**CONVENIENCE TRANSLATION OF THE NOTES TO THE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011**

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 20 - RELATED PARTY DISCLOSURES (Continued)

Purchases and sales consist of rent income, purchase and sales of services and similar items. The Company receives services like security, maintenance, repair, cleaning, and management from the related party Üçgen Bakım ve Yönetim Hizmetleri A.Ş. to whom the Company charged TL8,146,112 regarding the revenues collected on behalf of the Company (2010:TL6,704,158).

c) Remuneration of key management:

	31 December 2011	31 December 2010
Salaries	886.690	852.214

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 21 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

Liquidity Risk

The ability to fund the Company's financial and trade liabilities are managed by taking into account its expected undiscounted cash flows.

Liquidity risk is the inability of the Company to match the net funding requirements with sufficient liquidity. As of 31 December 2010 the Company's current liabilities exceeded its current assets by TL18.630.349. In 2011, the Company increased capital by TL23,564,000 [Note 12] and consequently as of 31 December 2011, the current liabilities exceeded the current assets by TL21,409,407. The management does not anticipate any difficulty on the repayment of the short-term liabilities and continuity of the Company considering the cash that will be generated from rental operations and the ability to reach to the high quality borrowers.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
**CONVENIENCE TRANSLATION OF THE NOTES TO THE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011**

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

**NOTE 21 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL
INSTRUMENTS (Continued)**

The analysis of the Company's financial liabilities with respect to their maturities as of 31 December 2011 is as follows:

Expected Maturities	Booked value	Cash outflows expected	Shorter than 3 months	3-12 months	1 -5 years	Longer than 5 years
Non-derivate financial liabilities						
Trade payables	146,508	146,508	145,892	616	-	-
Other payables and liabilities	924,850	924,850	759,960	-	105,865	59,025
	1,071,358	1,071,358	905,852	616	105,865	59,025

The analysis of the Company's financial liabilities with respect to their maturities as of 31 December 2010 is as follows:

Maturities per contract	Booked value	Cash outflows per contract	Shorter than 3 months	3-12 months	1 -5 years	Longer than 5 years
Non-derivate financial liabilities						
Financial liabilities	26,550,604	26,911,011	-	26,911,011	-	-
	26,550,604	26,911,011	-	26,911,011	-	-

Expected Maturities	Booked value	Cash outflows expected	Shorter than 3 months	3-12 months	1 -5 years	Longer than 5 years
Non-derivate financial liabilities						
Trade payables	168,645	168,645	168,645	-	-	-
Other payables and liabilities	179,598	179,598	44,641	-	134,957	-
	348,243	348,243	213,286	-	134,957	-

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

[Amounts expressed in Turkish lira ("TL") unless otherwise indicated.]

NOTE 21 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Interest rate risk

The Company is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. These exposures are managed by offsetting interest rate sensitive assets and liabilities and using derivative instruments when considered necessary.

In this context, matching of not only maturities of receivables and payables but also contractual repricing dates are crucial. In order to keep the exposure of financial liabilities to interest rate changes at a minimum, "fixed interest/floating interest", "short-term/long-term", "TRY/foreign currency" balance should be structured consistent within and with assets in the balance sheet.

The interest position as of 31 December 2011 and 2010 is set out in the table below :

	31 December 2011	31 December 2010
Financial instruments with fixed interest		
Time deposits	25.075.514	8.776.177
Bank loans	-	26.550.604

As of 31 December 2011 and 2010, there are no financial instruments with variable interest.

Credit risk

The Company is subject to credit risk arising from trade receivables related to credit sales and deposits at banks.

The Company management evaluates trade receivables taking into consideration the collaterals received, past experiences and current economic outlook and makes provisions for doubtful receivables when deemed necessary. The Company management does not foresee additional risk related to the Company's trade receivables other than the related provisions made.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 21 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Credit risk disclosures

Credit and receivable risk of financial instruments as of 31 December 2011 is as follows:

Receivables

31 December 2011	Trade Receivables		Other Receivables		Bank deposits	Other
	Related party	Third party	Related party	Third party		
Maximum credit risk exposed as of the reporting date (A+B+C+D) (*)	-	813.643	-	202	25.684.795	4.219
- Secured portion of the maximum credit risk by guarantees	-	75.516	-	-	-	-
A. Net book value of financial assets that are neither overdue nor impaired	-	556.674	-	202	25.684.795	4.219
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	-	256.969	-	-	-	-
- Secured portion by guarantees, etc.	-	75.516	-	-	-	-
D. Net book values of impaired assets	-	-	-	-	-	-
- Overdue (gross book value)	-	3.170.342	-	-	-	-
- Impairment (-)	-	(3.170.342)	-	-	-	-
- Secured portion by guarantees, etc.	-	-	-	-	-	-

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

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
**CONVENIENCE TRANSLATION OF THE NOTES TO THE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011**

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

**NOTE 21 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL
INSTRUMENTS (Continued)**
Credit risk disclosures

Credit and receivable risk of financial instruments as of 31 December 2010 is as follows:

31 December 2010	Receivables					
	Trade Receivables		Other Receivables		Bank deposits	Other
	Related party	Third party	Related party	Third party		
Maximum credit risk exposed as of the reporting date (A+B+C+D) (*)	-	1.230.945	-	202	8.901.236	4.442
- Secured portion of the maximum credit risk by guarantees	-	168.400	-	-	-	-
A. Net book value of financial assets that are neither overdue nor impaired	-	830.133	-	202	8.901.236	4.442
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	-	400.812	-	-	-	-
- Secured portion by guarantees, etc.	-	168.400	-	-	-	-
D. Net book values of impaired assets	-	-	-	-	-	-
- Overdue (gross book value)	-	3,031,614	-	-	-	-
- Impairment (-)	-	(3,031,614)	-	-	-	-
- Secured portion by guarantees, etc.	-	-	-	-	-	-

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

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**CONVENIENCE TRANSLATION OF THE NOTES TO THE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011**
(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)**NOTE 21 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL
INSTRUMENTS (Continued)**

As of 31 December 2011, aging of financial assets that are past due but not impaired is as follows:

	Trade receivables
0-1 months past due	169,036
1-3 months past due	84,400
3-12 months past due	-
1-5 years past due	3,533
More than 5 years past due	-
	256.969

As of 31 December 2010, aging of financial assets that are past due but not impaired is as follows:

	Trade receivables
0-1 months past due	233,607
1-3 months past due	18,181
3-12 months past due	138,627
1-5 years past due	10,397
More than 5 years past due	-
	400.812

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
**CONVENIENCE TRANSLATION OF THE NOTES TO THE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011**

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

**NOTE 21 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL
INSTRUMENTS (Continued)**
Foreign Currency Risk

The Company's foreign currency balances arising from operating, investment, and financial activities are disclosed below as of the reporting date. The Company may be exposed to foreign currency risk due to foreign exchange differences at the time its foreign currency receivables and payables are converted to Turkish Lira. The foreign currency risk is monitored through continuous analysis of the foreign currency position and measured on the basis of sensitivity analyses.

As of 31 December 2011 and 2010 the assets and liabilities denominated in foreign currencies which do not bear guaranteed rates of exchange and foreign currency amounts stated in the assets are as follows:

31 December 2011	USD	TL Equivalent
Current assets		
Trade receivables	50,000	94,445
Monetary financial assets	45,373	85,705
Total assets	95,373	180,150
Current liabilities		
Other monetary financial liabilities	(144,650)	(273,229)
Non-current liabilities		
Other non- monetary financial liabilities	(87,294)	(164,890)
Total liabilities	(231,944)	(438,119)
Net Foreign Currency Liability Position	(136,571)	(257,969)
Monetary Items Net Foreign Currency Liability Position	(49,277)	(93,079)

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
**CONVENIENCE TRANSLATION OF THE NOTES TO THE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011**

[Amounts expressed in Turkish lira ("TL") unless otherwise indicated.]

**NOTE 21 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL
INSTRUMENTS (Continued)**

31 December 2010	USD	TL Equivalent
Current assets		
Trade receivables	418,916	647,643
Monetary financial assets	63,761	98,575
Total assets	482,677	746,218
Current liabilities		
Financial liabilities	(17,173,741)	(26,550,604)
Other monetary financial liabilities	(175,958)	(272,031)
Non-current liabilities		
Other non- monetary financial liabilities	(87,294)	(134,957)
Total liabilities	(17,436,993)	(26,957,592)
Net Foreign Currency Liability Position	(16,954,316)	(26,211,374)
Monetary Items Net Foreign Currency Liability Position	(16,867,022)	(26,076,417)

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
**CONVENIENCE TRANSLATION OF THE NOTES TO THE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011**

[Amounts expressed in Turkish lira ("TL") unless otherwise indicated.]

**NOTE 21 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL
INSTRUMENTS (Continued)**

The table below shows the Company's sensitivity for 10% fluctuation of USD. These amounts represent the effect on comprehensive income of 10% fluctuation of USD against TL. During this analysis all other variables especially interest rate are assumed to remain constant.

Foreign currency sensitivity analysis as of 31 December 2011 and 2010 are as follows:

31 December 2011	Profit/loss		Equity	
	Value increase in foreign currency	Loss in value of foreign currency	Value increase in foreign currency	Loss in value of foreign currency
When USD changes by 10% against TL:				
Net assets/(liabilities) in USD	(25.797)	25.797	-	-
Hedged portion	-	-	-	-
USD Net effect	(25.797)	25.797	-	-

31 December 2010	Profit/loss		Equity	
	Value increase in foreign currency	Loss in value of foreign currency	Value increase in foreign currency	Loss in value of foreign currency
When USD changes by 10% against TL:				
Net assets/(liabilities) in USD	(2.621.137)	2.621.137	-	-
Hedged portion	-	-	-	-
USD Net effect	(2.621.137)	2.621.137	-	-

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

[Amounts expressed in Turkish lira ("TL") unless otherwise indicated.]

NOTE 21 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

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 service pricing policy that is commensurate with the level of risks inherent in the market.

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

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

The share capital has been increased to TL37,264,000 in 2011 as further explained in Note 12. The equity and asset structure gained strength as a result of the capital increase. In this respect, as of 31 December 2010 the net liability amounting to TL21,564,537 changed to a net asset position amounting to TL20,349,614 as of 31 December 2011 as shown below:

	31 December 2011	31 December 2010
Total debt (*)	5.339.400	30.470.215
Less: cash and cash equivalents (Note 3)	(25.689.014)	(8.905.678)
Net debt	(20.349.614)	21.564.537
Total equity (Note 12)	161.168.371	119.154.813
Debt/equity Ratio	(%13)	%18

(*) The balance covers the sum of short term and long term liabilities.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

[Amounts expressed in Turkish lira ("TL") unless otherwise indicated.]

NOTE 22 - FINANCIAL INSTRUMENTS (DISCLOSURES RELATED TO FAIR VALUE AND HEDGE ACCOUNTING)

Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The fair values of financial instruments that are not traded in an active market have been determined by the Company using available market information and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein may differ from the amounts the Company could realise in a current market exchange.

The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value:

Financial assets:

The fair values of cash and due from banks are considered to approximate their respective carrying values due to their short-term nature.

Values appraised by the independent valuation expert are disclosed within notes to financial statements regarding the fair values of investment properties.

The carrying value of trade receivables, which are measured at amortised cost, along with the related allowances for uncollectability are assumed to approximate their fair values.

The fair values of balances denominated in foreign currencies, which are translated at year-end official exchange rates announced by the Central Bank of Turkey, are considered to approximate their carrying value.

Financial liabilities:

The Company has no financial assets held for speculative purposes (including derivative instruments) and has no operations related to the trade of such instruments.

The fair value of the short term bank loans with fixed interest rate is assumed to be equivalent to the recorded values computed by adding the accrued interest liabilities calculated over the effective interest rate as of the reporting dates on the cost of the mentioned financial debts.

Employment termination benefits are accounted for at their discounted amounts.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 23 - SUBSEQUENT EVENTS

The ceiling for the employment termination benefit which amounted to TL 2,731.85 as of 31 December 2011 has been increased to TL 2,805,04 with effect from 1 January 2012 (31 December 2010 - TL 2,623.23).

As per the Board resolutions taken on 2 January and 1 March 2012 decisions are made upon to make a 20% discount over the dollar-denominated rental fees of the tenants of Akmerkez Ticaret Merkezi. This resolution comprises the period January to May 2012 only for the tenants selected by the Company among those who have been paying their rental fees in accordance with the conditions suggested in their rental contracts on regular basis and provided that USD1 is not below TL1.35 in that the USD rate defined is not to be regarded as a reduction in rental fees and/or amendment of the rental contract.

NOTE 24 - OTHER ISSUES MATERIALLY AFFECTING THE FINANCIAL STATEMENTS AND REQUIRING DISCLOSURE FOR UNDERSTANDING OF THE FINANCIAL STATEMENTS

a) Insurance coverage on assets as of 31 December 2011 and 2010 is as follows;

31 December 2011 :	127.166.000	USD
31 December 2010 :	127.166.000	USD

b) As per the Board resolutions taken in the years of 2010 and 2011, decisions were taken with respect to evaluation of the effects on the real estate market of the unfavourable developments encountered in the financial markets, to make a 35% and 25% discount over the USD-denominated rental fees of the tenants of Akmerkez Ticaret Merkezi. This resolution comprises the period March 2009 - April 2011 and April - December 2011 only for the tenants selected by the Company among those who have been paying their rental fees in accordance with the conditions suggested in their rental contracts on regular basis and provided that USD1 is not below TL1.1 for March 2009 to April 2011, USD1 is not below TL1.2 for May to September 2011 and USD1 is not below TL1.35 for October to December 2011 that the USD exchange rate defined is not to be regarded as a reduction in rental fees and/or amendment of the rental contract. In that context, for the period between January to May 2012, it was decided to make a 20% discount over the USD denominated rental fees of the tenants provided that USD1 is not below 1,35 TL.

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 25 - SUPPLEMENTARY NOTE: CONTROL OF COMPLIANCE WITH PORTFOLIO RESTRICTIONS

Explanations made in the framework of the Communiqué with Serial No: VI, No: 29 amending the Communiqué for Principles on Real Estate Investment Trusts":

Consequent to the publication of the CMB's Communiqué with Serial No: VI, No: 29 amending the Communiqué for Principles on Real Estate Investment Trusts" in the Official Gazette on 28 July 2011, CMB's "Communiqué for Principles on Real Estate Investment Trusts" with Serial No. VI, No. 11 was subjected to modification, and in this framework real estate investment trusts have to comply with the provisions of CMB's Communiqué with Serial No: VI, No: 29 for Principles on Real Estate Investment Trusts at the time of financial statement preparation and their disclosure to public, in addition to including in the financial statements the information relating to control of portfolio restrictions specified in CMB's Communiqué with Serial No: VI, No: 29 amending the Communiqué for Principles on Real Estate Investment Trusts in the manner set out by the CMB by means of using non-consolidated financial statement account items.

In this scope, total assets, total portfolio and information relating to portfolio restrictions are as follows as of 31 December 2011 and 2010:

Non-consolidated (stand-alone) financial statement accounts items	31 December 2011	31 December 2010
A Cash and capital market instruments	25,689,014	8,905,678
B Real estate, real estate-based project, Real estate-based rights	139,271,229	131,965,987
C Affiliates	-	-
Due from related parties (non-trade)	-	-
Other Assets	1,547,528	8,753,363
D Total Assets	166,507,771	149,625,028
E Borrowings	-	26,550,604
F Other financial liabilities	-	-
G Leasing obligation	-	-
H Due to related parties (non-trade)	616	577
I Equity	161,168,371	119,154,813
Other Liabilities	5,338,784	3,919,034
D Total Liabilities	166,507,771	149,625,028

AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
**CONVENIENCE TRANSLATION OF THE NOTES TO THE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011**

[Amounts expressed in Turkish lira ("TL") unless otherwise indicated.]

**NOTE 25 - SUPPLEMENTARY NOTE: CONTROL OF COMPLIANCE WITH
PORTFOLIO RESTRICTIONS (Continued)**

	31 December 2011	31 December 2010
Other non-consolidated (stand-alone) financial information		
A1 Portion of cash and capital market instruments reserved for three-year real estate payments	-	-
A2 TL/foreign currency denominated time/demand deposits	25.684.795	8.901.236
A3 Foreign capital market instruments	-	-
B1 Foreign real estates, real estate-based projects, real estate-based rights	-	-
B2 Lands on which no projects developed	-	-
C1 Foreign affiliates	-	-
C2 Participation in administrator companies	-	-
J Non-cash loans	2.209.229	61.729
K Encumbrance amounts of encumbered lands which do not belong to the Group and on which a project will be developed	-	-

Portfolio Restriction	31 December 2011	31 December 2010	Minimum / Maximum Rate
1 Encumbrance amounts of encumbered lands which do not belong to the Group and on which a project will be developed (K/D)	-	-	<10%
2 Real estate, real estate-based project, Real estate-based rights (B+A1)/D	84%	88%	>50%
3 Cash and capital market instruments and Affiliates (A+C-A1)/D	15%	6%	<50%
4 Foreign real estates, real estate-based projects, real estate-based rights, Affiliates, capital market instruments (A3+B1+C1)/D	-	-	<49%
5 Lands on which no projects developed (B2/D)	-	-	<20%
6 Participation in administrator companies (C2/D)	-	-	<10%
7 Borrowing ceiling (E+F+G+H+J)/I	1%	22%	<500%
8 TL/foreign currency denominated time/demand deposits (A2-A1)/D	15%	6%	<10%

[] As of 31 December 2011, the fair value of the investment property amounts to TL1,002,060,000 (Note 7), however within the table above, the net book value of the investment property on the basis of the historical cost is stated which amounts to TL139,271,229 at the same date. When the fair value of the investment property is taken into consideration, the ratio of TL/foreign currency denominated time/demand deposit to total assets is 2.6% at 31 December 2011 (31 December 2010: 1%).*