

COMMUNIQUÉ ON PRINCIPLES REGARDING REAL ESTATE INVESTMENT COMPANIES

Overruled Communiqués:

(Communiqué Serial: VI, No: 7, published in the Official Gazette dated 22 July 1995 No:22351 and its annex; Communiqué Serial: VI, No: 8 are overruled by a new Communiqué Serial: VI, No: 11 carrying the same name.)

1- (It was published in the Official Gazette dated 8 November 1988 No:23517)

2- (Communiqué on Amending the Communiqué on Principles Regarding Real Estate Investment Companies Serial: VI, No: 12 was published in the Official Gazette dated 21 October 1999 No:23853.)

3- (Communiqué on Amending the Communiqué on Principles Regarding Real Estate Investment Companies Serial: VI, No: 13 was published in the Official Gazette dated 08 June 2000 No:24073.)

4- (Communiqué on Amending the Communiqué on Real Estate Investment Companies Serial: VI, No: 14 was published in the Official Gazette dated 24 March 2001 No:24352.)

5- (Communiqué on Amending the Communiqué on Real Estate Investment Companies Serial: VI, No: 17 was published in the Official Gazette dated 18 May 2004 No:25466.)

Serial : VI
No : 11

SECTION ONE

PURPOSE, ABBREVIATIONS, LEGAL BASES AND DEFINITIONS

Purpose

ARTICLE 1 – The purpose of this Communiqué is to regulate the principles with regard to founders and establishment procedures of Real Estate Investment Companies, public offering and registration of their securities with the Board, qualifications of their managers, their management, activity areas, portfolio limitations and periodic information to be disclosed.

Abbreviations

ARTICLE 2 –Abbreviations used this Communiqué, shall have the following meaning:

Company: Real Estate Investment Company - REIC
Board: Capital Markets Board
Ministry: Ministry of Industry and Trade
Law: Capital Market Law No: 2499
TCC: Turkish Commercial Code
TTRG: Turkish Trade Registry Gazette

Legal Basis

ARTICLE 3 – This Communiqué is based on Articles 32, 35 and 36 of the Law.

Definitions

ARTICLE 4 – For the purpose of this Communiqué, the following definitions shall apply:

a) Real Estate Investment Companies: Capital market institutions, that can invest in real estates, capital market instruments based on real estates, real estate projects, rights and capital market instruments based on real estates, can establish ordinary partnerships to undertake certain projects and undertake other activities permitted by this Communiqué within the procedures and principles determined herein.

b) Leader Entrepreneur: The partner or partners having at least 25% of the company's capital alone or together and fulfilling the conditions mentioned in Articles 7 and 8 of this Communiqué. New shares acquired after public offering of the company's shares shall not be evaluated within this context. The natural or legal persons, whose names and titles have been used in the title of the company or, natural and legal persons, whose connection with the company is, even indirectly, indicated in the title of the company must be a leader entrepreneur within the context of this Communiqué.

c) Contractor: Natural or legal persons committed to realize the construction works of real estate projects included in the portfolio of the company within the framework of a contract made with the company.

d) Operating Company: The companies which operate with commercial purposes hotels, shopping malls, business centers, commercial parks and warehouses, residential buildings, supermarkets and similar real estates belonging to the company within the framework of a contract made with the company.

e) Consultant Company: Companies providing services, including project development and control services, to the company for the development of the company's portfolio and search for alternative investment opportunities within the framework of a contract made with company.

f) (As amended by Communiqué Serial: VI, No: 17) Expert Company: These are the real estate valuation companies which are operating in accordance with the "Communiqué on Principles Regarding Pertaining to Companies Offering Valuation Services According to Capital

Markets Legislation and the Listing Rules of these Companies to be Used by the Board”, Serial No: VIII, No: 35, published in the Official Gazette dated 12 August 2001 No:24491 and are offering services to the company to assess current sale and rent values of the real estates, real estate projects and rights backed by real estates which are contained by the company’s portfolio in accordance with a contract executed with the company.

g) Independence: This implies that there have been no direct or indirect relationships between the parties in terms of employment, capital or commerce and no blood or marital relationship to third degree including the spouse.

h) Equity: The capital amount defined in Annex 3 of “Communiqué on Principles and Rules of Financial Statements and Reports in Capital Market, Serial: IX, No: 1” published in the Official Gazette dated 29 January 1989 No: 20064.

i) (As amended by Communiqué Serial: VI, No: 17) Portfolio Value: It is the total values of market values of real estates, real estate projects, rights, capital market instruments, reverse repurchase agreements, ISE Settlement and Custody Bank Inc. money market transactions, time deposits in Turkish Liras or any foreign currency, demand deposits in any foreign currency and the value of subsidiaries.

j) Net Asset Value: The amount calculated by deducting the total debts from the portfolio value of the company and by adding the receivables, other assets and liquid assets.

SECTION TWO ESTABLISHMENT AND TRANSFORMATION

Types of Companies

ARTICLE 5 – Companies can be established;

- a) For a limited time to undertake a certain project,
- b) For a limited or unlimited time to invest in certain areas,
- c) For a limited or unlimited time without any limitation of purpose.

Conditions for Establishment

ARTICLE 6 – Companies can be established by immediate establishment. Furthermore, existing companies can turn into real estate investment companies by amending their Articles of Association in accordance with the procedures of this Communiqué and the Law. In order that the transformation of institutions or companies to real estate investment companies can be approved by the Board,

A) In immediate establishment;

a) Companies should be established as joint stock corporations with registered capital,

b) Companies should be established to offer the shares representing at least 49% of the issued capital to public within the period and principles determined by this Communiqué,

c) The initial capital should not be less than TL 1 trillion,

d) (As amended by Communiqué Serial: VI No: 13) At least 25% of the shares representing initial capital should be issued for cash,

e) The phrase “Real Estate Investment Company “ should be included in the commercial title,

f) Should have applied to the Board for providing portfolio management service mentioned in sub-paragraph (f) in the first paragraph of Article 30 in the Law.

g) At least one of the founders should be a leader entrepreneur,

h) (As amended by Communiqué Serial: VI, No: 17) Natural person founders and the members of the board of directors of legal person founders other than the founders which are public entities and which are legal entities having the capacity of public entity, must meet the conditions mentioned in Article 7 of this Communiqué.

i) The Articles of Association should be in conformity with the provisions of the Law and this Communiqué

j) The permission of the Board should be taken.

B- If to be transformed;

a) Companies should be in registered capital system or should have applied to the Board with this purpose,

b) Companies should declare their commitment to the Board that at least 49% of issued capital of the company shall be offered to public within the period and principles determined in this Communiqué,

c) The present paid-in capital or issued capital should not be less than TL 1 trillion,

d) (Added by Communiqué Serial: VI No: 13) At least 25% of the capital mentioned in (c) should be issued for cash,

e) Should have applied to the Board in order to change its commercial title so that the phrase “ Real Estate Investment Company” is included,¹

f) Should have applied to the Board for providing portfolio management service mentioned in sub-paragraph (f) in the first paragraph of Article 30 in the Capital Market Law,

g) At least one of the existing shareholders should be a leader entrepreneur,

h) (As amended by Communiqué Serial: VI, No: 17) Natural person shareholders and members of boards of directors of legal person shareholders other than the shareholders which are public entities and which

¹ This subparagraph, which was subparagraph (d) in the text previously, had become subparagraph (e) as a result of adding a new subparagraph (d) with Communiqué Serial:VI, No:13 and other subparagraphs had followed each other in accordance with letter sequence.

are legal entities having the capacity of public entity that have at least 10% or more of the company's shares, must meet the conditions mentioned in Article 7 of this Communiqué.

i) Should have applied for changing the Articles of Association so as to comply with the provisions of the Law and this Communiqué,

j) Should take favorable opinion of the Board.

(As amended by Communiqué Serial: VI, No: 17) The amount of minimum initial capital required for immediate establishment and of minimum paid-in or issued capital required for the transformation may be re-assessed by the Board each year.

(As amended by Communiqué Serial: VI, No: 17) Companies are also obliged to fulfill the obligation of public offering of at least 49% of their issued capital, after offering the companies' shares equal to at least 49% of their issued capital to public in the periods as mentioned in Article 10 of this Communiqué.

Qualifications of Founders

ARTICLE 7 – (As amended by Communiqué Serial: VI, No: 17) It is required in the real estate investment companies that;

a) Founders and the real or legal persons that own directly or indirectly 10% or more of the capital shares must not have any payable tax and insurance premium debt,

b) Founders that will have 10% or more of the capital shares must provide the required sources obtained from their own commercial, industrial, and other legal activities as free from any debt,

c) For natural person shareholders;

1- There must not be any bankruptcy decision or any composition of debts announcement regarding themselves or the institutions of which they are an unlimited partner,

2- They must meet the requirements specified in subparagraph (d) of paragraph (1) of Article 9 of the Communiqué for Principles Pertaining the Brokerage Operations and Brokerage Houses, Serial No: V, No: 46 published in the Official Gazette dated 7 September 2000, No. 24163.

Board may suspend the incorporation or transformation request of the company until the jurisdictional process is concluded in case there is any crime claim against one or more than one of the founders regarding any of the actions listed in this article despite of the fact that there is not any finalized conviction decision.

Special Conditions for the Leader Entrepreneur

ARTICLE 8 – As described in paragraph (b) in Article 4 of this Communiqué, if the leader entrepreneur of the company is a

- A) Natural Person,
 - a) His/her annual gross income should be at least TL 100 billion and this income should be stable,
 - b) The value of his/her total immovable and movable assets subject to tax should be at least TL 1 trillion,
 - c) He/she should have adequate knowledge and experience in areas of activity of the company,
- B) Legal Person,
 - a) Should have at least five years of operating experience,
 - b) The financial statements with regard to the period in which application has been made, should be independently audited,
 - c) Should have made profits in the last three operating periods,
 - d) In the most recent financial statements, total assets should not be less than TL 3 trillion and the net profit in the related period should not be less than TL 300 billion,
 - e) Should have sufficient knowledge in the areas of activity of the company.

(As amended by Communiqué Serial: VI, No: 17) Financial eligibility conditions other than the conditions mentioned in their specific legislations may not be required for public entities and legal persons and the legal persons operating in favor of public. If more than one natural and legal person is determined to be leader entrepreneurs, the requirements to be met by the leader entrepreneur must also be met separately by each of them.

(As amended by Communiqué Serial: VI, No: 17) The minimum amounts stated in paragraphs (A) and (B) of this article may be reassessed by the Board each year.

Establishment or Transformation Procedure

ARTICLE 9 – (First paragraph amended by Communiqué Serial: VI, No: 17) Companies which are to be instantaneously founded or to be transformed must apply to the Board with the foundation/transformation application form, the format and procedures of which are going to be determined by the Board, and the documents specified in this form.

The Board evaluates whether the application conforms to the provisions of the Law and this Communiqué and if no contradiction is detected, it shall present favorable opinion for their transformation or establishment.

If the Board presents favorable opinion, application shall be made to the Ministry requesting the approval of the amendments in the Articles of Association in case of transformation, and approval of establishment in case of immediate establishment; with documents certifying that the capital has been paid in accordance with the provisions of this Communiqué.

Following the establishment permission by the Ministry, instantaneously established companies shall acquire legal identity upon registration of the company with the trade registry in accordance with the related provisions of the Turkish Commercial Code.

Corporations to be transformed shall call the shareholders and if necessary the preferred stockholders of the company to a meeting in accordance with Article 389 of TCC so that the changes in the Articles of Association can be approved. With the approval of the amendments and registration to trade registry, transformation transactions shall be completed.

Capital in Kind²

ARTICLE 9/A – (Added by Communiqué Serial:VI No:13) The corporations may have capital in kind at establishment and capital increases within the framework of TCC. However, both in establishment and in capital increase, it is obligatory that the portion of the issued capital paid in cash be not less than the ratios mentioned in subparagraph (d) of paragraph (A) in the first paragraph of Article 6 and subparagraph (d) in paragraph (B) of the same Article. The decision for increasing the capital in kind can only be taken at the Shareholders' Meeting. This issue must be included in the Articles of Association of the corporation. For increasing the capital in kind, the provisions of the Board in Communiqué Serial: I, No: 26 on corporations subject to share capital system shall apply.

If capital in kind is invested in the establishment, the founders can apply to the court with the request of appointment of experts for determining the value of the real capital. An application shall be made to the Board with the Articles of Association signed by the founders consisting of the capital amount determined in accordance with the provisions of this article, the expertise report and the report of the experts.

For increasing the capital in kind, the expertise and expert reports should be ready prior to pre-authorization application to be made to the Board.

(As amended by Communiqué Serial: VI, No: 17) Only the real estates such as buildings, lands, registered lands and similar real estates without pledge or without any restrictive provision affecting the value of the immovable significantly or directly and other kind of rights backed by real estates can be provided as capital in kind, and other tangible and intangible assets cannot be put as capital in kind.

(As amended by Communiqué Serial: VI, No: 17) In value determination of the real estates and other kind of rights backed by real estates to be provided as capital in kind, in addition to the expert report prepared as a result of the appointment by the Court in accordance with TCC, an expertise report given by an institution included in the Board's list fulfilling the qualifications mentioned in Article 39 must be prepared as well. In these reports, the lower amount reached as the value of the real estates and possession and other kind of rights backed by real estates shall be taken as capital in kind.

(As amended by Communiqué Serial: VI, No: 17) Real estates and other kind of rights backed by real estates to be provided as capital in kind shall be registered at the title deed registry in the name of the trust in at most

² (First paragraph amended by Communiqué Serial:VI, No:17) Article 9/A with heading "Capital In Kind" had been added with Communiqué Serial:VI, No:13 and had been entered into force on 8 June 2000.

ten days following the registration of capital increase or acquisition of legal identity by the company.

SECTION THREE REGISTRATION OF SHARES WITH THE BOARD

Application for Registration

ARTICLE 10 – (As amended by Communiqué Serial: VI, No: 17) It is obligatory that companies, which are established by immediate establishment process or transformed into real estate investment companies by amending the Articles of Association, provide the necessary office, hardware and personnel, establish the organization, form an asset portfolio with the resources left after the necessary expenses have been deducted and apply to the Board for the registration of their shares equal to at least 49% of their issued capital to be offered to the public by completing the public offering application form, the format and procedures of which are going to be determined by the Board and the documents mentioned in this form;

a) in one year following the registration of Articles of Association in establishment or the changes in the Articles of Association in transformation with the trade registry if their paid in capital is less than 50 trillion Turkish Lira,

b) in three years following the registration of Articles of Association in establishment or the changes in the Articles of Association in transformation with the trade registry if their paid in capital is equal to or more than 50 trillion Turkish Lira but less than 100 trillion Turkish Lira,

c) in five years following the registration of Articles of Association in establishment or the changes in the Articles of Association in transformation with the trade registry if their paid in capital is equal to or more than 100 trillion Turkish Lira.

It's possible for companies to offer their shares equal to at least 49% of their issued capital by performing one or more public offering in the time periods specified in subparagraphs (a), (b) and (c).

The companies that do not apply to the Board by completing the public offering application form and the documents mentioned in this form within the time periods specified in first paragraph or whose applications were found inappropriate due to failure to fulfill the necessary conditions shall lose the right to operate as real estate investment companies. Such companies are obliged to amend the provisions of their Articles of Association so as not to cover real estate investment activities and apply to the Board to get out from the registered system in at most three months following the notification of the negative opinion or by the end of the relevant period. If the company does not fulfill these changes, they shall be discharged according to subparagraph (2) and (6) of paragraph 1 in Article 434 of TCC. However, the Board may extend the relevant period upon the

request of the company in case of emergence of significant negative developments in the markets in which the shares will be issued.

The amounts specified in subparagraphs (a), (b) and (c) of first paragraph may be reassessed by the Board.

Public Offering

ARTICLE 11 – (As amended by Communiqué Serial: VI, No: 17) In public offering of the company's shares, the regulations of the Board on sales and public offering methods of shares are applied, provided that the issues regulated hereby are excluded.

Registration with the Board

ARTICLE 12 – (As amended by Communiqué Serial: VI, No: 17) The Board evaluates the applications of companies for portfolio management activity license and registration of stocks simultaneously. In providing portfolio management activity license, the Board primarily evaluates whether the company has a suitable office, hardware, personnel, organization and managers for undertaking the activities. As a result, if the Board decides that the company can undertake portfolio management activities, it issues a license. These licenses are required to be registered at the trade registry and be announced at the Turkish Trade Registration Gazette within 15 days following the date they have been issued. Any kind of changes in this certificate are also registered and announced as mentioned herein.

For registration, the Board evaluates the applications to decide whether the prospectus and circular consist of the information required by and laid down in the related legislation on real estate investment companies and public offering of shares within the framework of public disclosure. Following the evaluation, if the explanations are not found to be sufficient and not reflecting the truth fairly and hence can mislead the public, the Board may refrain from registration of the shares by stating the reason. Shares approved by the Board shall be registered. Registration with the Board can not be interpreted as a warranty of the Board or the State provided for the issued shares or the related companies and can not be used for advertising purposes.

Notification to the Board

ARTICLE 13 – Companies whose shares are registered with the Board shall send the following to the Board:

within six working days

- a) following the date of publication, a copy of the TTRG in which the Articles of Association have been published,
- b) following the date of publication, copies of newspapers the circulars, prospectuses, ads and notices on sale that have been published,
- c) following the end of the sales period, the information on the sales results and the new ownership structure of the company.

Listing on the Stock Exchange

ARTICLE 14 – The company shall apply to the Board in 15 days following the termination of the sales period to obtain the document necessary for stock exchange listing. It is obligatory to apply to the Stock Exchange with the request for listing of stocks in 15 days following the acquisition of this document.

Types and Transfer of Shares

ARTICLE 15 – (As amended by Communiqué Serial: VI No: 13) Companies can issue shares in registered or bearer form. However, the shares against minimum capital share of the leader entrepreneur and shares representing the capital in kind should be in registered form.

These shares can not be transferred to someone else by public offering for one year following the end of the sales period. Such shares shall be registered with the Board only after the completion of the mentioned period.

In transfer of shares issued for capital in kind, provisions of Article 404 of TCC shall not apply.

Issuance of Privileged Shares

ARTICLE 16 – Companies shall not issue any privileged securities or real estate certificates other than shares permitting nomination of candidates in election of members of the Board of Directors. After the public offering, no privileges can be created, including nominations for membership to the Board of Directors.

SECTION FOUR MANAGEMENT OF THE COMPANY

Qualifications of the Members of Board of Directors and Auditors

ARTICLE 17 – (First paragraph amended by Communiqué Serial: VI, No: 17) The members of Board of Directors and auditors should fulfill the requirements mentioned in paragraphs (a) and (c) of Article 7 of this Communiqué, be graduated from a higher educational institution of 4-year term and have experience of minimum three years in fields such as law, construction, banking and finance which are directly concerning with the real estate investments. Dealing only with real estate business is not sufficient to be regarded as experienced in this area.

The members of board of directors must be elected for a single period but there is no limitation on re-election.

Establishment of the Board of Directors

ARTICLE 18 – The members of Board of Directors and Auditing Board are elected in accordance with the related articles of TCC. However, the

majority of the members to be appointed to the Board must be Turkish citizens and at least 1/3 of them must be independent from;

- a) The leader entrepreneur,
- b) The companies that the leader entrepreneur has more than 10% share or voting right,
- c) Other shareholders having 10% or more shares or shareholders with voting right of 10% or more,
- d) The shareholders entitled to nomination preference for the board of directors,
- e) The companies providing consultancy,
- f) The operating companies,
- g) The companies in which the individuals mentioned in paragraphs (c) and (d) have 10% or more shares or voting right,
- h) (Added by Communiqué Serial:VI No:17) The subsidiaries of the company as described in paragraph (g) of Article 4 in this Communiqué. This point must be clearly stated in the Articles of Association of the company.

In calculation of the one-third, the result shall be rounded up to the closest counting number, if necessary.

General Manager

ARTICLE 19 – (As amended by Communiqué Serial: VI, No: 17) The general managers of companies must have graduated from a higher educational institution of 4-year term, meet the requirements stated in paragraph (c) of Article 7 and have experience of minimum five years in fields such as law, construction, banking and finance which are closely related to real estate investments. Dealing only with real estate business is not sufficient to be regarded as experienced in this area.

Prohibitions for the Members of the Board of Directors

ARTICLE 20 – If the members of the board of directors are not independent with respect to paragraph (g) of Article 4 in this Communiqué from the parties related to the decisions made by board of directors, they shall inform the Board on this situation, notify the board of directors, stating the justification and have this recorded in the minutes of the meeting. The provisions of Article 332 in TCC are reserved in this respect.

The members of board of directors can not have permission at the shareholders' meeting to be exempt from the competition ban introduced by Article 335 of TCC and ban on engagement with the company introduced by Article 334 of TCC. Provisions regarding these issues must be included in the Articles of Association of the company.

Special Decisions

ARTICLE 21 – (First paragraph amended by Communiqué Serial: VI, No: 17) If, the resolutions of the Board of Directors regarding the issues listed in paragraph (B) between the company and the parties mentioned in

paragraph (A) here below are not taken unanimously, the reasons of the decision must be notified to the public in accordance with the relevant regulations of the Board of principles regarding public disclosure of material events and also to the shareholders during the first general assembly meeting.

A) Parties

- a) Leader Entrepreneur,
- b) The companies in which the leader entrepreneur has 10% or more of the capital or voting rights,
- c) Shareholders in corporation entitled to nomination preference for the board of directors,
- d) Company providing consultancy services,
- e) Other companies in which the parties mentioned in paragraphs (a), (b) and (c) have more than 10% share or voting rights,
- f) (Added by Communiqué Serial:VI No:17) Subsidiaries of the company.

B) Special Decisions

- a) Decisions on the purchase, sale, or lease of assets in the company's portfolio,
- b) Decisions for determining the companies to market the assets in company's portfolio,
- c) Decisions on establishment of credit connections,
- d) Decisions on determining the intermediary institution to commit to purchase the shares in public offering of the shares of company,
- e) Decisions on joint investments,
- f) Decisions on determining the real and legal persons to provide financial, legal or technical consultancy services to the company,
- g) Decisions on determining the real and legal persons to provide project development, control and contract services to the company,
- h) Decisions on including the securities issued by legal persons mentioned in paragraph (A) in the company's portfolio,
- i) Decisions with results bearing benefits for any one of the parties mentioned in paragraph (A) although not mentioned above,

Management of Company's Portfolio

ARTICLE 22 – (As amended by Communiqué Serial: VI, No: 17)
Companies may manage their own portfolio by employing an adequate number of managers and personnel and may also solicit services of expert consultancy companies, which are independent from the company, for the development of the portfolio and exploration of alternative opportunities, including project development and control services.

Companies may manage the capital and money market instruments portion of their portfolio either by themselves through employing sufficient number of portfolio managers having the required licenses in accordance with the relevant licensing regulations of the Board or by receiving a consultancy service under an investment consultancy contract to be signed with a company that has obtained an investment consultancy license from the Board. In addition to these, management of the capital and money market instruments portion of the portfolio can be transferred to an enterprise, which has received the portfolio management license from the Board, under a portfolio management contract to be signed. It's obligatory for companies to use any of these three methods for managing the capital and money market instruments portion of their portfolio and to comply with the regulations of the Board regarding portfolio management and investment consultancy.

Securities within the company's portfolio are required to be kept in Istanbul Stock Exchange Settlement and Custody Bank Inc. as per a custody contract to be signed.

The contract between the company and the consultant company should be approved by the board of directors of the company and shall terminate automatically at the end of one year without prior notice. The contract can be renewed for a period of one year upon the written agreement of the parties. However, the contract may be terminated with 30 days prior notice upon the decision of the board of directors of the company, without waiting for the elapsing of the period.

The commissions to be paid for such services and the expenditures to be made must be documented and must not have a significant difference compared to the market rates.

SECTION FIVE PRINCIPLES ON INVESTMENT AND PORTFOLIO MANAGEMENT

Scope of Operations

ARTICLES 23 – The companies generally operate within the following scope:

a) To form the company's portfolio, to make changes in the portfolio when necessary, to minimize the investment risk through diversifying the company's portfolio, to monitor developments related to real estates, transactions based on real estates and securities, take necessary precautions for portfolio management, to conduct research for preserving and increasing the portfolio value and to have such research done,

b) To investigate if the necessary legal conditions mentioned in this Communiqué about the assets in company's portfolio or assets planned to be included in the portfolio are met, to provide necessary reports,

c) To provide related necessary reports for the determination of the value of assets in the portfolio,

d) (As amended by Communiqué Serial: VI, No: 17) To establish the necessary organization in order to monitor the compliance of operations of the relevant companies with the provisions of the legislation and the contract, if the portfolio is being managed by receiving a consultancy and/or portfolio management service from outside,

e) To undertake other duties and permitted activities assigned by this Communiqué.

Prohibitions

ARTICLE 24 – Companies;

a) Can not engage in deposit business, conduct business and operations resulting in deposit collection defined in Banking Law No:4389,

b) Can not engage in commercial, industrial or agricultural activities other than the transactions permitted by this Communiqué,

c) Can not engage in capital market activities other than portfolio management for its own portfolio limited to the investment areas permitted by this Communiqué,

d) Can not in any way be involved in construction of real estates and can not recruit personnel and equipment with this purpose. However, if the tasks for controlling the ongoing projects shall be undertaken internally, personnel recruited for this purpose does not fall under this scope.

e) (As amended by Communiqué Serial: VI, No: 17) Can not commercially operate any hotel, hospital, shopping center, business center, commercial parks, commercial warehouses, residential sites, supermarkets, and similar type of real estates and employ any personnel for this purpose. However, operations that are in the scope of first paragraph of Article 32 of this Communiqué and the personnel employed for those purposes are outside the scope of this subparagraph.

f) Can not provide services by its personnel to individuals and institutions in project development, project control, financial feasibility and follow-up of legal permission except for the projects related to the portfolio or will be related to the portfolio.

Investment Activities

ARTICLE 25 – Reserving the limits laid down in this Communiqué, the companies;

a) Can purchase and sell asset backed securities issued against housing credits and similar securities approved by the Board.

b) (As amended by Communiqué Serial: VI, No: 17) In addition to securities mentioned in paragraph (a), can purchase and sell other capital market instruments, and can make inverse repurchasing and ISE Settlement and Custody Bank Inc. money market transactions, and open time and demand deposit accounts in Turkish Liras or any foreign currency,

c) Can sell and buy buildings, business centers, shopping malls, hospitals, hotels, commercial parks and warehouses and similar real estates to make profit from sale and purchase and earn rent. Can provide furnishing

for the hotels, hospitals or real estates requiring certain equipment to operate prior to tenure.

d) Can purchase land and registered land to develop projects through flat servitude or to make profits from sale and purchase.

e) Can sell the real estates with permanent and individual right for construction established by public or private legal persons or natural persons in the name of the company with the aim of project development for earning profit.

f) (As amended by Communiqué Serial: VI, No: 17) Can invest on projects of real estate, including revenue sharing projects, for which all required permits have been obtained pursuant to the relevant legislation, whose project is ready and approved, and all of whose legally required documents to start construction have been determined by independent expertise firms to be fully and correctly existent, by acquiring ownership thereof or establishing construction rights thereupon to generate real estate development profit or rental revenues at each and every stage of the project

g) Can establish usufruct on real estates and exercise this right, can establish periodic property servitude, and can be liable for right for construction on the land for making commercial profit.

h) Reserving the special regulations can realize Build-Operate-Transfer projects if and only if the conditions in paragraph (f) of this Article are fulfilled or can realize such projects by establishing the right for construction for others or itself.

i) Can invest in real estate based projects meeting the conditions mentioned in paragraph (f) of this Article without ownership or flat servitude, in accordance with the conditions of the contract, for having shares from the future rents if and only if these are secured in accordance with the Board's conditions,

i) Can invest jointly through establishment of flat servitude in real estate based projects mentioned in paragraph (f) of this Article if there exists no restriction on the utilization of the company's share in the agreement concluded between the joint owners,

j) (As amended by Communiqué Serial: VI, No: 17) Can buy and sell real estates abroad, provided that they acquire their possession rights, can invest in companies established abroad, provided that their field of operation is only the real estate and can invest in foreign securities based on real estates,

k) Can rent real estates from third parties and sublease them for earning rent abiding by the special provisions of the contract,

l) For hedging against interest rate risks due to borrowing and exchange rates risks due to foreign exchange based transactions, can make swap and forward transactions, write options, buy futures contracts except for commodity futures.

Prohibitions on Investments

ARTICLE 26 – The companies,

- a) Shall no way aim to control the capital and management of the companies that they purchase the shares of and shall not have more than 5% of the capital and voting right in any company,
- b) Can not invest in gold and precious metals,
- c) Can not invest in capital market instruments not traded on Stock Exchange or organized markets other than the Stock Exchange. Purchase and sale of capital market instruments must be realized via the Exchange,
- d) Can not invest in commodity futures or in commodities,
- e) Can not short sell or lend securities,
- f) Can not make transactions in derivative instruments exceeding the purpose of hedging,
- g) (As amended by Communiqué Serial: VI, No: 17) Can not pay commission fee and similar expenses exceeding 3% of the asset value in purchase and sale of assets to/from the portfolio except for the tax, duty and similar legally necessary expenses,
- h) (As amended by Communiqué Serial: VI, No: 17) Can not invest in assets and rights that are subject to any kind of restrictions in transfer.
- i) (Added by Communiqué Serial: VI, No: 17) Can not continuously make short term real estate purchasing and selling operations

Portfolio Restrictions

ARTICLE 27 – (As amended by Communiqué Serial: VI, No: 17) The companies;

- a) Are required to invest in real estates, rights supported by real estates and real estate projects in the ratio of at least 50 % of their portfolio value.
- b) Can invest totally in assets defined in paragraphs (a) and (b) of Article 25 herein and in subsidiaries whose maximum limits are defined in Article 32/A of this Communiqué, at a maximum rate of 50% of their portfolio values whereas can invest in time deposit and demand deposits in Turkish Liras or any foreign currency for investment purposes at a maximum rate of 10% of their portfolio values. If the payments of the price of assets acquired for the portfolio or costs of projects are made in return for certain progress payments or in installments, the cash surplus corresponding to such payments can be invested in the assets defined in paragraphs (a) and (b) of Article 25. For the calculation of the 50% ratio, amount of expenditures made for these purposes within the year of preparation of portfolio table and in the following two years will be deducted from the total amount of portfolio assets which are specified in paragraphs (a) and (b) of Article 25. However, value increases pertaining to the assets through which amounts corresponding to such expenditures are invested and the expenditures that has not been paid but are among the ones planned to be paid for the periods before the portfolio table is prepared cannot be deducted. In order to make this deduction, the annual expenditure amounts planned for the period until the

completion of the project must be notified to the Board before the project is included to the portfolio table. Changing the amount of expenditure already notified to the Board for being taken into consideration in calculating the 50% ratio is subject to the Board's approval.

c) Can invest in foreign real estate and capital market instruments backed by real estate, as stated in paragraph (j) of article 25 of this Communiqué, at a maximum rate of 10% of the portfolio value.

d) The rate of lands and registered lands which are in the portfolio but which, in spite of a period of 3 years having elapsed from their acquisition, have not been administrated for any project development can not exceed 10% of the portfolio value.

e) If companies can not achieve the minimum 50% ratio defined in paragraph (a) according to the last quarter's portfolio table that has been prepared at the end of the accounting period and disclosed to the public, they apply to the Board. After making an evaluation, Board may provide an extension period of one year for once. However, if companies still fail to achieve this minimum 50% ratio at the end of this extension period, they are required to apply to the Board in order to modify their Articles of Association so as not to cover real estate investment trust operations. If companies do not fulfill these changes, they shall be discharged according to subparagraph (2) and (6) of paragraph 1 in Article 434 of TCC.

Establishment of Absolute Rights

ARTICLE 28 – The real rights on real estates that the company shall acquire are established according to the provisions of the Civil Law. From servitudes, only usufruct, periodic property servitude and right for construction can be established with the condition that they are registered as a permanent and individual right for the company as a separate record at the title deed registry. No limitation can be imposed transferring the right for construction in the contract creating this right. However, the provisions in special legislations are reserved.

Contracts That Must Be Recorded to Title-Deed Registry

ARTICLE 29 – First options, rights of redemption and purchase options for the company arising from contracts, real estate sale promise contracts, right for settlement of pledged receivables, and rent agreements in which the company is in "tenant" position must be recorded to the title-deed registry.

Diversification of Portfolio

ARTICLE 30 – (First paragraph amended by Communiqué Serial: VI, No: 17) The portfolio of general purpose real estate investment companies is required to be diversified based on the industry, region and real estates and to be managed with a long term investment purpose.

75% of the portfolio of the companies established with the purpose of operating in certain areas or investing in certain projects must consist of assets mentioned in their titles and/or Articles of Association.

(Third paragraph is overruled by Communiqué Serial: VI, No: 17)

Exceeding the Portfolio Limits

ARTICLE 31 – (This article is overruled by Communiqué Serial No. VI, No: 17)

Operating Company

ARTICLE 32 – (First paragraph amended by Communiqué Serial: VI, No: 17) If any real estate exits in the portfolio for the purpose of generating rental revenue, companies can provide the security, cleaning, general management and similar services to tenants for such real estates or independent parts thereof or can execute contracts with any operating firm for performance of these services. Advertising and promotion activities to be performed for marketing of the real estates and real estate projects within the company's portfolio and for improving their value are deemed as a basic service.

(Second paragraph amended by Communiqué Serial: VI, No: 12,) In the company, the natural or legal persons with capital share, voting right or nomination preference to a degree leading to direct or indirect control of the company's administration cannot provide consultancy services to the company. The operating and consultant companies can not be the same entities.

Participation

ARTICLE 32/A – (Added by Communiqué Serial:VI No:17) Companies can participate only to operator companies, other real estate investment companies, companies established abroad, the operational field of which is only the real estates, for the purpose of including a certain real estate to their portfolio and companies established in Turkey, provided that the expertise value of the real estate planned to be included in the portfolio value at the acquisition date is at least equal to 75% of the balance sheet assets of companies established in Turkey, in total at a maximum rate of 10% of their portfolio value specified in their most recent quarterly portfolio table drew up and disclosed to the public at the end of the accounting period. Subparagraphs (a) and (c) of the first paragraph of Article 26 are not applied for these participations.

Insurance Obligation

ARTICLE 33 – (As amended by Communiqué Serial: VI, No: 17) All the assets in company's portfolio other than land, registered land, rights, projects whose construction has not yet started and capital market instruments must be insured by taking their market values into consideration against all damages that may be incurred. Furthermore, it is possible to make insurance against incompleteness of the projects or value losses of assets within the portfolio.

Collateral

ARTICLE 34 – (As amended by Communiqué Serial: VI, No: 17) In projects on flat basis, if the owners of the land, where the project is to be carried out, establish a right for construction in favor of the company for free or for an insignificant price, the assets in the portfolio can be mortgaged or limited real rights can be established on the assets in the portfolio for the benefit of the owner of the land as a guarantee. Furthermore it is possible to pledge the assets in the portfolio or to establish other real rights on them in favor of the counterparty in order to finance the acquisition of real estates, real estate projects, and rights backed by real estates or to obtain credits for investments. No rights attending the assets in the portfolio can in any way be exercised on behalf of third parties with purposes other than the above. The value of total liabilities mentioned above can not exceed the total market value of the assets in the company's portfolio. Loans to be obtained under this article are also be evaluated as per Article 35 of the Communiqué.

Borrowing Limits

ARTICLE 35 – (As amended by Communiqué Serial: VI, No: 17) In order to meet short term fund demands or costs related to their portfolio, companies can obtain credits at a rate of three times as much as their net asset values included in their most recent quarterly portfolio table prepared and disclosed to the public at the end of the accounting period. In order to calculate the uppermost limit of such credits, obligations of the company arising out of financial leasing transactions and non-cash credits shall also be taken into account.

Companies can issue debt instruments within the restrictions in the capital market legislation. However, for the issued debt securities, the credits mentioned in the above paragraph shall be deducted from the issue limit calculated according to the capital market legislation.

Companies can issue asset-backed securities backed by contracts on sales or promises to sell the real estates in their portfolio, or backed by notes receivable related to sales of these assets, within the framework of the Board regulations.

Construction Services

ARTICLE 36 – The construction of the projects in company's portfolio must be undertaken by contractors within the framework of a contract including the parties' rights and obligations in construction works.

The scope of the contract shall be freely determined by the parties, however, it must cover at least the obligations of the contractor, payment conditions, warranty conditions in case of defects, conditions for renouncing the contract, right to claim compensation by the owner, and conditions of termination of the contract must be included.

The selection of the contractor and conditions of the contract has to be approved by the Board of Directors.

Establishing Ordinary Partnerships

ARTICLE 37 – In order to undertake construction works of a project the companies can establish ordinary partnerships with one or more partners exclusively for realizing the project. If the company participates for this purpose in an ordinary corporation it shall not be evaluated as participation.

SECTION SIX BASICS OF VALUATION

Transactions Requiring Valuation

ARTICLE 38 – (First paragraph amended by Communiqué Serial: VI, No: 17) The companies do comply with the principles specified by the Board in valuation of the capital and money market instruments and subsidiaries in their portfolios. Furthermore, they are obliged to have an expert company, meeting the conditions mentioned in Article 39 of this Communiqué and included in the list, to value the assets and rights subject to the transactions and determine the market value of rents in the following:

- a) Purchase and sale of real estates, rights, and projects based on real estates in the portfolio,
- b) Renting the real estates in the portfolio,
- c) Renting of real estates for sublease,
- d) Renewal or extension of rent contracts of real estates in portfolio,
- e) Real estate mortgage,
- f) In order to initiate construction works for projects based on real estates, to determine if the necessary documents are accurately present and the legal procedure is followed,
- g) Determination of the values of assets in the portfolio at the end of the year if their market values have not been determined within the past year for any reason,
- h) (Added by Communiqué Serial: VI No: 13) Depositing of capital in kind to the corporation.

Selection of Expert Company

ARTICLE 39 – The expert company for valuation in accordance with Article 38 of this Communiqué;

- a) Should be included in the list of the Board,
- b) Should be independent from the parties mentioned in paragraph (A) of Article 21 in a manner mentioned in paragraph (g) of Article 4 of this Communiqué.

(Second paragraph amended by Communiqué Serial: VI, No: 17) Companies can obtain service from the same expertise company up to 5 consecutive years. In order to obtain service from the same expertise

company after this five years period, at least 2 years must pass. Condition laid down in paragraph (a) of this Article should not apply for purchase and sale of real estates abroad.

Issues To Be Considered in Expertise Reports

ARTICLE 40 – (As amended by Communiqué Serial: VI, No: 17) The principles specified in “Communiqué for Principles Pertaining to Companies Offering Valuation Services According to Capital Markets Legislation and the Listing Rules of these Companies to be Used by the Board”, Serial No: VIII, No: 35 are applied in the market value reports to be prepared by expertise companies.

Use of Expertise Valuation

ARTICLE 41 – The market value of assets and rights are determined at the end of each year. This transaction is conditional for the assets, which have been inspected in the last three months. If the company deems necessary, it can have the market value of its portfolio determined and disclose the net asset value of the company to public.

(Second paragraph amended by Communiqué Serial:VI, No:17) Financial statements to be prepared as per the regulations of the Board must comply with the relevant accounting standards regulations of the Board.

(Third paragraph amended by Communiqué Serial:VI, No:17) The assets in company portfolio can be subject to a long-term rent contract. In this case, however, the rentals stated in the contract must be renewed at least every five years by taking expertise values into consideration.

(Forth paragraph amended by Communiqué Serial:VI, No:17) Purchasing operations for the portfolio, selling operations from the portfolio and renting operations to be performed by the company are conducted by taking expertise values into consideration. If any value higher than the expertise value for purchasing operations or any value less than the expertise value for the selling and renting operations is taken into account by taking the current market and payment conditions into consideration, this case must be notified to the public in accordance with the relevant regulations of the Board of principles regarding public disclosure of material events and also to the shareholders during the first general assembly meeting.

SECTION SEVEN OTHER PROVISIONS

Principles Regarding Periodical Statements and Reports³

ARTICLE 42 – (As amended by Communiqué Serial: VI, No: 17) As of quarterly periods, companies must prepare portfolio tables specified by the Board pertaining to the assets in their portfolio, their costs and market values given in the most recent expertise report and submit this table to the Board and the Stock Exchange in which the company's shares are traded within six business days following the end of quarterly period.

In addition to this, companies prepare quarterly reports specified by the Board. At minimum these quarterly reports shall summarize the developments within the last three months and include the statement of operation prepared by the Board of Directors, portfolio table of the company in the relevant period, information regarding the assets included in the portfolio, current situation, completion ratio and duration of the projects, realization possibility of projections, problems etc., company's quarterly balance sheet and income statement in a way of comparison with the previous quarterly report of the company. This quarterly report must be submitted to the Board within six weeks following the ending of the relevant period. This report must also be kept available at the company's headquarters and on its internet site for being reviewed by the investors. Also it can be sent to the shareholders upon their request. The quarterly report is to be prepared according to the principles and procedures specified by the Board and are to be kept by the company for a period of at least 10 years.

Disclosure

ARTICLE 43 – (As amended by Communiqué Serial: VI, No: 17) Companies must submit;

a) The expertise reports issued pursuant to provisions of this Communiqué or optionally to the Board within six business days following the delivery of these reports to them;

b) The resolutions regarding any purchase or sale which exceeds 10 % of the portfolio value to the Board within six business days following the adoption of the resolution;

c) The portfolio value table which is prepared as per the article 42 of this Communiqué to the Board within six business days following the end of the quarterly period;

d) The independent audit report and financial statements which are prepared in accordance with the principles of the Board within six business days following their preparation to the Board;

e) The annual operation statement to the Board within six business days following its preparation;

³ The heading of the Article was "Portfolio Value Table" and had been amended by Communiqué Serial No:VI, No:17 as it is in the text.

f) A copy of each of the newspapers in which any kind of announcement and advertisement appears to the Board within six business days following their publication;

g) For the projects included in or prescribed to be included in the portfolio, at least the expertise report and the documents indicating that their legal approvals have been obtained, to the Board within six days following their delivery to them and the feasibility report, planned expenditure amounts and payment schedules to the Board within six business days following their finalization.

A copy of the documents listed in paragraphs (c), (d) and (e) here above and other documents listed in paragraph (g) except the feasibility report must be kept available at the company's headquarters and on the internet site for review by the investors and will be sent to the shareholders upon their request.

Company's Board of Directors should prepare collective principles to be used in the information policy of the company, present them to the shareholders at the general shareholder meeting and disclose to the public. The company's information policy should cover category of information to be disclosed to the public in addition to the requirements of the relevant legislation; form, frequency and methods of disclosure; the frequency at which the board and the executives would confront the press/media; the frequency at which meetings for public disclosure would be conducted; the method to be adopted in order to answer the questions submitted to the company and other relevant issues. Any amendments in the information policy of the company and corresponding reasoning should be presented at the general shareholder meeting and disclosed to the public upon approval by the board.

In addition to the issues that the company is required to disclose to the public as per the regulations of the Board regarding the public disclosure of material events, the companies are required to disclose the delivery of the expertise reports prepared for the projects included or prescribed to be included in the portfolio and the documents indicating that they have obtained the legal approvals, finalization of the planned expenditure amounts and payment schedules, the reasons of failing to achieve the minimum 50% ratio within the scope of subparagraph (e) of Article 27 here above and their plans to be implemented in order to correct this failure to the public.

Furthermore, all kinds of information and documents requested by the Board for monitoring and auditing of the company and effective clarification of the public must be sent to the Board within the period and principles foreseen by the Board and the issues required by the Board must be disclosed to the public.

Prohibition on Title

ARTICLE 44 – No institution other than the companies established and operating within the provisions of this Communiqué and provisions of the Law can use in its commercial title or ads and notices the phrase “Real Estate Investment Company” or another phrase having the same meaning.

Fee to be Paid to the Board's Special Fund

ARTICLE 45 – Prior to registration of the shares of the company with the Board in accordance with Article 28 of the Law, the registration fee shall be deposited to the Board's account in cash.

Other Provisions

ARTICLE 46 – In situations with no applicable provisions in this Communiqué concerning the companies, the provisions of related legislation, TCC and the Law shall apply.

Condition of Capital Issued for Cash Being Invalid

SUPPLEMENTARY ARTICLE – The condition of issuance of at least 25 % of the capital for cash as mentioned in the amended (d) subparagraph of (B) subparagraph of first paragraph of Article 6 of this Communiqué will not be sought in the transformation of Emlak Konut A.Ş. in accordance with Decree Law No:588 into real estate investment trust.

Repealed Provisions

ARTICLE 47 – The Communiqué published in the Official Gazette dated 22 July 1995 No:22351 Serial: VI No: 7 named “Communiqué on Principles Regarding on Real Estate Investment Companies” and “Annex to Communiqué on Principles Regarding on Real Estate Investment Companies No: 8 Serial: VI” published in the Official Gazette dated 23 January 1996 No:22352 have been overruled.

PROVISIONAL ARTICLE 1 – Companies that have been established prior to publication of this Communiqué have to change their Articles of Association in accordance with the provisions herein within one year following the publication of this Communiqué.

The article on preferential vote in Articles of Association of companies mentioned above can be amended so as to provide nomination preference.

PROVISIONAL ARTICLE 2 – The amounts indexed to revaluation value increase in accordance with this Communiqué shall apply starting from 1.1.2000.

PROVISIONAL ARTICLE 3 - (Added by Communiqué Serial:VI No:17) Companies that have been established before the publication date of this Communiqué must comply with the provisions in subparagraph two and three of Article 22 and subparagraph (d) of the first paragraph of Article 23 of this Communiqué within six months of the publication date.

Entry into Force

ARTICLE 48 – This Communiqué will enter into force on the day of its publication.

Execution

ARTICLE 49 – The provisions of this Communiqué shall be executed by the Board.

(Annex 1, 2, 3, 4 and 5 is overruled by Article 33 of Communiqué Serial No. VI, No: 17)