

**COMMUNIQUE ON PRINCIPLES OF
REAL ESTATE INVESTMENT COMPANIES
(III-48.1)**

(Published in the Official Gazette edition 28660 on 28/05/2013)

List of amendments to the Communiqué:

- 1- The Communiqué Revising the Communiqué on Principles of Real Estate Investment Companies (III-48.1.a) has been promulgated in the Official Gazette edition 28891 on 23/01/2014

FIRST PART

Purpose, Scope, Grounds, Definitions and Abbreviations

Purpose and Scope

ARTICLE 1 – (1) (As revised and amended by the Communiqué no. III-48.1.a) The purpose of this Communiqué is to set down principles with regard to foundation and founders of real estate investment companies, and issuance, public offering and sale of their shares, transfer of shares, principles of operations, management principles, portfolio limitations, assessment and valuation of rights and assets in portfolio, custody of assets, issuance of privileged shares, qualifications to be sought for partners and managers, public disclosure and investor information obligations, profit distribution, exit from real estate investment company status, other obligations and liabilities thereof, and principles of conversion of joint-stock companies into real estate investment companies.

Grounds

ARTICLE 2 – (1) This Communiqué is prepared and issued in reliance upon Articles 48 and 49 of the Capital Markets Law no. 6362 dated 6/12/2012.

Definitions and Abbreviations

ARTICLE 3 – (1) (As revised and amended by the Communiqué no. III-48.1.a) For the purposes and in the context of this Communiqué:

a) **“Infrastructure company”** refers to a capital company or a foreign company as defined in the Law on Performance of Some Investments and Services By Build-Operate-Transfer Model no. 3996 dated 8/6/1994, or a company which is assigned to perform infrastructural investment services by other public private partnership or privatization models regulated by the relevant laws and regulations, or a company founded specifically for infrastructural investments and services provided by public administrations, social security agencies, local governments and public economic enterprises within the organization of central government;

- b) “Infrastructural investments and services”** refers to agricultural, irrigation, mining, manufacturing, energy, transportation, communication, information technologies, tourism, housing, cultural, urban and rural infrastructure, municipal services, urban transformation, environmental, research and development services and education, health, justice, security, general administrative infrastructure and similar other investments and services, as well as projects relating to and rights and interests associated with these investments and services, all carried out and provided by public administrations, social security agencies, local governments and public economic enterprises within the organization of central government as regulated by the Public Fiscal Administration and Control Law no. 5018 dated 10/12/2003;
- c) “Ministry”** refers to and stands for the Ministry of Customs and Trade;
- ç) “Association”** refers to and stands for the Association of Capital Markets of Turkey;
- d) “Stock exchange”** refers to the systems, marketplaces and foreign exchanges as defined in sub-paragraph (ç) of first paragraph of Article 3 of the Capital Markets Law no. 6362;
- e) “BİAŞ”** refers to and stands for Borsa İstanbul A.Ş.;
- f) “Consultant Company”** refers to a company which offers services aimed at development of real estate portfolio, and research of alternative investment opportunities, also including project development and control services, to the real estate investment company under an agreement signed with the real estate investment company;
- g) “Real estate appraisal company”** refers to a company as defined in the regulations of the Board pertaining to appraisal firms operating in the field of appraisal in capital markets and to appraisal activities thereof;
- ğ) “Public float share status”** refers to shares registered in Central Registry Agency Co., Inc. as shares tradable in stock exchange;
- h) “Administration”** refers to public entities and institutions which are authorized by the Higher Planning Board to enter into a contract with infrastructure company for infrastructural investments and services, and/or are the principal owner of such services;
- ı) “Related party”** refers to a related party included in regulations of the Board within the frame of the Turkish Accounting Standards;
- i) “Operating period”** refers to the period of income-oriented activities of the relevant premises after completion of investment period, unless another period is specifically referred to in the contract signed with the Administration;
- j) “Operator company”** refers to a company operating for commercial purposes the hotels, hospitals, shopping centers, business centers, commercial parks, commercial

warehouses, mass housing sites, supermarkets and similar other real estates, as well as premises built through infrastructural investments and services, which are owned by or under tenancy of the real estate investment company, within the frame of an agreement signed with the real estate investment company;

- k) **“Law”** refers to the Capital Markets Law no. 6362;
- l) **“PDP”** refers to the Public Disclosure Platform;
- m) **“Board”** refers to and stands for Capital Markets Board;
- n) **“Contractor”** refers to a natural person or legal entity which assumes the construction works of real estate projects included in the portfolio of the real estate investment company, within the frame of an agreement signed with the real estate investment company;
- o) **“Qualified investor”** refers to persons referred to and defined in regulations of the Board pertaining to sales of capital market instruments;
- ö) **“REIC”** refers to a real estate investment company;
- p) **“REIC total assets”** refers to total assets shown in the non-consolidated / solo financial statements of the REIC, unless otherwise mentioned in this Communiqué;
- r) **“REIC portfolio”** refers to an estate or property consisting of assets and rights enumerated in the first paragraph of Article 4 hereof and included in assets of the REIC;
- s) **“SPL”** refers to and stands for Sermaye Piyasası Lisanslama Sicil ve Eğitim Kuruluşu A.Ş. (Capital Markets Licensing Registry and Training Services Co., Inc.);
- ş) **“Clearing Bank”** refers to İstanbul Takas ve Saklama Bankası A.Ş. (Istanbul Custody and Settlement Bank Co., Inc.);
- t) **“TCC”** refers to and stands for the Turkish Commercial Code no. 6102 dated 13/1/2011;
- u) **“TTRG”** refers to and stands for the Turkish Trade Registry Gazette;
- ü) **“Build-Operate-Transfer Model”** refers to the model defined in the Law no. 3996;
- v) **“Investment period”** refers to the period of all or some of construction, preparatory, manufacturing, drilling, installation, assembly and similar other operations relating to infrastructural investments and services, unless another period is specifically referred to in the contract signed with the Administration; and

y) **“Management control”** refers to the holding of more than fifty percent of voting rights of a partnership, or the holding of majority of privileged shares granting the right to nominate a number of directors corresponding to simple majority of full number of members of the board of directors in the general assembly meetings, directly or indirectly, alone or jointly with other persons acting together.

SECOND PART

General Principles

Definition of REIC

ARTICLE 4 – (1) (As revised and amended by the Communiqué no. III-48.1.a) REIC is a type of capital market institution which is founded in order to issue its shares for the purpose of operating and managing a portfolio composed of real estates, real estate projects, real estate-based rights, infrastructural investments and services, capital market instruments, Clearing Bank money market and reverse repurchase transactions, time deposits or participation accounts in Turkish Lira, demand and time deposits or special current and participation accounts in foreign currency, subsidiaries and affiliates, and other assets, rights and instruments to be determined by the Board, in accordance with the procedures and principles set forth in this Communiqué, and which may engage in other activities permitted in this Communiqué, within the limits of activities delineated in Article 48 of the Law.

(2) REICs operating and managing a portfolio consisting of infrastructural investments and services are required to be founded/transformed solely and exclusively for these activities, and the REIC’s articles of association should contain a clause in connection therewith.

(3) REICs founded for operation and management of a portfolio consisting solely of infrastructural investments and services cannot invest in real estates, real estate-based rights and real estate projects unrelated with the infrastructural investments and services. Other REICs covered by this Communiqué can also not invest in infrastructural investments and services and the associated assets and rights, except for those which are incidental by nature and are performed as a part of real estates or real estate projects within the frame of their main fields of business.

Objectives and Fields of Business of REIC:

ARTICLE 5 – (1) (As revised and amended by the Communiqué no. III-48.1.a) REICs may either be founded to operate and manage a portfolio composed solely of infrastructural investments and services or to operate and manage a portfolio composed of other rights and assets mentioned in first paragraph of Article 4 of this Communiqué, or alternatively be founded to invest in a particular project or real estate or in infrastructural investments and services or to carry out activities and operations in a specific field.

(2) At least 75% of total assets of REICs founded for engaging in activities and operations in a specific field of business or for investing in a particular project/real estate or in a particular infrastructural investment and service is composed of investments made thereunder, and the name of these REICs contains a phrase relating to said activity, operation, project, real estate or infrastructural investment and service.

THIRD PART

Principles on Foundation and Conversion

Conditions of Foundation and Conversion

ARTICLE 6 – (1) (As revised and amended by the Communiqué no. III-48.1.a) REICs may directly be founded as a real estate investment company, or joint-stock companies may be converted into a REIC by amending and adopting their articles of association in accordance with provisions of the Law and this Communiqué. In the case of both foundation and transformation of REICs operating a portfolio consisting solely of infrastructural investments and services, it should clearly be stated in their articles of association that minimum 75% of their total assets will be composed of infrastructural investments and services. Provided, however, that only infrastructure companies may be transformed and converted into a REIC operating a portfolio consisting solely of infrastructural investments and services.

(2) In order for the Board to approve an application for foundation or conversion of a REIC:

- a)** the REIC must have been founded in the form of a joint-stock company with registered capital or must be a joint-stock company and must have applied to the Board for shifting to registered capital system;
- b)** in the case of foundation, its initial capital, or in the case of conversion, each of its existing paid or issued capital and shareholders' equity shown should not be less than TL 30,000,000, and if it will operate a portfolio consisting solely of infrastructural investments and services, it should not be less than TL 100,000,000;
- c)** if its capital mentioned in subparagraph (b) of this paragraph:
 - 1)** is less than TL 60,000,000, at least 10% of its shares representing its capital; or

- 2) is equal to or more than TL 60,000,000, its shares representing a portion of TL 6,000,000 of its capital, and if it will operate a portfolio consisting solely of infrastructural investments and services, its shares representing a portion of TL 10,000,000 of its capital,

in the case of foundation, must have been issued against cash payment and the price of all shares issued in cash must have been fully paid, or in the case of conversion, must have been issued against cash payment, or total sum of cash and cash equivalents and financial investments accounts included in the group of current assets in its non-consolidated or solo financial statements of its last accounting period, audited by an independent audit firm, must be equal to the rate or amount specified in this subparagraph;

- ç) its name must contain the phrase “Real Estate Investment Company” or it must have applied to the Board for change of its name so as to include this phrase;
- d) its founding partners or existing partners must meet the conditions and bear the qualifications set forth in this Communiqué;
- e) its articles of association must be in accordance with the provisions of the Law and this Communiqué, or must have applied to the Board in order to amend its articles of association in such manner to be adapted to the provisions of the Law and this Communiqué;
- f) members of its board of directors and its general manager must meet the conditions specified in this Communiqué, and its general manager must have been chosen at the time of application for foundation or conversion and must have been appointed no later than the date of registration of foundation or amendments in articles of association in the trade registry, or if it will operate a portfolio consisting solely of infrastructural investments and services, must have been appointed within six months following the date of registration;
- g) qualifications of assets included / to be included in its portfolio, and their existing / future weights in total assets of the REIC must be in conformity with qualifications and limitations specified in this Communiqué;
- ğ) in applications for foundation, if capital in kind is injected at the time of foundation, the value of capital in kind must have been determined and calculated pursuant to Article 9 of this Communiqué;
- h) it must have been duly committed to the Board that its shares equal to 25% of its initial capital or issued capital will be offered to public in accordance with the principles and within the period set forth in this Communiqué, or if will operate a portfolio consisting

solely of infrastructural investments and services, will be offered to public or will be sold by private placement to qualified investors; and

- i) its capital must not have been increased out of funds created by carriage of assets to current market value during the last two years.

(3) In applications for conversion of other investment companies and publicly held corporations into a REIC, the condition of adaptation of the portfolio assets to REIC total assets ratio set forth in this Communiqué, as specified in subparagraph (g) of first paragraph of this Article, must have been satisfied and met within no later than 6 months following the date of registration of amendments made to the articles of association for conversion purposes in the trade registry. A company/corporation which fails to adapt itself as above by the end of said period loses its right to operate as a REIC. Within maximum three months following the end of the related period of time, the REIC is under obligation to apply to the Board for amendment of relevant provisions of its articles of association in such manner to exclude REIC activities therefrom. It is the responsibility of the REIC board of directors or if authorized so by the board of directors, of relevant managing (executive) director to fulfill the said obligation.

(4) In REICs operating a portfolio consisting solely of infrastructural investments and services:

- a) If at least one of the partners is a legal entity categorized as a public entity and institution and holds at least 20% of capital shares of the REIC:
 - 1) The initial capital referred to in subparagraph (b) of second paragraph is applied as TL 5,000,000. However, the issued capital must reach at least TL 100,000,000 as a result of capital increase in the form of sales of shares under Article 11/A hereof.
 - 2) The condition specifying that a minimum portion of TL 10,000,000 of the capital must have been issued in cash as stated in subparagraph (c) of second paragraph is not applicable.
- b) Conditions specified in subparagraph (d) of second paragraph are not sought for in legal entities categorized as a public entity and institution.
- c) If and when the decision or approval of another authority or organ is required pursuant to special laws and regulations governing the partners, such decision or approval must have been taken in application for foundation or conversion of a REIC.

Qualifications of Founders and Partners:

ARTICLE 7 – (1) Natural person and/or legal entity founding partners of a REIC:

- a) must not have been adjudged bankrupt, or entered into composition with their creditors, or been subject to a court order for postponement of bankruptcy;

- b) must not be among the persons held liable for the event necessitating this sanction, in institutions or entities one of the operating licenses of which is cancelled by the Board;
- c) must not have been convicted of any one of the offences and crimes listed in the Law by a final court verdict;
- ç) must not be the subject matter of an order of liquidation issued about them or about their institution or entity pursuant to the Governmental Decree in Force of Law About Transactions of Insolvent Bankers, no. 35, dated 14/1/1982 and its annexes;
- d) must not have been sentenced to imprisonment for five years or more due to a crime committed maliciously, and been convicted of crimes against security of state or crimes against constitutional order and its modus operandi, or of embezzlement, extortion, bribery, theft, swindling, fraud, abuse of trust, fraudulent bankruptcy, bid rigging, rigging in performance of obligations, prevention or distortion of informatics system, destruction or alteration of data, abuse of debit or credit cards, laundering of crime properties and moneys, smuggling, tax evasion or unjust acquisition of properties, even if the periods referred to in Article 53 of the Turkish Criminal Code no. 5237 dated 26/09/2004 have elapsed;
- e) must have obtained the resources needed for foundation from its own commercial, industrial and other legal activities free from any kind of collusion, and must have financial power to fund the subscribed capital amount;
- f) must have honesty and reputation required for the business;
- g) must not have any overdue tax debts;
- ğ) **(Subparagraph added by the Communiqué no. III-48.1.a)** must not have been convicted of crimes described in the Law on Prevention of Financing of Terrorism no. 6415 dated 7/2/2013; and
- h) **(Subparagraph added by the Communiqué no. III-48.1.a)** must not have been banned on trading pursuant to subparagraph (a) of first paragraph of Article 101 of the Law.

The conditions specified in subparagraph (a) of this paragraph are not considered in enforcement of the decision relating to removal or closure of bankruptcy or approval of concordat proposal, and the conditions specified in subparagraph (b) hereof are not considered in implementation of this paragraph after lapse of 10 years following the date the relevant decision is finalized.

(2) In applications for conversion, the existing partners of the joint-stock company to be converted must meet the conditions specified in all subparagraphs, but subparagraph (e), of first paragraph of this Article.

(3) In applications for foundation and conversion, natural persons indirectly and ultimately holding 20% or more of capital shares of the REIC, and in the case of privileged shares, natural persons indirectly holding privileged shares providing management control in the REIC are required to meet the conditions specified in all subparagraphs, but subparagraph (e), of first paragraph of this Article.

(4) In applications for conversion of publicly held corporations, the partners holding the shares providing management control are required to meet the conditions specified in all subparagraphs, but subparagraph (e), of first paragraph of this Article.

(5) In applications for foundation and conversion, if the founder or existing partner is a bank, it is sufficient to submit to the Board the information and documents proving that the bank has the qualifications specified in subparagraph (g) of first paragraph of this Article. The provisions of third paragraph of this Article are not applicable on persons who indirectly hold shares in the REIC through indirect and direct shareholding in the bank. If banks are direct or indirect partners of REICs, a prior consent of the Banking Regulation and Supervision Agency is required.

Foundation or Conversion Transactions

ARTICLE 8 – (1) (First paragraph as revised and amended by the Communiqué no. III-48.1.a) Applications for foundation or conversion are required to be filed to the Board with a standard foundation or conversion application form, the format and principles of which will be determined by the Board, and with other documents enumerated in that form.

(2) **(Second paragraph as revised and amended by the Communiqué no. III-48.1.a)** The Board checks the application in terms of compliance with the provisions of the Law and this Communiqué. If the application is approved by the Board, then an application is made to the Ministry with a request of approval of foundation in the case of foundation or a request of approval of amendments to articles of association in the case of conversion, without prejudice to the law provisions pertaining to other consents, approvals and permissions required to be taken from the relevant authorities with respect to infrastructural activities.

(3) In the case of foundation, the articles of association must be registered in the trade registry within no later than 30 days following the date of receipt of the relevant consent of the Board, and in the case of conversion, the general assembly meeting to be convened for approval of amendments proposed to be made in the articles of association must be held within no later than 30 days following the date of receipt of the relevant consent of the Board, and the relevant general assembly decision must be registered in the trade registry within no later than 15 days following the date of general assembly meeting.

(4) REICs send to the Board the documents demonstrating the registration in the trade registry of the foundation articles of association or the general assembly decision relating to conversion and the announcement thereof in TTRG within six business days following the date of announcement.

Capital in Kind

ARTICLE 9 – (1) (First paragraph as revised and amended by the Communiqué no. III-48.1.a) In foundation and capital increases of REICs, only real estates and real estate-based real rights not restricted by any mortgage or by any encumbrance which directly and materially affects the value of real estate may be injected as capital in kind within the frame of provisions of Articles 342 and 343 of TCC. In REICs operating a portfolio consisting solely of infrastructural investments and services, in addition to the assets mentioned in this paragraph, other assets to be deemed fit by the Board may also be injected as capital in kind. However, both in foundation and after capital increase, the portion of issued capital paid in cash must not fall below the amount/rate stipulated in subparagraph (c) of second paragraph of Article 6 of this Communiqué.

(2) **(Second paragraph as revised and amended by the Communiqué no. III-48.1.a)** If capital in kind is injected at the time of foundation, the injected capital in kind is valued and assessed within the frame of provisions of Article 343 of TCC. In addition, a report for appraisal of capital in kind is prepared and issued within the frame of principles set forth in Eighth Part of this Communiqué. The lower one of the amounts calculated in these reports is taken and treated as the capital in kind.

(3) The provisions of Article 343 of TCC are applied by analogy in increases of capital in kind. Prior to an application to be filed to the Board for increase of capital in kind, the expert and appraisal/valuation reports mentioned in second paragraph of this Article must have been issued.

(4) A decision of increase of capital in kind may be taken only in a general assembly meeting. Articles of association of the REIC must contain a clause relating thereto.

(5) **(Fifth paragraph as revised and amended by the Communiqué no. III-48.1.a)** Real estates and real estate-based rights to be injected as capital in kind are registered in the trade registry in the name of the REIC within no later than 10 days after the REIC becomes a separate legal entity or as after the date of registration of capital increase. For other assets to be injected as capital in kind, the periods and conditions stipulated in the relevant laws are applied. It is the responsibility of the REIC board of directors or if authorized so by the board of directors, of relevant managing (executive) director to complete the said registration within the legal period of time stipulated thereinfor.

FOURTH PART

Issue and Sales of Shares

Sales of REIC Shares

ARTICLE 10 – (As revised and amended by the Communiqué no. III-48.1.a) (1) Issue and sales of REIC shares are governed by not only the special provisions specified in this Communiqué, but also the regulations of the Board pertaining to issue and sales of shares and approval of prospectus and issuance certificate.

(2) REICs may offer to public also the shares to be issued against capital in kind.

Sales Through Public Offering (*)

ARTICLE 11 – (As revised and amended by the Communiqué no. III-48.1.a) (1) REICs originally founded as a real estate investment company or later converted into a real estate investment company through amendments to articles of association may sell their shares via public offering only if and when they, within three months following the date of registration of their foundation or the amendments to their articles of association in trade registry, procure the required spaces, equipment and personnel and build the required organization, and the REICs originally founded as a real estate investment company must fulfill their obligations regarding the assets to be included in portfolio and regarding the appointment of a general manager pursuant to subparagraphs (f) and (g) of second paragraph of Article 6 of this Communiqué, and must fill in the standard public offering application form, the format and principles of which will be determined by the Board and complete the documents enumerated in the form, and apply to the Board with a request of approval of their prospectus relating to public offering of shares representing minimum 25% of their issued capital.

(2) After the public offering, the shares equal to minimum 25% of the issued capital of the REIC must be maintained in publicly floating share status.

(3) REICs who fail to fill in the public offering application form and complete other documents stated in the form and file an application to the Board, within the period of time set forth in first paragraph hereof, or whose application is not approved by the Board due to failure in meeting the required conditions are deprived of their right to operate as a real estate investment company. Such REICs are, within no later than three months following the end of said period of time or following the date of receipt of the negative decision of the Board, liable to apply to the Board in order to amend their articles of association so as to exclude the real estate investment company activities and operations and to exit from the registered capital system. A REIC who does not make these amendments is deemed to have been dissolved pursuant to provisions of subparagraphs (b) and (c) of first paragraph of Article 529 of the TCC.

*Heading of this Article 11 has been amended as incorporated therein by the Communiqué no. III-48.1.a.

Special Provisions on REICs to Invest Solely in Infrastructural Investments and Services

ARTICLE 11/A – (Article added by the Communiqué no. III-48.1.a) (1) REICs at least 75% of total assets of which is/will be composed of infrastructural investments and services are, within two years following the date of registration of their foundation or the amendments to their articles of association in trade registry, required to procure the required spaces, equipment and personnel and build the required organization, and to ensure the compliance of the nature of their portfolio assets and their weights in the total assets of REIC with the nature and limitations stipulated thereinfor, and to submit to the Board all information and documents of proof in connection therewith.

(2) These REICs may sell their shares via public offering only if and when they fill in the standard public offering application form, the format and principles of which will be determined by the Board and complete the documents enumerated in the form, and apply to the Board with a request of approval of their prospectus relating to public offering of shares representing minimum 25% of their issued capital, within:

- a) no later than two years following the end of the period mentioned in first paragraph, if the REIC's issued capital is less than TL 200,000,000; or
- b) no later than four years following the end of the period mentioned in first paragraph, if the REIC's issued capital is equal to or more than TL 200,000,000.

(3) After the public offering, the shares equal to minimum 25% of the issued capital of the REIC must be maintained in publicly floating share status.

(4) REICs who fail to fill in the public offering application form and complete other documents stated in the form and file an application to the Board, within the period of time set forth in second paragraph hereof, or whose application is not approved by the Board due to failure in meeting the required conditions are deprived of their right to operate as a real estate investment company. Such REICs are, within no later than three months following the end of said period of time or following the date of receipt of the negative decision of the Board, liable to apply to the Board in order to amend their articles of association so as to exclude the real estate investment company activities and operations and to exit from the registered capital system. A REIC who does not make these amendments is deemed to have been dissolved pursuant to provisions of subparagraphs (b) and (c) of first paragraph of Article 529 of the TCC.

(5) If the REIC has already invested in a specific infrastructural company or project before the start of the operating period, and/or its infrastructural companies and projects currently in the operating period thereof account for less than 60% of its total assets, then the REIC's shares may be sold only to qualified investors. This is required to be stipulated in the articles of association of the REIC. In this case, also during the after-sales period, these shares may be

sold or transferred only to qualified investors. Capital shares of these REICs may be offered to public only if the conditions set forth in this paragraph are eliminated.

(6) REICs operating a portfolio consisting solely of infrastructural investments and services may also sell their shares only to qualified investors if it is so provided in their articles of association. The following principles will be applied on the REICs which sell their shares only to qualified investors:

- a)** REICs are required to apply to the Board within the period of time set forth in second paragraph for approval of their issuance certificate relating to sales to qualified investors of their shares corresponding to 25% of their after-sales capital. REICs who fail to fill in the relevant application form and complete other documents stated in the form and file an application to the Board, within the period of time set forth in second paragraph hereof, or whose application is not approved by the Board due to failure in meeting the required conditions are deprived of their right to operate as a real estate investment company. Such REICs are, within no later than three months following the end of said period of time or following the date of receipt of the negative decision of the Board, liable to apply to the Board in order to amend their articles of association so as to exclude the real estate investment company activities and operations and to exit from the registered capital system. A REIC who does not make these amendments is deemed to have been dissolved pursuant to provisions of subparagraphs (b) and (c) of first paragraph of Article 529 of the TCC.
- b)** Transfers of shares among the existing partners are not considered and treated as sales to qualified investors under this Article.
- c)** REICs are under obligation to regularly collect and keep the information and documents proving that the investors to whom their shares are sold have the qualified investor qualifications set forth in this Communiqué.
- ç)** REIC's shares are required to be dematerialized on book-entry basis in the Central Registry Agency Inc., and all of the shares are required to be written to name. Said shares may be transferred only to qualified investors also in the after-sales period. REICs are under obligation to regularly collect and keep the information and documents proving that the investors to whom their shares are sold have the qualified investor qualifications. Transfers of shares to those who do not have the qualified investor qualifications are not registered in the share book.
- d)** The condition of completion of infrastructural investments portfolio is not sought for before the sales to qualified investors, but the conditions sought for in subparagraph (a) of first paragraph of Article 24 hereof must have been satisfied as of the end of first year following the date of first capital increase or first sale to qualified investors immediately after foundation or conversion.

- e) In sales of shares to qualified investors, the REIC is not obliged to issue a prospectus and an announcement of sales to savers.
 - f) Interim financial statements are not required to be audited by an independent auditor, and to be sent to the Board, and to be announced to public.
 - g) Without regard to the obligations set forth in this Communiqué relating to announcement in PDP, the REICs whose shares are not listed in the exchange submit to the Board within the same period of time the information and notices referred to in Articles 39 and 40 hereof, and inform their partners thereabout as stipulated in their articles of association.
 - ğ) REICs cannot issue shares granting privileges other than the privilege of nomination of board of directors. However, REICs can issue privileged shares after sales to qualified investors, providing that it is specified so in their articles of association and the retirement right for shareholders is recognized pursuant to Article 24 of the Law.
 - h) Promotional advertisements and announcements are not allowed.
 - ı) Third paragraph of Article 25 is inapplicable.
 - i) Article 41 is inapplicable.
 - j) The provisions of fourth paragraph of Article 24 of the Law are applicable on REICs the shares of which are not listed in the exchange and which wish to exit from the real estate investment company status.
 - k) In sales of shares to qualified investors, the provisions of the Communiqué on Sales of Capital Market Instruments (II-5.2) published in the Official Gazette edition 28691 on 28/6/2013 pertaining to sales of shares to qualified investors are applicable by analogy on all and any matters on which this Communiqué remains silent.
- (7) Capital increase may be made before public offering of shares or sales of shares to qualified investors.
- (8) All and any matters on which this Article remains silent shall be governed by other provisions of this Communiqué.

Quotation (Listing) in BİAŞ

ARTICLE 12 – (As revised and amended by the Communiqué no. III-48.1.a) (1) REICs offering their shares to public will, within 15 days following the end of the sales period, apply to the Board for delivery of the document required for quotation (listing) of their shares in

BİAŞ. Within 15 days following receipt of this document, they are liable to file an application to BİAŞ for quotation (listing) of their shares.

FIFTH PART

Type, Kind and Transfer of Shares

Type of Shares

ARTICLE 13 – (1) REIC shares may be issued as registered or payable to the bearer.

(2) The provisions of first paragraph of Article 414 of TCC are not applicable on registered shares traded in the stock exchange.

Issue of Privileged Shares

ARTICLE 14 – (As revised and amended by the Communiqué no. III-48.1.a) (1) REICs may not issue any privileged securities other than the shares providing the privilege of nomination of members of the board of directors. The provisions of Article 360 of TCC are not applied in creation of privilege of nomination. After public offering, no privilege, also including the privilege of nomination for members of the board of directors, may in any case be created.

(2) The provisions of second paragraph of Article 479 of TCC are not applicable on REICs which have already issued shares privileged in voting before the date of promulgation of this Communiqué.

(3) Within the framework of principles determined by the Board, without prejudice to the reasonable results of events required by their ordinary operations, in REICs which make loss in five consecutive yearly periods according to their financial statements prepared and issued in accordance with the Board regulations, the privileged shares covered by the first paragraph hereof are abolished by a Board decision. For the purposes of this provision, for REICs who are under obligation to issue consolidated financial statements, their consolidated financial statements are used. The provisions of this paragraph are not applied if the privileged shares belong to public administrations and entities.

Transfer of Shares

ARTICLE 15 – (As revised and amended by the Communiqué no. III-48.1.a) (1) Before public offering of shares or their sales to qualified investors, the transfer of shares representing 10% or more of capital of the REIC and the transfer of privileged shares, irrespective of the rates thereof, are subject to a prior permission of the Board. For share transfers as above, new partners acquiring shares in the REIC are required to be in compliance with the conditions specified in all subparagraphs, but subparagraph (e), of first paragraph of Article 7 of this Communiqué. In acquisition of shares of less than 10%, the new partners acquiring shares in the REIC are under obligation to submit to the Board within 10 business days following the

date of transfer of shares the documents proving that they are in compliance with the conditions specified in all subparagraphs, but subparagraph (e), of first paragraph of Article 7 of this Communiqué.

(2) After public offering of shares of the REIC or their shares to qualified investors, the partners holding shares providing the management control in the REIC are obliged to meet the conditions specified in all subparagraphs, but subparagraph (e), of first paragraph of Article 7 of this Communiqué. Transfer of privileged shares providing the management control in the REIC is subject to a prior permission of the Board. In case of acquisition of management control with unprivileged shares, the partners holding such shares are required to submit to the Board within 10 business days following the date of acquisition of shares the documents proving that they are in compliance with the mentioned conditions. If the partners holding shares providing the management control fail to satisfy the mentioned conditions, they are under obligation to dispose of their shares providing the management control within no later than three months following the date of their failure in satisfying the mentioned conditions.

(3) In transfer of privileged shares providing the management control in the REIC, the partners taking over these privileged shares must have and must prove that they have an adequate financial power for purchase of shares of other shareholders after transfer in accordance with regulations of the Board pertaining to the obligation of making a share purchase offer. The provisions of regulations of the Board pertaining to exemption from the obligation of making a share purchase offer are, however, reserved.

(4) In share acquisitions by banks under this Article, the conditions specified in fifth paragraph of Article 7 of this Communiqué are required to be satisfied.

(5) Transfers realized in conflict with the principles specified in first, second and fourth paragraphs hereinabove are not registered in the share book. Registrations made in the share book in contradiction with provisions of the said paragraphs are null and void.

SIXTH PART

Management Structure

Composition of Board of Directors

ARTICLE 16 – (1) Board of Directors is elected and works in accordance with the pertinent Board regulations and the relevant articles of TCC.

Qualifications of Board of Directors

ARTICLE 17 – (1) (First paragraph as revised and amended by the Communiqué no. III-48.1.a) Board of Directors of REICs are required to meet the conditions specified in all subparagraphs, but subparagraph (e), of first paragraph of Article 7 of this Communiqué. Furthermore, majority of board of directors must be graduates of four-year universities, and

must have a past experience of minimum three years in such fields of real estate, infrastructure, law, construction, banking and finance closely related to the fields of business of the REIC. Engagement in only real estate trading and brokerage is not considered and accepted as an experience acquired in this field.

(2) Only board of directors having graduated from four-year universities are required to be appointed to committees founded under the board of directors in accordance with the relevant regulations of the Board.

(3) **(Third paragraph as revised and amended by the Communiqué no. III-48.1.a)** In the case of a new appointment to the board of directors, the decision of appointment is sent to SPL within no later than 10 business days following the date of appointment, together with documents proving that the appointed person meets the conditions set forth in first paragraph of this Article.

General Manager

ARTICLE 18 – (First paragraph as revised and amended by the Communiqué no. III-48.1.a) (1) General manager of the REIC must be a graduate of four-year universities, and must meet the conditions specified in all subparagraphs, but subparagraph (e), of first paragraph of Article 7 of this Communiqué, and must have a past experience of minimum five years in such fields of infrastructure, law, construction, banking, real estate and finance. Engagement in only real estate trading and brokerage is not considered and accepted as an experience acquired in this field.

(2) General manager meeting all of the conditions specified in the preceding paragraph must have been employed solely for this position on full-time basis.

(3) General manager may serve as a member of board of directors in other entities and institutions, providing that it is not executive and it does not lead to failures in performance of his duties in the partnership. The provisions of Article 396 of TCC are, however, reserved.

(4) **(Fourth paragraph as revised and amended by the Communiqué no. III-48.1.a)** General management position cannot be deputized for more than six months within the last 12-months' period. A new deputy assignment to this position cannot be made again at the end of this period.

(5) **(Fifth paragraph as revised and amended by the Communiqué no. III-48.1.a)** In the case of a new appointment to the general manager position, the decision of appointment is sent to the Board and to SPL within no later than 10 business days following the date of appointment, together with documents proving that the appointed person meets the conditions set forth in first paragraph of this Article.

Other Personnel

ARTICLE 19 – (1) It is required to employ an adequate number of qualified personnel for effective performance of activities of the REIC, and to comply with the pertinent regulations of the Board in election of specialized personnel who will assume and fulfill the duties stipulated in the capital markets legislation. Appointment and resignation of personnel serving as a member in committees required to be established pursuant to the pertinent regulations of the Board are also notified to SPL within no later than 10 business days following the date of appointment or resignation as the case may be.

(2) (Second paragraph added by the Communiqué no. III-48.1.a) Personnel covered by this Article are required to meet the conditions sought for in subparagraph (h) of first paragraph of Article 7 hereinabove.

Bans on Board of Directors

ARTICLE 20 - (As revised and amended by the Communiqué no. III-48.1.a) (1) If and when a board of director is not independent, within the meaning ascribed thereto in corporate governance principles determined by the Board, from the persons being a party to the decisions to be taken by the board of directors, then and in this case, that director is under obligation to inform the board of directors thereabout, together with reasons thereof, and in any case, to have this information recorded in the meeting minutes. The provisions of Article 393 “Ban on Participation in Negotiations” of TCC are, however, reserved.

Specific Decisions

ARTICLE 21 – (1) (First paragraph as revised and amended by the Communiqué no. III-48.1.a) Decisions of the board of directors pertaining to the transactions listed in this paragraph between the REIC the shares of which are offered to public on one side and the parties listed in this paragraph on the other side are required to be disclosed to public within the framework of regulations of the Board pertaining to public disclosure of material events, and in addition, if the decision is not taken in unanimity, it must be included in the agenda of the next meeting of the general assembly of shareholders, and the shareholders must be informed thereabout.

(a) Parties:

- 1) Partners holding shares equal to or more than 20% of capital or holding voting rights of the same percentage in the REIC;
- 2) Partners holding shares granting the privilege of nomination to the board of directors in the REIC;
- 3) Other companies where partners mentioned in the preceding subparagraphs (1) and (2) hold more than 20% of capital shares or voting rights of this percentage;
- 4) Subsidiaries of the REIC;
- 5) Companies providing business administration services to the REIC;

- 6) Companies providing portfolio management services to the REIC;
- 7) Companies providing consultancy services to the REIC;
- 8) Contractor chosen to provide construction services to the REIC;
- 9) Other partners of an ordinary partnership that is the subsidiary of the REIC; and
- 10) Related parties of the REIC.

(b) Specific decisions:

- 1) Decisions relating to purchase or leasing of assets for, or sale or leasing of assets from, portfolio of the REIC;
- 2) Decisions relating to choice of companies for marketing of assets included in portfolio of the REIC;
- 3) Decisions relating to establishment of credit relations;
- 4) Decisions relating to determination of investment institutions giving purchasing commitments in public offering of shares of the REIC;
- 5) Decisions relating to joint investments;
- 6) Decisions relating to determination of natural persons or legal entities for provision of financial, legal or technical consulting and advice services to the REIC;
- 7) Decisions relating to determination of natural persons or legal entities for provision of project development, supervision or contracting, business administration or portfolio management services to the REIC;
- 8) Decisions relating to purchase of securities issued by legal entities listed in subparagraph (a) hereinabove for the portfolio of the REIC;
- 9) Decisions relating to foundation of an ordinary partnership or termination of activities of an existing ordinary partnership;
- 10) Decisions relating to transactions based on trading of goods and services between the REIC and its related parties; and
- 11) Decisions which are not included in any one of the subparagraphs hereinabove, but which may give results in favor of any one of the parties listed in subparagraph (a).

(2) (Second paragraph as revised and amended by the Communiqué no. III-48.1.a)

The provisions of the corporate governance principles determined by the Board pertaining to transactions between REICs and their related parties are, however, reserved.

(3) In wholesale of assets not exceeding 75% of total assets of REICs, the provisions of subparagraph (f) of second paragraph of Article 408 of TCC and of Article 23 of the Law are not applicable.

SEVENTH PART

Principles on Investments and Activities

Investment Activities and Limitations on Investment Activities

ARTICLE 22 – (As revised and amended by the Communiqué no. III-48.1.a) (1) Without prejudice to the limitations included in this Communiqué, REICs:

- a) May, for the sake of trading profit or rental income, purchase, sell, lease, hire or promise to buy or sell lands, fields, houses, offices, shopping centers, hotels, logistic centers, warehouses, parks, hospitals and similar other real estates of every kind; providing, however, that REICs operating a portfolio consisting solely of infrastructural investments and services cannot deal with or enter into the transactions set forth in this subparagraph;
- b) With respect to all and any buildings and other premises to be included in their portfolio, the occupancy permit must have been received and the condominium rights must have been established. Provided, however, that if and when such structures and premises as hotels, shopping centers, business centers, hospitals, commercial warehouses, factories, office buildings and branch offices owned by the REIC alone or jointly with other persons or entities are fully or partially used only for rental income, it is deemed sufficient if an occupancy permit has been received for the subject building, and if its description given in the title deed is in conformity with the existing situation of the real estate;
- c) May include in their portfolio only real estates and real estate-based rights not restricted by any mortgage or by any encumbrance which directly and materially affects the value of real estate, without prejudice to provisions of Article 30 of this Communiqué in connection therewith;
- ç) May develop real estate projects or may make investments by obtaining a right of construction not only on the lands and fields under their own ownership, but also on the lands of third parties with whom they have entered into revenue sharing contracts or contracts for sale of lands on flat for land basis. In the projects to be carried out jointly with one or more parties within the frame of provisions of a contract, if it is not intended to acquire a property in favor of the REIC, the rights of the REIC arising out of the contract must have been secured by a security of a kind deemed fit and acceptable by the Board;
- d) It must have been definitely determined by independent real estate appraisal firms that for the projects they are planning to realize or to invest in, and pursuant to the relevant applicable laws, all of the required licenses or permissions are already obtained, and their designs and drawings are ready and approved, and all documents legally required for commencement of construction works are available completely and accurately;
- e) For development of projects on lands which are not owned by the REIC and are restricted by a mortgage, the amount of mortgage established thereon must not exceed 50% of land value calculated in the last appraisal report, and in any case, the total amount of mortgages established on project lands must not exceed 10% of total assets

of the REIC disclosed in its last financial statements audited by an independent audit firm and disclosed by the REIC to public;

- f)** May, before leasing, deal with furnishing of hotels, hospitals and similar other real estates which need a particular minimum equipment and furnishing for putting into operation;
- g)** May establish rights of construction, rights of usufruct, and time-sharing easements in their own favor on real estates owned by other persons or entities, and may transfer and assign such rights to third parties;
- ğ)** May establish rights of construction, rights of usufruct, and time-sharing easements in favor of other persons or entities on real estates owned by them, and may permit the transfer and assignment of such rights to third parties;
- h)** Without prejudice to special regulations pertaining thereto, may realize Build-Operate-Transfer model projects by establishing rights of construction thereon in favor of themselves or other persons or entities, subject to the condition of compliance with the conditions specified in subparagraph (d) of first paragraph of this Article, without prejudice to provisions of third paragraph of Article 4;
- ı)** May invest in real estates at abroad and in foreign capital market instruments, providing that they acquire the ownership thereof, without prejudice to provisions of third paragraph of Article 4;
- ı)** May establish real rights relating to real estates and real estate projects in accordance with provisions of the Civil Code. Out of the servitudes, only rights of usufruct, time-sharing easements and rights of construction may be established, providing that they are registered in land registry. Transferability of rights of construction and time-sharing easements cannot be limited or restricted by any means in the contracts creating these rights. The provisions of special laws pertaining thereto are, however, reserved;
- j)** May not invest in assets and rights the transferability of which is limited or restricted by any means; provided, however, that the condition of receipt of prior consent of the Higher Planning Board is not considered and treated as a restriction on transfer for the purposes of this subparagraph;
- k)** Providing that they do not enter into brokerage business, may buy and sell local and foreign capital market instruments, and may enter into Clearing Bank money market and reverse repo transactions, and may open Turkish Lira time deposit or participation accounts or foreign currency demand or time deposit or special current or participation accounts, and may lend capital market instruments. REICs may, through a contract to be signed pursuant to the relevant regulations of the Board, lend capital market instruments equal to maximum 50% of total market value of capital market instruments

included in their portfolio at any time. Lending may be executed for a maximum period of 90 business days, and on the condition of blocking in the Clearing Bank in the name of the REIC of a collateral composed of cash funds or public sector debt instruments in an amount equal to at least 100% of value of the lent capital market instruments. If and when the amount of collateral falls below 80% of market value of the lent capital market instruments, the collateral is requested to be grossed up. The lending contracts of the REIC are required to include a clause stating that the contract may be terminated unilaterally in favor of the REIC;

- l)** May in no case and by no means own more than 5% of capital shares or voting rights in any type of company. Total sum of investments of the REIC made in monetary and capital market instruments of a single company cannot exceed 10% of its total assets;
- m)** May not invest in gold, precious metals and other commodities and in futures contracts based on them;
- n)** May not invest in capital market instruments not listed and traded in stock exchanges or in non-stock exchange organized markets, except for units of investment funds and for derivative instruments. Capital market instruments are required to be traded via stock exchange;
- o)** May not short sell their capital market instruments, and may not engage in margin trading business, and may not borrow capital market instruments;
- ö)** May not enter into transactions in excess of hedging and protection purposes by using derivative instruments;
- p)** May not incur commissions and similar other expenses in excess of 3% of asset value at the time of purchase of assets for and sale of assets from portfolio, except for taxes, duties, funds and similar other moneys they are legally liable to pay; provided, however, that this provision is not applicable on REICs operating a portfolio consisting solely of infrastructural investments and services;
- r)** Definition in the land registry, and actual purpose of use, and purpose of inclusion in portfolio, of the real estates and properties to be included in the REIC's portfolio must be consistent;
- s)** REICs operating a portfolio consisting solely of infrastructural investments and services are further required to abide by the following principles and conditions:
 - 1)** Economic and financial feasibility studies, also including comprehensive demand, cash flow and risk analyses, of the projects relating to infrastructural investments and services must have been completed and approved in accordance with the

relevant laws and regulations, and in addition, investments must have been appraised and valued, before they are included in the portfolio.

- 2) With regard to the projects to be realized or invested in, all of the licenses and permissions required in accordance with the relevant laws and regulations must have been taken, and the designs and drawings thereof must be ready and have been approved, and land and soil studies needed for the project must have been completed, and probable effects of the project on environmental and cultural assets must have been assessed, and the required actions must have been taken, and it must have been determined by real estate appraisers or the relevant public entities and institutions that all of the legally required documents are available completely and accurately.
- 3) Infrastructural investments and services and related projects are required to serve to general public interests, and to provide socioeconomic benefits, and to have long-term, profitable and foreseeable cash flows.
- 4) Without prejudice to specific law provisions pertaining thereto, investments may be made in infrastructural investments and services within the scope of privatization or Build-Operate-Transfer or other public private partnership models.
- 5) Without prejudice to specific law provisions pertaining thereto, investments may be made in infrastructural investments and services provided by public administrations within the organization of central government, social security agencies, local governments and public economic enterprises.
- 6) No investment may be made in infrastructural investments and services provided abroad, or the projects related thereto.
- 7) An operating company may be founded, or an existing operator may be participated, for the purpose of assumption of operation of premises covered by infrastructural investments or services.
- 8) Investments may be made in infrastructure companies through partnership or purchase of debt instruments.
- 9) Investments may be made through partnership or purchase of debt instruments in other REICs operating a portfolio consisting solely of infrastructural investments and services.

Prohibited Activities and Operations

ARTICLE 23 – (1) REICs:

- a) **(Subparagraph revised and amended by the Communiqué no. III-48.1.a)** Cannot collect deposits or participation funds and cannot enter into transactions resulting in collection of deposits or participation funds, within the meaning ascribed thereto in the Banking Law no. 5411;
- b) Cannot deal with commercial, industrial or agricultural operations, other than the activities and transactions permitted by this Communiqué;
- c) **(Subparagraph revised and amended by the Communiqué no. III-48.1.a)** Can by no means and in no case assume construction works of real estates or infrastructural investments and services, and cannot recruit personnel or acquire equipment to that end. However, if supervision works of the project are already included in the scope of contract works, the personnel recruited to that end are not covered by this prohibition;
- ç) **(Subparagraph revised and amended by the Communiqué no. III-48.1.a)** Can by no means and in no case operate hotels, hospitals, shopping centers, business centers, commercial parks, commercial warehouses, mass housing sites, hypermarkets and similar other real estates for commercial purposes, and cannot recruit personnel to that end. However, activities covered by second, third and fourth paragraphs of Article 27 of this Communiqué, and personnel recruited for such activities are not covered by this prohibition;
- d) Cannot render or offer project development, supervision, financial feasibility, follow-up of legal licenses and permissions, and similar other services to other persons or entities through their own personnel, except for the projects which are or will be included in the portfolio;
- e) Cannot lend credit;
- f) Cannot enter into debt relations not based on purchase or sale of any goods or services with their related parties;
- g) Cannot make any expenditure or any commission payment which is not documented and which is clearly different from the then-current market rates; and
- ğ) Cannot permanently deal with short-term trading of real estates.

Portfolio Limitations

ARTICLE 24 – (As revised and amended by the Communiqué no. III-48.1.a) (1) REICs:

- a) Are under obligation to invest at least 51% of their total assets in real estates, real estate projects and real estate-based rights; providing, however, that at least 75% of total assets of REICs operating a portfolio consisting solely of infrastructural investments and

services are required to be composed of these assets, and the assets referred to in indents (8) and (9) of subparagraph (s) of first paragraph of Article 22 are also taken into consideration in calculation of 75% mentioned hereinabove;

- b) May invest maximum 25% of their total assets – as for the REICs operating a portfolio consisting solely of infrastructural investments and services - or 49% of their total assets – as for other REICs - in all of the assets mentioned in subparagraph (k) of first paragraph of Article 22 of this Communiqué, and in all of the subsidiaries mentioned in Article 28 hereof, and may invest maximum 10% of their total assets in Turkish Lira time deposit or participation accounts or foreign currency time or demand deposit accounts or special current and participation accounts held for investment purposes among the assets referred to hereinabove. If and when the costs of assets or projects included in the portfolio are paid against particular progress payment certificates or in installments, the cash surpluses corresponding thereto may also be invested in assets mentioned in subparagraph (k) of first paragraph of Article 22 of this Communiqué. In calculation of the percentages mentioned in subparagraph (a) of first paragraph hereof, total amount of expenditures to be made hereunder during the year of preparation of financial statements and during two years thereafter is deducted from total amount of assets included in the portfolio and mentioned in subparagraph (k) of first paragraph of Article 22 of this Communiqué, and is included in the calculation to be made under subparagraph (a) of first paragraph of this Article. However, the expenditures planned, but not actually made for the periods prior to the date of preparation of financial statements cannot be deducted. For the said deduction, prior to inclusion of the subject project into financial statements, the yearly expenditure amounts planned for the time until completion of project are reported to the Board. Any change in the amount which is already reported to the Board for inclusion in the calculation of the said percentages, caused by and arising out of changes in expenditure plans, is also subject to a prior consent of the Board;
- c) Total amount of lands and fields which are included in their portfolio, but for which no step has been taken for project development within five years following the date of acquisition thereof, cannot exceed 20% of their total assets. For lands and fields of this kind already owned by corporations converted into a REIC, the aforementioned period starts as of the date the amendments to articles of association made for conversion purposes are registered in trade registry;
- ç) If and to the extent the minimum rate defined in subparagraph (a) of first paragraph cannot be reached according to the financial statements issued and published by the REICs as of the end of their accounting periods, upon demand of the REIC, and if it is found acceptable by the Board, an additional time of one year starting from the end of the relevant accounting period may be granted to the REIC for reaching to the said rate or percentage. However, if the REIC fails to reach the said minimum rate by the end of this time granted by the Board, it is under obligation to apply to the Board within maximum three months following the end of the said period in order to amend its articles

of association so as to exclude the real estate investment company activities and operations therefrom. If the REIC fails to make these amendments, it will be deemed to have been dissolved in accordance with provisions of subparagraphs (b) and (c) of first paragraph of Article 529 of TCC. Provided, however, that in REICs operating a portfolio consisting solely of infrastructural investments and services, if the 75% rate mentioned in subparagraph (a) of first paragraph cannot be attained due to non-completion of infrastructural investments or expiration of concession time or right of use, etc., then, upon demand of the REIC, and if it is found acceptable by the Board, an additional time of two years starting from the end of the relevant accounting period may be granted to the REIC for reaching to the said rate or percentage. However, this time extension right may be used for maximum once in the recent 5 years, also including the year of failure in reaching the 75% rate. If the REIC fails to reach the said minimum 75% rate by the end of this time granted by the Board, it is under obligation to apply to the Board within maximum three months following the end of the said period in order to amend its articles of association so as to exclude the real estate investment company activities and operations therefrom. If the REIC fails to make these amendments, it will be deemed to have been dissolved in accordance with provisions of subparagraphs (b) and (c) of first paragraph of Article 529 of TCC; and

- d) REICs, other than REICs operating a portfolio consisting solely of infrastructural investments and services, may invest maximum 49% of their total assets in foreign real estates and foreign capital market instruments mentioned in subparagraph (1) of first paragraph of Article 22 of this Communiqué, and in subsidiaries mentioned in subparagraph (ç) of first paragraph of Article 28 hereof.

Management of Portfolio of REICs

ARTICLE 25 – (1) (First paragraph revised and amended by the Communiqué no. III-48.1.a) REICs manage their real estate portfolio themselves by employing an adequate number of personnel. However, consulting services aimed at development of the REIC’s portfolio and research of alternative opportunities, including, but not limited to, project development and supervision services, may be purchased from and outsourced to service providers specialized thereon.

(2) (Second paragraph revised and amended by the Communiqué no. III-48.1.a) If the REIC purchases consulting services from its related parties with respect to its real estate portfolio, the Board may determine and fix an upper limit for commissions and fees payable to consultants in consideration of such services. The consultant firm may not be same with the operator company.

(3) (Third paragraph revised and amended by the Communiqué no. III-48.1.a) The portion of portfolio of REICs consisting of money and capital market instruments, if and when it exceeds 10% of total assets of the REIC, is either managed by the REIC itself by employing an adequate number of portfolio managers holding a license certificate within the frame of

licensing regulations of the Board, or if permitted so by the REIC's articles of association, and under an agreement to be signed therefor, managed through portfolio management or investment advisory services purchased from portfolio management companies. In this case, it is required to comply with the regulations of the Board pertaining to portfolio management and investment advisory.

(4) If and when they purchase advisory, business administration, construction, portfolio management and similar other services from service providers with respect to their portfolios, the REICs are obliged to create an organization as required to monitor the compliance of the activities relating to the purchased services with the applicable laws and relevant contracts.

(5) Capital market instruments included in the REIC's portfolio are required to be kept in custody in the Clearing Bank within the framework of an agreement to be signed therefor.

Agreements Required To Be Annotated in Land Registry

ARTICLE 26 – (1) The rights ofemption, pre-emption and buy-back arising in favor of the REICs out of an agreement, and agreements providing rights in favor of the REIC, such as preliminary contract for sale of real estates, and contracts of construction against flat, and revenue sharing agreements, and the rights of advancement of pledged receivables to free degree in ranking of pledges, and rent contracts where the REIC is a tenant are required to be annotated and registered in the land registry. It is the responsibility of the REIC's board of directors or if authorized so by the board of directors, of the relevant managing (executive) director to perform this obligation. However, if the counterparty of agreements mentioned in this Article is the Prime Ministry, Presidency of Mass Housing Organization, or its subsidiaries, such agreements and rights are not required to be annotated and registered in the land registry.

Operational Services

ARTICLE 27 – (1) (First paragraph revised and amended by the Communiqué no. III-48.1.a) Operational services for real estates and/or infrastructural investments and services included in the REIC's portfolio are purchased from operator companies.

(2) Where the REIC's portfolio contains real estates held for rental income purposes, the security, cleaning, general administration and similar other basic services relating to said real estates or their independent sections may be provided by the REIC to tenants, or an agreement may be signed between the REIC and an operator company for provision of these services to tenants.

(3) **(Third paragraph revised and amended by the Communiqué no. III-48.1.a)** Advertisement and promotion activities to be arranged for the purposes of marketing and enhancement of value of real estates and real estate projects included in the REIC's portfolio are accepted as basic services.

(4) (Fourth paragraph added by the Communiqué no. III-48.1.a) REICs operating a portfolio consisting solely of infrastructural investments and services may, providing that they hold a production license or similar other privileges relating to infrastructural premises under their ownership, directly carry out themselves all and any activities covered by the said license and/or privilege in the said premises.

Subsidiaries

ARTICLE 28 – (As revised and amended by the Communiqué no. III-48.1.a) (1) REICs may participate in only:

- a) Operator companies;
- b) Other REICs;
- c) Companies founded under build-operate-transfer projects;
- ç) Companies founded at abroad in only real estate sector and solely for the purpose of inclusion of particular real estates or real estate-based rights in the portfolio;
- d) Companies founded in Turkey, where total value of real estates or real estate-based rights is equal to at least 75% of total assets of the to-be-participated company as shown in its financial statements prepared and issued according to the relevant applicable laws and regulations; and
- e) In the event that such infrastructural services as road, water, electricity, gas, sewerage, landscaping and environment with regard to real estates, real estate-based rights or real estate projects included and/or planned to be included in their portfolio are required to be provided only by companies founded or to be founded solely for provision of such services, as per the legal requirements set forth in the laws pertaining thereto, in such companies.

(2) REICs operating a portfolio consisting solely of infrastructural investments and services may participate in only:

- a) Operator companies;
- b) Infrastructure companies;
- c) Other REICs operating a portfolio consisting solely of infrastructural investments and services; and
- ç) Companies founded under build-operate-transfer projects and other public private partnership models.

(3) The provisions of subparagraphs (l) and (n) of first paragraph of Article 22 of this Communiqué are not applicable on investments to be made in subsidiaries under this Article.

(4) Participation of REICs to operator companies cannot be more than 10% of their total assets shown in their financial statements issued at the end of accounting period and disclosed to public.

Insurance Obligation

ARTICLE 29 – (As revised and amended by the Communiqué no. III-48.1.a) (1) All assets included in the portfolio of a REIC, other than lands, fields, rights, projects where construction works are not started yet, and capital market instruments are required to be covered by an insurance against all risks of probable damages by considering their then-current market prices. Taking out an insurance cover is optional in REICs operating a portfolio consisting solely of infrastructural investments and services.

Establishment of Mortgages, Pledges and Limited Real Rights

ARTICLE 30 – (1) In flat for land and revenue sharing projects, if and when owners of project lands accept to establish rights of construction on the land in favor of the REIC or accept to transfer the ownership of land to the REIC free of charge or against a low price, then and in this case, as a security of the project, mortgage or other limited real rights may be established in favor of the land-owner on real estates included in the portfolio of the REIC. Furthermore, at the time of purchase of real estates, real estate projects and real estate-based rights, only for financing of these transactions or for the purpose of borrowing a loan for the investments, the portfolio assets may be restricted and encumbered by mortgages, pledges and other limited real rights. The portfolio assets cannot be restricted by any mortgages, pledges and other limited real rights established in favor of third parties for any purpose whatsoever other than the aforementioned purposes, and cannot be disposed of by any means and in any manner. This principle is required to be clearly stated in articles of association of REICs.

(2) Credit facilities to be borrowed under and as per this Article will also be considered and treated under Article 31 of this Communiqué.

Limit of Indebtedness

ARTICLE 31 – (As revised and amended by the Communiqué no. III-48.1.a) (1) For the purpose of meeting their fund requirements or the costs of their portfolios, the REICs may borrow and utilize credit facilities up to five times their shareholders' equity shown in their non-consolidated or solo financial statements prepared and issued by them at the end of accounting period and disclosed to public. In calculation of upper limit of the said credit facilities, the REIC's debts arising out of financial leasing transactions and its non-cash credits are also taken into consideration.

(2) REICs may issue debt instruments subject to limitations set forth in the capital markets legislation. However, the credit facilities mentioned in first paragraph of this Article are deducted from the issue limit to be calculated pursuant to the capital markets legislation.

(3) REICs may issue real estate certificates, as well as asset-covered securities under security of their rental income and their billed accounts receivable arising out of sales or preliminary sales contracts and actual sales of real estates included in their portfolio, within the frame of the Board regulations.

(4) The Board may, for the REICs operating a portfolio consisting solely of infrastructural investments and services, increase the limit of indebtedness by considering the nature of their infrastructural investments and services.

Construction Services

ARTICLE 32 – (1) (First paragraph revised and amended by the Communiqué no. III-48.1.a) Construction works, and preparatory, manufacturing, drilling, installation, replacement, improvement, modernization, development, assembly and similar other works of the projects realized by REICs are required to be assumed and performed by contractors under an agreement containing the mutual rights and obligations of the parties with respect to construction works.

(2) Scope of agreement is determined freely between the parties thereto, but it must at least cover the contractor's debts, payment conditions, warranties and representations, conditions of rescission from contract, rights of claim of employer, and conditions of termination of contract.

(3) Choice of contractor and terms and conditions of agreement are required to be approved by the board of directors.

Foundation of an Ordinary Partnership

ARTICLE 33 – (1) REICs may found an ordinary partnership with one or more partners solely for realization of a particular project. Participation of the REIC in ordinary partners for this purpose is not considered and treated as a subsidiary.

(2) **(Second paragraph revised and amended by the Communiqué no. III-48.1.a)** The construction services regarding the projects to be carried out by an ordinary partnership are also required to be performed and provided by contractors as per provisions of Article 32 of this Communiqué.

EIGHTH PART

Principles on Appraisal

Transactions Requiring Appraisal

ARTICLE 34 – (As revised and amended by the Communiqué no. III-48.1.a) (1) For the transactions and acts listed below, REICs are under obligation to have the current market values and current rentals of the subject assets and rights determined:

- a) Inclusion in the portfolio or exclusion from the portfolio of real estates, real estate-based rights, real estate-based projects and infrastructural investments and services and their projects;
- b) Letting the portfolio real estates on hire;
- c) Renting of real estates for re-renting purposes;

- c) Renewal or extension of rent contracts of portfolio real estates let on hire;
- d) Acceptance of real estate mortgages;
- e) As a condition precedent of commencement of construction works in real estate-based projects, determination as to whether the legal procedures are complied with or not, and the required documents are available completely and accurately or not;
- f) Inclusion of other assets deemed fit for valuation/appraisal by the Board into, and exclusion of such assets from, the portfolio;
- g) Determination of year-end value of assets that are included in the portfolio and the current market value of which is not determined for any reason whatsoever within the last three months of accounting period of the REIC;
- g) Change of type or kind of assets mentioned in subparagraph (a) of first paragraph of this Article; and
- h) Injection of capital in kind in the REIC.

(2) Current market values and current rentals of assets and rights to be included in the portfolio are required to be determined through entities and institutions the qualifications of which are determined by the Board.

(3) In appraisals to be conducted as per subparagraph (g) of first paragraph of this Article, the real estate appraisal must have been completed by no later than the last day of the relevant year.

(4) The period between the date of completion of real estate appraisal works and the date of report should not exceed five business days, and the real estate appraisal report should be delivered to the REIC within two business days following the date of report.

(5) Provisions of third and fourth paragraphs of this Article are also included in the agreement to be signed between the REIC and the real estate appraisal company.

(6) The appraisal procedures and principles applicable in inclusion into or exclusion from the portfolio or in renting or letting for hire of assets, other than real estates and real estate-based rights, relating to infrastructural investments and services included in the portfolio of REICs operating a portfolio consisting solely of infrastructural investments and services are determined by the Board.

Determining Real Estate Appraisal Company (*):

ARTICLE 35 – (As revised and amended by the Communiqué no. III-48.1.a) (1) Real estate appraisal companies to be appointed for appraisal purposes pursuant to Article 34 of this Communiqué:

- a) must have been taken by the Board into the list; and
-

(*). Heading of this Article 35 has been amended as incorporated therein by the Communiqué no. III-48.1.a.

b) must be independent from the parties listed in subparagraph (a) of Article 21 of this Communiqué within the framework of provisions of regulations of the Board pertaining to real estate appraisal companies and pursuant to the capital markets legislation.

(2) REICs are, within one month following the end of each accounting period, required to choose and determine by a decision of board of directors one appraisal company from which appraisal services will be purchased for each portfolio asset requiring an appraisal, and maximum two more appraisal companies from which appraisal services will be purchased for assets to be included in their portfolio during that year and requiring an appraisal, and to disclose the said decision of board of directors to public in accordance with regulations of the Board pertaining to public disclosures of material events, and to send a copy thereof to the Board. The appraisal companies chosen as above may be replaced only with a prior consent of the Board following presentation of the reasons of replacement to the Board.

(3) REICs may purchase appraisal services from the same real estate appraisal company for each portfolio asset requiring an appraisal for maximum three consecutive years. After lapse of this period of three years, the REIC may re-purchase services from the same real estate appraisal company only at the end of two years thereafter.

(4) In appraisal of real estates at abroad to be made pursuant to Article 34 of this Communiqué, the condition stipulated in subparagraph (a) of first paragraph of this Article is not sought for. However, real estates at abroad must be appraised only by appraisal companies included in the list of the authority equivalent to the Board in the relevant foreign country, if any.

(5) All and any transactions executed in conflict with the provisions of this Article will be under responsibility of the REIC's board of directors or if so authorized by the board of directors, of the relevant managing (executive) director.

Provisions Applicable on Appraisal Reports

ARTICLE 36 – (As revised and amended by the Communiqué no. III-48.1.a) (1) In appraisal reports to be issued pursuant to Article 34 of this Communiqué, the principles and provisions of the regulations of the Board pertaining to companies to be retained for real estate appraisal services under the capital markets legislation, and listing of these companies by the Board, and international appraisal standards applicable in capital markets will be complied with.

Use of Appraisal Report's Value

ARTICLE 37 – (As revised and amended by the Communiqué no. III-48.1.a) (1) Purchase, sales, leasing and similar other transactions relating to real estates, real estate projects, real estate-based rights and infrastructural investments and services included or planned to be included in portfolio of the REIC are realized by considering their values mentioned at appraisal reports. If and when values higher than appraisal values are used in buying transactions effected

by considering the then-current market or payment conditions, or values lower than appraisal values are used in selling or leasing transactions then and in this case, this fact is required to be disclosed to public within the framework of regulations of the Board pertaining to public disclosure of material events, and in addition, it must be included in the agenda of the next meeting of the general assembly of shareholders, and the shareholders must be informed thereabout.

(2) If the assets in portfolio of a REIC are leased under a long-term leasing contract, their lease expertise values for periods of five years will be determined by an appraisal report to be issued under Article 36 of this Communiqué, and in the case of a leasing at a rental lower than the appraisal value, this fact is required to be disclosed to public within the framework of regulations of the Board pertaining to public disclosure of material events, and in addition, it must be included in the agenda of the next meeting of the general assembly of shareholders, and the shareholders must be informed thereabout.

NINTH PART

Public Disclosure and Informing Investors

Principles on Financial Statements

ARTICLE 38 – (As revised and amended by the Communiqué no. III-48.1.a) (1) Regulations of the Board pertaining to financial reporting are applicable in preparation and public disclosure of financial statements of REICs.

(2) Non-consolidated or solo financial statements contain information about control of portfolio limitations specified in this Communiqué as specified by the Board within the frame of the footnote format shown in Annex of this Communiqué and of the explanations relating thereto.

Principles on Board of Directors' Activity Report

ARTICLE 39 – (As revised and amended by the Communiqué no. III-48.1.a) (1) Board of directors' activity reports which are prepared and issued by REICs and disclosed to public within the frame of regulations of the Board pertaining to financial reporting are required to further contain:

- a)** a summary of appraisal reports issued about the assets included in the portfolio;
- b)** a summary of developments of last three months;
- c)** such additional explanations about the projects as existing situation, completion rate and period, realization of predictions, and problems;
- ç)** detailed information about the portfolio assets leased;
- d)** comparative financial statements of the REIC relating to the relevant accounting period;

- e) information about control of portfolio limitations set forth in second paragraph of Article 38 of this Communiqué; and
- f) as for REICs operating a portfolio consisting solely of infrastructural investments and services, and with regard to the infrastructural investments and services included in their portfolio, in addition to the information cited above:
 - 1) in projects realized by public private partnership, rights and obligations and risk and benefit sharing processes of public and private sectors;
 - 2) principles of transfer of the investment to the public;
 - 3) principles on financial sources, and if any, public warranties and supports, and payment plans of the projects;
 - 4) general assessment about completion plans, feasibility reports and cash flows of the projects;
 - 5) social and economic parties that may be involved in the project.

(2) Board of directors' activity reports are disclosed to public within the periods of time stipulated in the relevant Board regulations. Reports are further made ready in the REIC's head offices and published in its internet website for examination by investors. Furthermore, they are also sent to shareholders upon demand and in the cost of the shareholders. Board of directors' activity reports are kept by the REIC for at least ten years.

Information and Public Disclosure

ARTICLE 40 – (As revised and amended by the Communiqué no. III-48.1.a) (1) REICs are under obligation to send to the Board:

- a) their real estate appraisal reports issued optionally or as a requirement of provisions of this Communiqué with regard to assets included in their portfolio, and their exhibits, within three business days following the date of delivery thereof to them;
- b) the decisions of their board of directors with regard to inclusion of real estates, real estate-based rights, real estate projects, infrastructural investments and services, and shares in subsidiaries into portfolio, or exclusion of them from portfolio, within three business days following the date of such decisions;
- c) feasibility report and legal licenses and permissions relating to real estate projects, within three business days following the date of receipt thereof by them;
- ç) the agreements signed by them as per Article 26 of this Communiqué, within three business days following the date of signature thereof;
- d) such information as ratio of mortgage value of each mortgaged land to be subject to a project pursuant to provisions of subparagraph (e) of Article 22 of this Communiqué to the land value reached in the last appraisal report prepared for the relevant land, and ratio of total amount of mortgage values of mortgaged lands mentioned hereinabove to

total assets of the REIC shown in its last financial statements audited by an independent audit firm and disclosed by the REIC to public, within three business days following the date of signature of relevant agreements; and

- e) insurance contracts, within three business days following the end of each accounting period.

The Board may, however, be contented with publishing of the aforementioned information and documents in electronic media pursuant to the rules to be determined by the Board.

(2) The appraisal reports prepared pursuant to Article 34 of this Communiqué, except for their annexes, are required to be published in PDP within three business days following the date of delivery thereof, and the financial statements mentioned in first and second paragraphs of Article 38 of this Communiqué are required to be published in PDP within the periods of time referred to in the regulations of the Board pertaining to financial statements. A copy of each of these reports is kept ready in the REIC's head offices for examination by investors, and they are also sent to shareholders upon demand and in the cost of the shareholders.

(3) In addition to the information required to be disclosed to public within the frame of regulations of the Board pertaining to public disclosures of material events, the REICs are required to publish in PDP:

- a) their transactions covered by subparagraphs (c), (ç) and (d) of first paragraph of this Article, concurrently with the notification to be sent to the Board in connection therewith;
- b) if they fail to meet the minimum rate conditions set forth in subparagraph (ç) of first paragraph of Article 24 of this Communiqué, the reasons of such failure and their plans to be applied for correction thereof, within 3 business days following the date of public disclosure of their financial statements issued as of the end of accounting period;
- c) if they purchase consultancy, business administration or construction services from their related parties, the information about type and kind of services purchased, name of service provider, nature of relationship between the REIC and service provider, date of agreement, term of agreement, with which portfolio assets the services are related, and fee paid in consideration thereof, within 3 business days following the date of signature of the relevant service agreement;
- ç) their transactions covered by first paragraph of Article 37 of this Communiqué, within the first business day immediately after the date of purchasing, sales or leasing; and
- d) their transactions covered by second paragraph of Article 37 of this Communiqué, within three business days following the date of appraisal report issued for determination of lease expertise value.

(4) The REIC may, if and when deemed necessary, have its company value determined and disclose it to public. Company value is determined by a report to be prepared and issued within the frame of relevant regulations of the Board, and this value can be disclosed to public only with the said report. Other than the company value to be disclosed to public as above, another value statement pertaining thereto cannot be issued. The disclosure to public of summary information derived from financial reports and statements within the frame of regulations of the Board pertaining to financial reporting are, however, reserved.

(5) In purchasing and selling transactions of REICs with regard to investments covered by Article 28 hereof, and within the frame of regulations of the Board pertaining to appraisal and assessment, such information as appraisal of investments by institutions the characteristics of which are determined by the Board, and results of appraisal, and purchase or sales amount, and if the purchase amount is above the sum mentioned in the appraisal report and the sales amount is below the sum mentioned in the appraisal report, the reasons thereof, are required to be disclosed in PDP, and furthermore, if the purchase amount is above the sum mentioned in the appraisal report and the sales amount is below the sum mentioned in the appraisal report, this fact must be included in the agenda of the next meeting of the general assembly of shareholders, and the shareholders must be informed thereabout.

(6) Furthermore, all kinds of information and documents to be demanded by the Board for supervision and audit of the REIC and for effective information of public are required to be sent to the Board within the period and under the conditions to be determined by the Board, and all information deemed necessary by the Board are required to be disclosed to public.

Internet Website

ARTICLE 41 – (1) Internet websites of REICs contain information and documents required to be disclosed to public pursuant to Article 40 of this Communiqué, in addition to information required to be included therein as per the Board regulations and TCC.

Promotional and Advertisement Announcements

ARTICLE 42 – (1) Relevant regulations of the Board are applicable in promotional and advertisement announcements to be published by REICs in the course of approval of prospectus relating to public offering and sales of shares.

(2) Information contained in advertisements and announcements to be published during or outside the public offering period must not be wrong, misleading, ungrounded, exaggerated or deficient, and must not lead to misconception in the minds of savers with regard to the existing conditions of REIC, and must not contain misleading expressions about efficiency, profitability and financial situation of REIC, and such advertisements and announcements must not use any writing, picture, photograph or image which does not reflect the real situation of assets included in the portfolio of the REIC.

(3) All and any actions in conflict with this Article will be under the responsibility of the board of directors of the REIC or the relevant executive (managing) director if authorized so by the board of directors.

TENTH PART

Miscellaneous Provisions

Ban on Title

ARTICLE 43 – (1) No institution or company, other than REICs founded and operating pursuant to the provisions of the Law and this Communiqué, may use “real estate investment company” or “REIC” or any other phrase bearing the same meaning, in its title, name or advertisements and announcements.

Exit From Real Estate Investment Company Status

ARTICLE 44 – (1) In order for the Board to give its consent and approval for amendments proposed in articles of association of publicly held REICs which wish to exit from real estate investment company status, person or persons other than the REIC are required to make a share purchase offer verifying that all shares owned and held by all shareholders other than the shareholders who use an affirmative vote in the general assembly meeting with respect to amendments proposed in articles of association leading to exit from real estate investment company status will be purchased at a price equal to the averages of daily weighted average stock exchange prices recorded within thirty days and six months prior to the date of publishing of the public disclosure of material events with regard to the decision of the board of directors relating to exit from this status.

(2) The REIC’s board of directors prepares a report containing at least the reasons of exit from real estate investment company status, and fields of business and projections of the company after exit from this status, and an analysis of effects of exit from status on the real estate investment company, and this report is published in PDP on no later than the date of application to be filed to the Board.

(3) **(Third paragraph revised and amended by the Communiqué no. III-48.1.a)** Upon conversion of publicly held corporations listed and traded in stock exchange into real estate investment company, and upon exit of publicly held REICs from real estate investment company status, the partners holding shares equal to 10% or more of capital and partners holding the management control, irrespective of the rate of shareholding, of publicly held REICs, as of the date of registration of the amendments to articles of association pertaining to said conversion or exit from real estate investment company status, as the case may be, cannot sell their capital shares in stock exchange at a price below the closing price of second session of stock exchange on the date of registration for a period of one year following the date of registration of amendments to articles of association pertaining to exit from status. Buyers of

shares to be sold by the said persons in the over-the-counter market are also subject to this limitation. However, shares of REIC acquired by these persons after the date of registration of amendments to articles of association pertaining to exit from status are not subject to this ban on sales.

(4) A copy of TTRG edition where the general assembly decisions approving the exit from status are published is required to be sent to the Board within six business days following the date of announcement.

(5) **(Fifth paragraph revised and amended by the Communiqué no. III-48.1.a)** If and when the amendments to articles of association resulting in exit from real estate investment company status are not finally decided in a general assembly meeting within three months following the date of receipt by the REIC of the Board's permission or consent relating to exit from real estate investment company status, then and in this case, the Board's permission or consent relating to exit from real estate investment company status becomes null and invalid.

(6) **(Sixth paragraph added by the Communiqué no. III-48.1.a)** The retirement right for shareholders does not arise for the transactions to be executed under this Article.

Forfeiture of Right to Operate as a Real Estate Investment Company

ARTICLE 44/A - (Article added by the Communiqué no. III-48.1.a) (1) If and when REICs:

- a) are founded for a limited period of time, and fail to apply to the Board for a time extension upon expiration of the term specified in the articles of association; or
- b) are founded for operating a portfolio consisting solely of infrastructural investments and services, and upon occurrence of an event resulting in the completion of objectives and fields of business of the REIC or making it impossible for the REIC to deal with its fields of business, such as cancellation of its license relating to infrastructural investment activities in its portfolio, or expiration or termination of agreements signed with the administration, or completion of the subject project,

then and in this case, their right to operate as a real estate investment company is forfeited. REICs are, within no later than three months following the occurrence of such event, liable to apply to the Board in order to amend their articles of association so as to exclude the real estate investment company activities and operations. A REIC who does not make these amendments is deemed to have been dissolved pursuant to provisions of subparagraphs (b) and (c) of first paragraph of Article 529 of the TCC.

Principles on Dividend Distribution

ARTICLE 45 – (1) The Board may hold REICs obliged to distribute cash dividends. The relevant procedures and principles are determined by the Board.

(2) **(Second paragraph added by the Communiqué no. III-48.1.a)** REICs are not allowed to distribute dividends in cash before public offering of their shares or before sales of them to qualified investors.

Amendments to Articles of Association

ARTICLE 46 – (1) Prior consent of the Board is required to be taken for amendments to articles of association of REICs.

Standard Forms and Texts

ARTICLE 47 – (1) Application forms and standard texts the format and principles of which are determined by the Board are used in applications of REICs to the Board.

Board's Fee

ARTICLE 48 – (1) The relevant regulations of the Board are applicable in calculation of the Board's fee required to be deposited by REICs pursuant to Article 130 of the Law.

(2) **(Second paragraph added by the Communiqué no. III-48.1.a)** In the case of a capital increase made by a REIC operating a portfolio consisting solely of infrastructural investments and services, before public offering of its shares or before sales of its shares to qualified investors, in the first capital increase, a Board's fee will be charged over the nominal value of all of the shares representing the existing capital of and the shares to be issued by the REIC. In the subsequent capital increases to be made before public offering of its shares or before sales of its shares to qualified investors, a Board's fee will be charged over the nominal value of the shares to be issued.

Redetermination of Amounts Included in This Communiqué

ARTICLE 49 – (As revised and amended by the Communiqué no. III-48.1.a) (1) The Board may re-determine the amounts included in this Communiqué every year. Thereupon, the re-determined amounts are announced in the Board's Bulletin.

Notification Obligation and Other Provisions (†)

ARTICLE 50 – (As revised and amended by the Communiqué no. III-48.1.a) (1) REICs are under obligation to provide the Association with:

* Heading of this Article 50 has been amended as incorporated therein by the Communiqué no. III-48.1.a.

- a) information about board of directors' decisions relating to appointment of managing (executive) directors to the REIC and determination of their powers and responsibilities, and all and any changes therein, within 10 business days following the date of the relevant decision of the board of directors;
 - b) communication data, internet website, tax identity number and trade registry number, and all and any changes therein, within 10 business days following the date of change therein;
 - c) information about independent audit firm selected by them in accordance with regulations of the Board pertaining to independent audit, and all any changes therein, within 10 business days following the date of selection or change, as the case may be;
 - ç) the address of their registered offices and all any changes therein, within 10 business days following the date of change therein;
 - d) their current signature circulars and in the case of a change therein, their updated signature circulars, within 10 business days following the date of decision of the board of directors with respect thereto;
 - e) the lawsuits and legal proceedings brought forward by them against their partners, directors and personnel or other institutions, and the lawsuits and legal proceedings brought by them against the REIC, and the results thereof, within 10 business days following the date of learning; and
 - f) the copies of newspaper editions where the announcements and advertisements are published pursuant to this Communiqué, within 10 business days following the date of publishing.
- (2) The Association and SPL will each create a database of the information disclosed to them pursuant to this Communiqué, and will open such databases instantaneously to access of each other and the Board. All notices and correspondences sent to the Association and SPL may also be received and accepted with electronic signature.
- (3) If, in the light of such information disclosed to it under this Article, the Association detects a breach of the provisions of this Communiqué by a REIC or its directors or personnel, it will report such fact to the Board in writing within three business days thereafter.
- (4) All and any matters relating to REICs on which this Communiqué remains silent shall be governed by and subject to pertinent provisions of the Law, TCC and other applicable laws.

Repealed Communiqué

ARTICLE 51 – (1) The Communiqué of Principles on Real Estate Investment Companies (Serial VI, No. 11), published in the Official Gazette edition 23517 on 8/11/1998 is hereby repealed and superseded.

Transitory Provisions

TEMPORARY ARTICLE 1 – (1) (First paragraph revised and amended by the Communiqué no. III-48.1.a) REICs which have won a real estate investment company status upon foundation or conversion prior to 28/5/2013 are required to adapt themselves to the provisions of this Communiqué and the Communiqué no. III-48.1.a revising and amending this Communiqué and to apply to the Board for adaptation of their articles of association to the provisions of this Communiqué and the Communiqué no. III-48.1.a revising and amending this Communiqué within one year following 28/5/2013, or otherwise, they are deemed to have exited from the real estate investment company status, whereupon the provisions of Article 44 hereof are applicable by analogy.

(2) (Second paragraph revised and amended by the Communiqué no. III-48.1.a) REICs which have won a real estate investment company status upon foundation or conversion prior to 28/5/2013 and which are going to offer their shares to public are required to apply to the Board for approval of a prospectus relating to public offering of their shares representing minimum 25% of their issued capital, within the periods of time granted to them prior to 28/5/2013.

(3) It is the responsibility of the board of directors of the REIC or the relevant executive (managing) director if authorized so by the board of directors to fulfill the obligations stipulated in this Article.

Pending Applications

TEMPORARY ARTICLE 2 – (1) The provisions of this Communiqué are applicable for applications not responded by the Board prior to the date of publishing of this Communiqué.

Effective Date

ARTICLE 52 – (1) This Communiqué will become effective as of the date of publishing.

Enforcement

ARTICLE 53 – (1) The provisions of this Communiqué will be enforced and executed by the Board.

ANNEX (As revised and amended by the Communiqué no. III-48.1.a)**EXPLANATIONS ABOUT FOOTNOTE FORMAT
TO BE INCLUDED IN NON-CONSOLIDATED OR SOLO
FINANCIAL STATEMENTS
RELATING TO CONTROL OF COMPLIANCE
WITH PORTFOLIO LIMITATIONS**

- (1) REICs will give information about control of compliance with portfolio limitations in a separate footnote under the heading of “Additional Footnote: Control of Compliance with Portfolio Limitations”, after other footnotes in their non-consolidated or solo financial statements.
- (2) The footnote “Principles Relating to Presentation of Financial Statements” will, by making reference to the footnote “Additional Footnote: Control of Compliance with Portfolio Limitations”, state that the information given in that footnote are summary information derived out of financial statements pursuant to the “Communiqué on Financial Reporting in Capital Markets” and are prepared within the framework of provisions of the “Communiqué on Principles of Real Estate Investment Companies” pertaining to control of compliance with portfolio limitations.
- (3) The items with zero balance will also be stated in the footnote “Additional Footnote: Control of Compliance with Portfolio Limitations”.

ADDITIONAL FOOTNOTE: CONTROL OF COMPLIANCE WITH PORTFOLIO LIMITATIONS

	Main Account Items of Non-consolidated / Solo Financial Statements	Relevant Provisions of Communiqué	Current Period (TL)	Previous Period (TL)
A	Money and Capital Market Instruments	Art. 24/(b)		
B	Real Estates, Real Estate-Based Projects, Real Estate-Based Rights	Art. 24/(a)		
C	Subsidiaries	Art. 24/(b)		
	Receivables From Related Parties (Non-commercial)	Art. 23/(f)		
	Other Assets			
D	Total Assets	Art. 3/(p)		
E	Financial Debts	Art. 31		
F	Other Financial Liabilities	Art. 31		
G	Financial Leasing Debts	Art. 31		
H	Payables To Related Parties (Non-commercial)	Art. 23/(f)		
I	Shareholders' Equity	Art. 31		
	Other Liabilities			
D	Total Liabilities	Art. 3/(p)		
	Other Non-consolidated / Solo Financial Information	Relevant Provisions of Communiqué	Current Period (TL)	Previous Period (TL)
A1	Portion of Money and Capital Market Instruments Held For Real Estate Payments of 3 Years	Art. 24/(b)		
A2	FX Time/Demand Deposits / Special Current and Participation Accounts and TL Time Deposit / Participation Accounts	Art. 24/(b)		
A3	Foreign Capital Market Instruments	Art. 24/(d)		
B1	Foreign Real Estates, Real Estate-Based Projects, Real Estate-Based Rights	Art. 24/(d)		
B2	Lands/Fields Kept Idle	Art. 24/(c)		
C1	Foreign Subsidiaries	Art. 24/(d)		
C2	Participation in Operator Company	Art. 28/1(a)		
J	Non-cash Credits	Art. 31		
K	Mortgage Values of Mortgaged Lands Not Owned by the REIC, Which Will be Subject to Project Development	Art. 22/(e)		
L	Total Sum of Investments in Money and Capital Market Instruments of a Single Company	Art. 22/(l)		

	Portfolio Limitations	Relevant Provisions of Communiqué	Current Period	Previous Period	Minimum / Maximum Ratio
1	Mortgage Values of Mortgaged Lands Not Owned by the REIC, Which Will be Subject to Project Development	Art. 22/(e)	K/D	K/D	$\leq 10\%$
2	Real Estates, Real Estate-Based Projects, Real Estate-Based Rights	Art. 24/(a), (b)	$(B+A1) / D$	$(B+A1) / D$	$\geq 51\%$
3	Money and Capital Market Instruments and Subsidiaries	Art. 24/(b)	$(A+C-A1) / D$	$(A+C-A1) / D$	$\leq 49\%$
4	Foreign Real Estates, Real Estate-Based Projects, Real Estate-Based Rights, Subsidiaries, Capital Market Instruments	Art. 24/(d)	$(A3+B1+C1) / D$	$(A3+B1+C1) / D$	$\leq 49\%$
5	Lands/Fields Kept Idle	Art. 24/(c)	$B2 / D$	$B2 / D$	$\leq 20\%$
6	Participation in Operator Company	Art. 28/1 (a)	$C2 / D$	$C2 / D$	$\leq 10\%$
7	Limit of Indebtedness	Art. 31	$(E+F+G+H+J) / I$	$(E+F+G+H+J) / I$	$\leq 500\%$
8	FX Time/Demand Deposits / Special Current and Participation Accounts and TL Time Deposits and Participation Accounts	Art. 24/(b)	$(A2-A1) / D$	$(A2-A1) / D$	$\leq 10\%$
9	Total Sum of Investments in Money and Capital Market Instruments of a Single Company	Art. 22/(l)	L/D	L/D	$\leq 10\%$

**ADDITIONAL FOOTNOTE: CONTROL OF COMPLIANCE WITH PORTFOLIO LIMITATIONS /
REICs OPERATING A PORTFOLIO CONSISTING SOLELY OF INFRASTRUCTURAL INVESTMENTS AND SERVICES**

	Main Account Items of Non-consolidated / Solo Financial Statements	Relevant Provisions of Communiqué	Current Period (TL)	Previous Period (TL)
A	Money and Capital Market Instruments	Art. 24/(b)		
B1	Investments in Infrastructural Investments and Services and in Projects Relating to and in Rights Based on Such Investments and Services	Art. 24/(a)		
B2	Investments in Infrastructure Companies Through Participation or Purchase of Debt Instruments	Art. 24/(a)		
B3	Investments in Other REICs Operating a Portfolio Consisting Solely of Infrastructural Investments and Services, Through Participation or Purchase of Debt Instruments	Art. 24/(a)		
C	Subsidiaries	Art. 24/(b)		
	Receivables From Related Parties (Non-commercial)	Art. 23/(f)		
	Other Assets			
D	Total Assets	Art. 3/(p)		
E	Financial Debts	Art. 31		
F	Other Financial Liabilities	Art. 31		
G	Financial Leasing Debts	Art. 31		
H	Payables To Related Parties (Non-commercial)	Art. 23/(f)		
I	Shareholders' Equity	Art. 31		
	Other Liabilities			
D	Total Liabilities	Art. 3/(p)		
	Other Non-consolidated / Solo Financial Information	Relevant Provisions of Communiqué	Current Period (TL)	Previous Period (TL)
A1	Portion of Money and Capital Market Instruments Held For Payments For Infrastructural Investments and Services of 3 Years	Art. 24/(b)		
A2	FX Time/Demand Deposits / Special Current and Participation Accounts and TL Time Deposit / Participation Accounts	Art. 24/(b)		
C1	Participation in Operator Company	Art. 28/2(a)		
J	Non-cash Credits	Art. 31		
K	Mortgage Values of Mortgaged Lands Not Owned by the REIC, Which Will be Subject to Project Development	Art. 22/(e)		
L	Total Sum of Investments in Money and Capital Market Instruments of a Single Company	Art. 22/(l)		

	Portfolio Limitations / REICs Operating a Portfolio Consisting Solely of Infrastructural Investments and Services	Relevant Provisions of Communiqué	Current Period	Previous Period	Minimum / Maximum Ratio
1	Investments in Infrastructural Investments and Services and in Projects Relating to and in Rights Based on Such Investments and Services, and Investments in Infrastructure Companies Through Participation or Purchase of Debt Instruments, and Investments in Other REICs Operating a Portfolio Consisting Solely of Infrastructural Investments and Services, Through Participation or Purchase of Debt Instruments	Art. 24/(a), (b)	$(B1+B2+B3+A1)/D$	$(B1+B2+B3+A1)/D$	$\geq 75\%$
2	Money and Capital Market Instruments and Subsidiaries	Art. 24/(b)	$(A+C-A1) / D$	$(A+C-A1) / D$	$\leq 25\%$
3	Participation in Operator Company	Art. 28/2 (a)	$C1 / D$	$C1 / D$	$\leq 10\%$
4	Limit of Indebtedness	Art. 31	$(E+F+G+H+J) / I$	$(E+F+G+H+J) / I$	$\leq 500\%$
5	FX Time/Demand Deposits / Special Current and Participation Accounts and TL Time Deposits and Participation Accounts	Art. 24/(b)	$(A2-A1) / D$	$(A2-A1) / D$	$\leq 10\%$
6	Mortgage Values of Mortgaged Lands Not Owned by the REIC, Which Will be Subject to Project Development	Art. 22/(e)	(K/D)	(K/D)	$\leq 10\%$
7	Total Sum of Investments in Money and Capital Market Instruments of a Single Company	Art. 22/(l)	(L/D)	(L/D)	$\leq 10\%$