

**COMMUNIQUE ON REAL ESTATE APPRAISAL FIRMS
OPERATING IN CAPITAL MARKETS
(III-62.3)**

(Published in the Official Gazette edition 30874 on 31/08/2019)

List of Amendments:

1. Communiqué (III-62.3) Amending Communiqué (III-63.3) on Real Estate Appraisal Firms Operating in Capital Markets published in the Official Gazette edition 31189 on 18.07.2020

FIRST CHAPTER

Purpose, Scope, Grounds, Definitions and Abbreviations

Purpose and Scope

ARTICLE 1 – (1) The purpose of this Communiqué is to set down the procedures and principles as to authorization, business activities, and withdrawal of authorization, of real estate appraisal firms intending to engage in operations in capital markets.

(2) Real estate appraisal activities in capital markets refer to independent and impartial appraisal, under the regulations of the and the appraisal standards accepted by the Board, of probable value as of a certain date of real estate, real estate projects or rights and interests associated with real estate which are subject to transactions within the context of capital market legislation, of corporations, issuers and capital market institutions subject to capital market legislation,

(3) Appraisal activities of real estate appraisal firms duly authorized by the Board not covered by the second paragraph of this Article are outside the scope of this Communiqué.

(4) Complaint applications about appraisal activities not covered by the second paragraph of this Article of real estate appraisal firms duly authorized by the Board and about appraisal reports issued as a result of those activities shall be filed exclusively with the Turkish Appraisers Association. Decisions taken thereabout by the Association are final. Applications to be filed with other relevant institutions shall be governed by their own legislation.

Grounds

ARTICLE 2 – (1) This Communiqué has been prepared and issued in reliance upon subparagraph (c) of first paragraph of Article 35, second paragraph of Article 62, first paragraph of Article 63, and subparagraph (c) of first paragraph of Article 128 of the Capital Markets Law no. 6362 dated 6/12/2012.

Abbreviations and Definitions

ARTICLE 3 – (1) For the purposes and in the context of this Communiqué:

- (a) **“Association”** refers to Turkish Appraisers Association ;
- (b) **“Appraisal / Real Estate Appraisal”** refers to real estate appraisal activities in capital markets as defined in second paragraph of Article 1;
- (c) **“Appraisal Staff”** refers to real estate appraisers and responsible appraisers employed on a full time basis at real estate appraisal firms;
- (ç) **“Real Estate Appraiser”** refers to natural persons, a graduate of at least 4-years’ university, having at least 3 years’ past experience in real estate appraisal field, and holding a Real Estate Appraisal License received from the Board, and employed on a full time basis for real estate appraisal activities in real estate appraisal staff by a real estate appraisal firm, or hired for providing appraisal services to a real estate appraisal firm under a contract;
- (d) **“Assistant Real Estate Appraiser”** refers to for natural persons, a graduate of at least 4-years’ university, and holding a Real Estate Appraisal License received from the Board, but yet lacking the qualifications as to past experience required to become a real estate appraiser, employed by a real estate appraisal firm for involvement in real estate appraisal activities under direction and in accompaniment of real estate appraisers, in order to teach real estate appraisal profession, train as a real estate appraiser, and provide experience in connection therewith;
- (e) **“Law”** refers to the Capital Markets Law no. 6362 dated 6/12/2012;
- (f) **“Residence Appraiser”** refers to natural persons, having at least 1 year past experience in real estate appraisal field, and holding a Residence Appraisal License received from the Board, and employed on a full time basis for residence appraisal activities by a real estate appraisal firm, or hired for providing appraisal services to a real estate appraisal firm under a contract;
- (g) **“Board”** refers to the Capital Markets Board;
- (ğ) **“Firm / Real Estate Appraisal Firm”** refers to a joint-stock company authorized by the Board for real estate appraisal services in capital markets pursuant to and under this Communiqué;
- (h) **“Client”** refers to and stands for natural persons or legal entities entering into a contract with real estate appraisal firm for receipt of real estate appraisal services;
- (i) **“Responsible Appraiser”** refers to and stands for a real estate appraiser who owns minimum 10% share in paid capital of a real estate appraisal firm, satisfies all of the conditions sought for becoming a real estate appraiser, has at least 5 years’ past experience in real estate appraisal field, carries out real estate appraisal activities in the name of the appraisal firm under

his/her own personal responsibility, and is individually authorized to sign the real estate appraisal reports in the name of the appraisal firm;

(i) “**Turkish Commercial Code**” refers to the Turkish Commercial Code no. 6102 dated 13/1/2011; and

(j) “**IAS**” refers to and stands for the International Appraisal Standards published by Turkish Appraisers Association and Turkish Capital Markets Association;

(k) “**Executive**” refers to and stands for those serving as member of board of directors, general manager or deputy general manager in real estate appraisal firm, and for other personnel who do not have these job titles, but work in a position equivalent or superior to those job positions in terms of authorizations and duties assigned thereto.

SECOND CHAPTER

Authorization and Principles of Activities of Real Estate Appraisal Firms

Conditions to be Sought for in Real Estate Appraisal Firms to be Authorized

ARTICLE 4 – (1) A firm applying to the Board to perform real estate appraisal activities in capital markets under this Communiqué is required to satisfy the following conditions:

(a) It should be a joint-stock company;

(b) It should have either of the phrases “real estate appraisal” or “real property appraisal” in its company name;

(c) All of its shares should be registered shares;

(ç) It should have a minimum paid-up capital of TL 1,000,000 and all of the shares representing its minimum paid-up capital should have been issued against cash;

(d) Minimum 51% of shares representing its paid-up capital and of voting rights corresponding thereto should be owned by at least 2 responsible appraisers;

(e) Its appraisal staff should be composed of at least 10 real estate appraisers employed on a full time basis, at least 2 of them being responsible appraisers;

(f) It should have premises, organization, technical equipment, and documentation and recording system adequate to perform its activities.

(2) The condition described in subparagraph (d) of first paragraph shall not be applicable in cases where minimum 51% of its paid-up capital belongs directly or indirectly to banks or public administrations. However, at least 2 real estate appraisers satisfying and meeting all conditions, with the exception of shareholding, sought for responsible appraisers under this

Communiqué are required to be appointed by a decision of the board of directors for performance of the duties of responsible appraiser, provided that they are designated as responsible appraisers and are subject to their liabilities.

(3) The minimum paid-up capital amount set down in subparagraph (ç) of first paragraph shall be revised by the Board upon consideration of the revaluation rate announced by the Ministry of Treasury and Finance every year. Minimum paid-up capital amount revised by revaluation rate shall be taken into consideration at the stage of application for authorization.

Information and Documents Required at the Time of Application for Authorization

ARTICLE 5 – (1) Firms meeting and satisfying the conditions listed in Article 4 shall apply to the Board with the following information and documents for authorization to perform real estate appraisal activities in capital markets.

(a) As for the firm:

- 1) Decision of board of directors relating to the request of authorization filed to the Board;
- 2) Its articles of association arranged in a single text form so as to contain all changes and amendments therein;
- 3) Information about shareholding structure of the firm;
- 4) Public accountant report verifying payment of its capital;
- 5) Its annual reports of the last 3 years, if any;
- 6) Its financial statements of the last 3 years, if any;
- 7) Information about its organizational structure, executives and real estate appraisers;
- 8) List of real estate appraisal reports issued during the last 3 years, and of its clients, if any;
- 9) 5 samples out of real estate appraisal reports issued during the last 3 years, if any;
- 10) Explanatory information about analysis methods employed, report standards and standard report formats complied with, in the appraisal;
- 11) Samples of work papers used in the course of drafting of real estate appraisal reports;
- 12) Activity principles and fundamentals and work flow procedures;
- 13) Information about computer software and hardware;
- 14) A statement that the professional liability insurance cover will be taken out within one month following the date of delivery of the Board Decision regarding authorization.

b) As for its shareholders:

- 1) For legal entities, articles of association and information about shareholding structure and executives;
- 2) Resumes;
- 3) Documents mentioned in Article 7;
- 4) Financial statements of the last 3 years, shareholding structure, articles of association and annual reports of other corporations, if any, where they hold capital shares or serve as a director or are otherwise involved in management.

c) As for its executives:

- 1) Resumes;
- 2) Documents mentioned in Article 7;
- 3) Financial statements of the last 3 years, shareholder structure, articles of association and annual reports of other corporations, if any, where they hold capital shares or serve as a director or are otherwise involved in management.

ç) As for its responsible appraisers:

- 1) Resumes;
- 2) Copies of their Real Estate Appraisal Licenses;
- 3) Documents mentioned in Article 7;
- 4) A statement that work flow processes and appraisal report formats approved by a decision of the board of directors are received against a signed acknowledgement of receipt;
- 5) A certificate to be received from the Association to verify the satisfaction of the past experience condition.

d) As for its real estate appraisers:

- 1) Resumes;
- 2) Copies of their Real Estate Appraisal Licenses;
- 3) Documents mentioned in Article 7;
- 4) A statement that work flow processes and appraisal report formats approved by a decision of the board of directors are received against a signed acknowledgement of receipt;
- 5) A certificate to be received from the Association to verify the satisfaction of the past experience condition.

e) As for its assistant real estate appraisers:

- 1) Resumes;
- 2) Copies of their Real Estate Appraisal Licenses;
- 3) Documents mentioned in Article 7.

(2) Any additional information and documents may also be requested if and when deemed necessary during assessment of applications.

(3) In applications to be filed with the Board, it is required to use the forms, the standards of which shall be determined by the Board. All omitted information and documents detected by the Board or requested in addition are required to be submitted to the Board within maximum 30 days following the date of notification to the firm. If said period of time is exceeded, the application of the related firm shall be cancelled.

Board Inspection and Scope of Authorization

ARTICLE 6 – (1) Applications for authorization of real estate appraisal firms shall be examined by the Board by considering whether the conditions sought for in the Communiqué are satisfied or not. Firms deemed fit as a result of this examination shall be included the List of Firms Authorized for Real Estate Appraisal Activities in Capital Markets and shall be made public by the Board.

(2) Authorization of a firm does not construe as a warranty given for said firm and its business operations. Real estate appraisal activities which may be conducted by the firm outside the scope of capital markets regulations shall not lead to any liability of the Board.

General Qualifications of Shareholders, Executives and Real Estate Appraisers

ARTICLE 7 – (1) Shareholders, executives and real estate appraisers of the firm and members of the board of directors of legal entity shareholders of the firm are required to satisfy the following conditions:

(a) They must not have gone bankrupt, and must not have entered into composition with their creditors, or must not have been the subject a decision of suspension of bankruptcy;

(b) They must not be among persons held liable for the cancellation of one of the operating licenses in capital market institutions by the Board;

(c) They must not have been definitively convicted of any one of the offenses listed in the Law;

(ç) A decision of liquidation must not have been taken about them or institutions where they were shareholders reliance upon the Decree-Law about Transactions of Insolvent Bankers no. 35 dated 14/1/1982 and its annexes;

(d) Even if the periods of time set down in Article 53 of the Turkish Criminal Code no. 5237 dated 26/9/2004 have elapsed; they must not have been sentenced to imprisonment for five years or more due to an intentional offense or should not have been convicted of crimes committed against state security, crimes committed against constitutional order and its modus operandi, embezzlement, extortion, bribery, theft, fraud, forgery, abuse of confidence, fraudulent bankruptcy, bid rigging, rigging in terms of discharging an obligation, obstruction of information systems, destruction or alteration of data, abuse of debit or credit cards, laundering proceeds of crime, financing of terrorism, smuggling, tax evasion or unjustified benefit;

(e) They must have the honesty and reputation required by the profession;

(f) They must not be a shareholder of or serve in any job position whatsoever in any company engaged in real estate brokerage.

(2) The related individuals are required to send to the Board their statement as to satisfaction of these conditions. The Firm is accordingly under obligation to monitor the notification to the Board of any changes in the statements submitted to the Board.

Real Estate Appraisers and Assistant Appraisers

ARTICLE 8 – (1) Real estate appraiser is a natural person, a graduate of at least 4-years' university, having at least 3 years' past experience in real estate appraisal field, and holding a Real Estate Appraisal License received from the Board, and employed on a full time basis for real estate appraisal activities in real estate appraisal staff by a real estate appraisal firm, or hired for providing appraisal services to a real estate appraisal firm under a contract.

(2) Real estate appraisers to be included in real estate appraisal staff of the firm shall be appointed by a decision of the board of directors.

(3) The firm shall employ the candidate appraisers who do not yet satisfy the past experience conditions required for being a real estate appraiser as assistant real estate appraisers for involvement in real estate appraisal activities under direction and in accompaniment of real estate appraisers, in order to teach real estate appraisal profession, train as a real estate appraiser, and provide experience in connection therewith. The Firm is under obligation to employ assistant real estate appraisers of a number equal to at least 10% of the Appraisal Staff.

(4) The Firm is, under obligation upon request to furnish to persons holding a Real Estate Appraisal License, who are presently working or have in the past worked in the Firm, the documents to be used for certifying the past job experience condition.

Responsible Appraiser

ARTICLE 9 – (1) Responsible appraiser is a real estate appraiser who owns minimum 10% share in paid capital of a real estate appraisal firm, and satisfies all of the conditions and qualifications sought for becoming a real estate appraiser, and has at least 5 years' past experience in real estate appraisal field, and carries out real estate appraisal activities in the name of the appraisal firm under his/her own personal responsibility, and is individually authorized to sign the real estate appraisal reports in the name of the appraisal firm.

(2) Individuals who are entrusted with the task of checking the reports issued in the Firm and signing the reports as a result of these checks are required to satisfy and meet all conditions and qualifications, with the exception of shareholding, sought for a responsible appraiser under this Communiqué.

(3) Individuals who are found eligible for Real Estate Appraisal License pursuant to second

paragraph of Article 10 of the Communiqué on Principles Regarding Licensing and Registration for the Professionals Engaged in Capital Market Activities (VII-128.7) published in the Official Gazette edition 29088 on 14.08.2014 shall be deemed to have satisfied and met the past professional experience condition sought for in first paragraph of this Article.

Share Transfers and Amendments to Articles of Association

ARTICLE 10 – (1) It is required to obtain prior consent of the Board relating to transfer of capital shares with the intention of taking office as a responsible appraiser in the firm. Such share transfers shall be null void and may not be registered in the share register of the firm if they are realized without prior consent of the Board. Before the real estate appraiser to be assigned as a responsible appraiser acquires the required capital shares, the firm's board of directors shall take a decision of conformity on the share transfer, and shall file an application with the Board together with information and documents certifying that the relevant person satisfies and meets the conditions required for being a responsible appraiser.

(2) In other share transfers, the Board shall be informed thereabout within no later than 6 business days through submission to the Board of the board of directors' decision as to share transfer and the share register records evidencing the same. If share transfer relates to registration of a new shareholder in the capital of the firm, the information and documents certifying that the relevant individual satisfies and meets the conditions sought for in Article 7 are also required to be furnished to the Board as a part of that notification.

(3) Prior consent of the Board is required to be obtained about amendments to the articles of association. Following registration of such amendments in the articles of association, the required information and documents shall be submitted to the Board in connection therewith.

Opening of Branches and Outsourcing of Real Estate Appraisal Services

ARTICLE 11 – (1) Real estate appraisal firms may open branches provided that they have adequate premises, personnel and equipment as needed for performance of their activities, and an individual satisfying and meeting all conditions, with the exception of shareholding, sought for responsible appraiser under this Communiqué is employed as a full-time branch manager.

(2) If and when a branch is opened, a notification thereof must be made to the Board within no later than 6 business days following the date of registration. The notice to be sent to the Board shall contain address and communication information of the branch, as well as information regarding real estate appraisers and other personnel to be employed in the branch.

(3) Real estate appraisal services may not be procured through outsourcing in real estate appraisal activities conducted under capital market legislation.

(4) (Amended: OG 18.07.2020 – 31189) Without prejudice to the provision of the third paragraph hereof, real estate appraisal firms may provide real estate appraisal services through outsourcing by concluding a contract. Annual revenues from appraisal services provided through outsourcing may not exceed 25% of total revenues of the firm.

Business Activities Permitted and Prohibitions

ARTICLE 12 – (1) Real estate appraisal firms may, aside from real estate appraisal activities, engage in consulting services in such fields as market research on real estate, feasibility studies, analysis of legal status of real estate and associated rights, vacant land and developed project value analysis, and most efficient and best usage value analysis. They are not allowed to engage in appraisal of assets or properties other than real estate, which are beyond their professional expertise field and require a specific expertise and experience. The provisions of regulations of the Board pertaining to appraisal of non-real estate assets within the scope of capital market legislation are, however, reserved.

(2) They may also individually appraise the integral parts and extensions of a real estate, within the meaning ascribed thereto respectively by Articles 684 and 686 of the Turkish Civil Code no. 4721 dated 22.11.2001.

(3) Real estate appraisal firms may not engage in any activities, including real estate brokerage services, other than the activities mentioned in first and second paragraphs. Nor can they accept business activities for which they do not have adequate knowledge and skills.

(4) Real estate appraisers and residence appraisers:

a) May not be employed in or be a shareholder simultaneously in more than one real estate appraisal firm, or be a shareholder or executive in other capital market institutions;

b) May not act or behave in such manner incompatible with their profession and professional dignity;

c) May not accept appraisal of assets or properties which are beyond their professional expertise and require a specific expertise and experience;

ç) May not take office with any job title whatsoever in companies and their subsidiaries which currently receive appraisal services from them as their clients, until 2 years have elapsed since the provision of services;

d) May not accept appraisal services to which they are unable to devote enough time under professional care and diligence rules.

(5) Real estate appraisers employed full time by real estate appraisal firms for real estate appraisal services in appraisal staff may not engage in any activities, including real estate

brokerage services, other than the business operations mentioned in the first and second paragraphs.

(6) The provisions of the fifth paragraph are not applicable to real estate appraisers and residence appraisers providing appraisal services to real estate appraisal firms through outsourcing under a contract. However, these persons may not engage in real estate brokerage activities under any circumstances.

(7) Real estate appraisal firms and real estate appraisers are under obligation to comply with the Association's Statute and the decisions of the Association pursuant to tenth paragraph of Article 76 of the Law.

Cancellation of Authorization and License

ARTICLE 13 – (1) Upon detection of any one of the following violations, in reliance upon Article 96 of the Law, the Board may decide to cancel the authorization of a real estate appraisal firm to provide appraisal services in capital markets:

(a) Loss of any one of the qualifications of application listed in Article 4 and continuity of this loss for a period of 6 months;

(b) Non-compliance with prohibited business activities referred to in Article 12 and the independence principles set forth in Articles 16 and 17;

(c) Non-compliance with the regulations and rules stipulated for real estate appraisal firms in capital markets regulations;

(c) Non-signature of an appraisal report by at least one responsible appraiser;

(d) Failure of real estate appraisers, also including responsible appraiser, in conducting adequate examination in real estate appraisal activities, failure of work papers, digital documents and report contents and information to prove the conclusion derived out in the report, and failure in compliance with integrity, honesty, independence, neutrality, reliability, professional care and diligence principles;

(e) Issuance of erroneous, deficient, misleading, partial, and false report in contradiction with IAS and provisions of this Communiqué;

(f) Failure to fulfil reporting obligations arising out of this Communiqué in a timely manner, completely and accurately;

(g) Failure in providing all kinds of information or documents that may be requested by the Board or by the designees of the Board, or delay in providing, or provision of false information;

(ğ) Non-compliance with decisions taken by the Association under Article 76 of the Law, or non-participation in obligatory trainings provided, and non-payment of membership fees;

(h) Non-compliance with the Real Estate Appraisal Minimum Fee Tariff and Principles of Implementation published by the Board;

(ı) Application of a sanction due to breach of the Turkish Commercial Code, banking regulations and other applicable legislation, and reporting of this sanction by the relevant institution to the Board.

(i) **(Added: OG 18.07.2020 – 31189)** Failure to report data and information to the CRA Real Estate Data Centre Inc. in a timely manner under relevant procedures and principles.

(2) A firm whose authorization is cancelled by the Board may not apply to the Board with a re-authorization request for provision of appraisal services in capital markets for a period of one year following the date of decision of the Board regarding cancellation of authorization. Shareholders and members of board of directors of a firm whose authorization is cancelled by the Board, if and to the extent they have liability in cancellation of authorization, are not allowed to take office with any job title or become a shareholder in any other real estate appraisal firm filing an application with the Board for authorization for appraisal services in capital markets or in any other real estate appraisal firm already authorized by the Board, for a period of one year thereafter. If, at the end of this period of one year, an application is filed with the Board, and it is demonstrated that the firm whose authorization has been cancelled by the Board has in the meantime eliminated the conditions causing cancellation of authorization, and has taken measures required for avoidance of repetition of said conditions, and that the firm's shareholders, executives and real estate appraisers and assistant appraisers have satisfied the conditions sought for in Article 7, then, the firm's application for re-authorization may be taken into evaluation.

(3) In case of detection of a liability with respect to the issues mentioned in subparagraphs (d) and (e) of the first paragraph, depending on the subject matter of such liability, the Board may prohibit the relevant responsible appraiser and/or real estate appraisers from engaging in real estate appraisal services in capital markets by suspending their licenses for a minimum period of one year or cancelling them permanently. Responsible appraisers and/or real estate appraisers who are prohibited from engaging in real estate appraisal services in capital markets temporarily may, at the end of the term of prohibition, apply to the Board for removal of prohibition, whereupon the aforesaid applications shall be evaluated and decided by the Board by also taking into consideration whether there is any ongoing investigation about the relevant person or not.

THIRD CHAPTER
Principles and Rules to be Conformed with in
Real Estate Appraisal Activities

Full-time Working Rule

ARTICLE 14 – (1) Full-time working rule refers to engagement in real estate appraisal activities permanently in working environments and non-engagement in any job or profession whatsoever other than real estate appraisal activities, for the sake of institutionalizing and increasing the quality of real estate appraisal services. Accordingly, real estate appraisers and assistant appraisers included in the appraisal staff are required to take office on full time basis in the firm.

(2) Employment or recruitment of a real estate appraiser included in appraisal staff by any other company means breach of this full-time working rule. However, serving as a court expert or as a trainer shall not be construed as a breach of full-time working rule, provided that it does not prevent real estate appraisal activities.

Responsibility

ARTICLE 15 – (1) Both real estate appraisal firms and their real estate appraisers and responsible appraisers signing the real estate appraisal report shall be held liable pursuant to Articles 32 and 63 of the Law for all kinds of damages caused to their clients or to third parties making use of their reports issued as a result of their real estate appraisal activities due to false, misleading or deficient information contained in said reports, or non-conformity of reports to predetermined standards, or failure to make adequate investigations, or use of erroneous data.

(2) Penal liabilities of shareholders and members of board of directors of the firm and of those who prepare the real estate appraisal report are reserved.

(3) Real estate appraisers whose license is suspended are not entitled to engage in real estate appraisal activities. Real estate appraisal firm shall be held responsible jointly with the relevant real estate appraiser for monitoring and pursuing compliance with this prohibition, and if needed, for ensuring that the relevant real estate appraiser attends renewal training, and does not engage in real estate appraisal activities while their license is suspended.

Independence

ARTICLE 16 – (1) Real estate appraisal firms and real estate appraisers are under obligation to act independently and impartially in all of their real estate appraisal activities. Independence refers to a set of acts and behaviours required for assuring honest and neutral performance of professional activities. Real estate appraisers should not only act honestly and neutrally in the course of real estate appraisal activities, but also avoid from special conditions which may compromise their independence.

(2) Real estate appraisers are under obligation to avoid any probable conflicts of interest that may arise in the course of their activities, and not to allow any intervention which may negatively affect their honesty and neutrality, and to declare their opinions resulting from their appraisal activities without ever taking into consideration any direct or indirect interests of third parties.

Factors Compromising Independence

ARTICLE 17 – (1) In case of a reasonable doubt of an impairment in independence of real estate appraisal firm or real estate appraiser, their independence is deemed to have been compromised.

(2) The independence is deemed to have been compromised upon occurrence of any one of the following events, without being limited thereto:

a) As for partners, executives and real estate appraisers of a real estate appraisal firm and their blood relatives or relatives by marriage up to and including third degree and their spouses or as for the real estate appraisal firm itself:

1) If it is detected that a direct or indirect interest, other than those interests specified in the real estate appraisal agreement, is derived from the customer or any persons or entities related to the client, or any promise is given for such an interest;

2) If it is detected that a partnership relationship has been established during the last two years, also including the period of real estate appraisal services, with the client or the client's shareholders or other natural persons or legal entities that are directly or indirectly related or linked to or under control or influence of the client in terms of management, supervision or capital shareholding;

3) If it is detected that the appraiser has served as a founder and/or an executive in or has entered into commercial relations with the client or its subsidiaries or with other enterprises under joint management with the client within the last two years, also including the period of real estate appraisal services;

4) If it is detected that the appraiser has entered into debt relations other than ordinary economic relations with the client or its subsidiaries or with other enterprises under joint management with the client;

(b) Failure of the client to pay the real estate appraisal fees of previous years without a just cause;

(c) If the real estate appraisal fee depends upon certain conditions linked to the real estate appraisal results or shows clear differences from the current market rates or is determined by the firm by considering other services offered to the client;

(ç) If the real estate appraisal firm obtains more than 40% of its total revenues from all real estate appraisal activities from a single natural person or legal entity or its affiliates during the last five calendar years.

(3) Factors compromising independence are valid also for persons or entities offering services to the real estate appraisal firm, except for the provisions of subparagraph (ç) of second paragraph.

Professional care and diligence

ARTICLE 18 – (1) Real estate appraisers are under obligation to show the required professional care and diligence at all stages of their real estate appraisal activities. Care and diligence refer to the care and efforts to be shown and the importance to be attached to details by a careful, prudent and diligent appraiser under the same conditions. Minimum criterion of the required care and diligence is full compliance with the Board regulations and the regulations of the Association pertaining to real estate appraisal services. Accordingly, a real estate appraiser is obligated to plan and schedule the real estate appraisal activities as required, and to collect and examine adequate, appropriate and reliable information and documents, and to prepare regular work papers, and to declare his/her resulting opinions in a real estate appraisal report to be issued carefully and diligently.

Confidentiality obligation

ARTICLE 19 – (1) Real estate appraisers, and executives of real estate appraisal firms, and external persons offering appraisal services to the firm are not allowed to disclose information related to their clients and appraisal works, nor may they use said information for directly or indirectly deriving interests for themselves or for third parties or for causing harm to third parties. This confidentiality obligation continues also after they leave their jobs.

(2) However, said information may be disclosed to related persons only with a prior explicit consent or request of their clients, or upon request of other public authorities legally authorized to request the same, or the Association.

Acceptance and transfer of appraisal job

ARTICLE 20 – (1) Real estate appraisal firms are, before entering into a real estate appraisal agreement with their clients, under obligation to determine the risks they may be exposed to upon assumption of the subject real estate appraisal job, and to conduct all of the required preliminary researches in order to determine the scope and prepare the plan of real estate appraisal services.

(2) Real estate appraisal firms may not accept any appraisal job that may be in contradiction with the provisions of Article 12.

(3) Upon occurrence of any one of the factors compromising independence as listed in Article 17, real estate appraisal firms and/or real estate appraisers may not provide appraisal services to a client being a party to said relations. Before acceptance of an appraisal job, they must research factors compromising independence pursuant to Article 17. If any such incidence is detected after the acceptance of the job, the firm is under obligation to immediately terminate the job and to report such termination, together with reasons thereof, to the Board within 6 business days at the latest. In this case, the firm is required to transfer all of its work papers and notes and other information to its successor. If such an incident is detected without such a notice, the Board shall be authorized to take the required actions and measures pursuant to the provisions of Article 13.

Obligation to sign a contract

ARTICLE 21 – (1) Real estate appraisal services may be provided only in reliance upon a real estate appraisal contract signed separately for each appraisal report by and between the firm and the relevant client in order to set down the rights and obligations of the parties thereto. However, a single contract may be signed for multiple appraisal reports, provided that the fee of each appraisal report is clearly and separately specified in the contract.

(2) In appraisal activities to be conducted under the fifth paragraph of Article 57 of the Law, a single contract may be signed for multiple appraisal reports, provided that it does not contradict with the yearly minimum fee tariff and the principles of implementation published by the Board or the Association.

(3) This contract must contain at least:

a) A statement as to whether the real estate appraisal report to be prepared by the real estate appraisal firm as a result of its appraisal services will be prepared in accordance with second paragraph of Article 1 or not;

b) Information relating to real estate, real estate projects or real estate-based rights and benefits to be appraised;

c) Information introducing the parties to the contract;

ç) Appraisal fee and principles of its determination;

d) Principles regarding working hours and designated individuals, and in case of appraisals to be conducted pursuant to the capital markets legislation, the real estate appraisal staff;

- e) Duration of contract, and conditions of withdrawal from or termination of contract;
- f) Principles regarding legal and financial responsibilities of the firm and the client;
- g) Information on professional liability insurance to be taken out for meeting damages and losses that may arise out of real estate appraisal services to be offered by the real estate appraisal firm.

(4) In consideration of real estate appraisal services received from the real estate appraisal firm, the client is under obligation to pay a real estate appraisal fee. The client may not refrain from paying the appraisal fee on such grounds as non-acceptance of appraisal report for any reason whatsoever, or dislike of final value appraised in the report, nor may the contract contain such provisions.

(5) Appraisal work is a study for reporting of the estimated value of real estate, real estate projects or real estate-related rights and interests as of the date of appraisal. In case of change of current market values after the date of appraisal report due to marketplace conditions, the real estate appraisal firms may not be held liable, nor may the contract contain such provisions.

Determination of appraisal fee

ARTICLE 22 – (1) Fees to be charged in consideration of real estate appraisal services will be freely determined by and between the firm and the client in compliance with the principles as to amounts and limits of appraisal fees set forth in the minimum fee tariff issued pursuant to sixth paragraph of article 76 of the Law.

(2) However, this fee:

- a) may not be linked to a predetermined estimated value;
- b) may not be determined after completion of real estate appraisal services;
- c) nor can its payment be linked to a certain condition.

Appraisal report

ARTICLE 23 – (1) Appraisal report relating to real estate appraisal services and its conclusions is required to be prepared in writing in such manner to cover all of the minimum contents listed in Annex-1 and to be signed by at least one responsible appraiser. The appraisal report may also be signed jointly by other contributors of the report.

(2) In preparation of appraisal reports, the guides and the Good Practices Guidelines issued by the Association shall also be used.

Information to be disclosed to real estate appraisal firms

ARTICLE 24 – (1) All kinds of information and documents which may be required for robust and consistent performance of real estate appraisal works or may affect the assessment of final value are required to be disclosed by the client to real estate appraisal firm for use in appraisal works even if not specifically demanded.

Professional liability insurance

ARTICLE 25 – (1) Real estate appraisal firms are obligated to take out a professional liability insurance with regard to their appraisal reports under general terms and conditions as determined by the Ministry of Treasury and Finance.

(2) A copy of the professional liability insurance policy shall be sent to the Board within 6 business days after the date it is issued.

Reporting obligation and internet page

ARTICLE 26 – (1) In addition to reporting and notification obligations referred to in the relevant articles of this Communiqué, the following information and documents are also required to be submitted by firms to the Board:

a) General assembly meeting minutes and list of attendants regarding each ordinary or extraordinary meeting of general assembly of shareholders within 6 business days following said meetings;

b) In case of a change in natural person or legal entity shareholders and executives, responsible appraisers, real estate appraisers, branch managers or assistant appraisers of the firm, within no later than 6 business days following the date of such change, information and documents proving that new shareholders or designated persons satisfy all of conditions sought for in this Communiqué, and in case of changes of job title in the appraisal staff, a copy of the relevant decision of the board of directors pertaining to appointment;

c) In case of change of address of head office or branches of the firm, a notice containing new addresses within 6 business days following the date of change.

(2) In case of loss of any one of the conditions of application referred to in first paragraph of Article 4, said loss is required to be reported to the Board within 6 business days at the latest.

(3) The firm's corporate website shall contain trade registry data, the current shareholding, management and organization structure, the current version of the corporate articles of association with the dates and numbers of editions of the Turkish Trade Registry Gazette where changes are published, and financial reports of the last 5 years.

(4) In submission of financial reports, it is required to comply with the Communiqué on Principles Regarding Financial Reporting in Capital Markets (II-14.1) published in the Official Gazette edition 28676 on 13/6/2013.

(5) Principles of notification as to details of appraisal reports prepared pursuant to second paragraph of Article 1 of this Communiqué, and the underlying agreements, and the breakdown of revenues of the firm shall be determined by the Board.

(6) Responsible appraisers and board of directors of real estate appraisal firms shall be jointly held responsible for preparation, submission and accuracy of notifications to be sent pursuant to this Article and of information to be published on the website within the frame of pertinent provisions of the Turkish Commercial Code and capital markets legislation. Principles as to scope and method of said notifications shall be determined by the Board.

FOURTH CHAPTER

Miscellaneous and Final Provisions

Board supervision

ARTICLE 27 – (1) The Board will, if and when deemed necessary, supervise the real estate appraisal firms which it has authorized, and may at any time request all kinds of information and documents from them.

(2) The firm is under obligation to keep all of its reports prepared with respect to real estate appraisal activities, and the underlying working papers of these activities, both in printed form for submission to the Board if and whenever they are requested, and in electronic media created in accordance with the standards accepted by the Board, for a minimum period of 10 years following the date of appraisal report.

Independent audit obligation, financial reports and company mergers

ARTICLE 28 – (1) Preparation of financial reports and independent audit of real estate appraisal firms are subject to regulations of the Board pertaining to independent audit and financial reporting.

(2) A real estate appraisal firm authorized by the Board may merge with another real estate appraisal firm again authorized by the Board, with a prior approval of the Board. Merger may be realized in the form of an acquisition or establishment of a new company.

Announcements and Advertisements

ARTICLE 29 – (1) Real estate appraisal firms are required to comply with the following rules and principles in all written, audio or visual announcements and advertisements such as brochures, posters and similar other notices and statements , including electronic media.

- a) Misleading or deceptive statements or statements exploiting the lack of knowledge or experience may not be used.
 - b) Biased and false information may not be provided.
 - c) A comparison may not be made with other firms, or with such statements as “largest”, “best”, “most reliable” or “securest” or similar other phrases aiming to create a subjective and exaggerated impression may not be included therein.
 - ç) Promises or commitments may not be offered as to result of appraisal.
 - d) Promises or commitments as to provision of services beyond the scope of Article 12 may not be provided.
- (2) Firms not authorized by the Board are prohibited from using phrases or visuals that may create the perception of being authorized by the Board.
- (3) Real estate appraisal firms may state that they are authorized by the Board only for their real estate appraisal activities conducted under capital market legislation, without prejudice to legal obligations pertaining thereto.

Repealed Communiqué

ARTICLE 30 – (1) The Communiqué on Real Estate Appraisal Firms Offering Appraisal Services within the Frame of Capital Market Legislation and Principles Regarding Listing of These Firms by the Board (Serial VIII, No. 35) published in the Official Gazette edition 24491 on 12/08/2001 is hereby repealed.

(2) References made to the Communiqué repealed by first the paragraph shall hereafter be deemed to have been made to this Communiqué.

TRANSITIONAL ARTICLE 1 – (Amended OG 18.07.2020 – 31189) (1) Real estate appraisal firms already authorized by the Board or having filed an application for authorization as of the date of publication of this Communiqué are under obligation to comply with the provisions of subparagraphs (ç) and (e) of first paragraph of Article 4, third paragraph of Article 8 and first paragraph of Article 11 by 1/1/2021, and provisions of the third paragraph of Article 11 by 1/1/2020.

(2) The 25% ratio specified in the fourth paragraph of Article 11 of this Communiqué shall be implemented gradually as 60%, 40% and finally 25%. Accordingly real estate appraisal firms already authorized by the Board or having filed an application for authorization shall begin calculations for the 60% ratio as of 1/1/2021 and shall comply with the mentioned provision as of 31/12/2021, shall begin calculations for the 40% ratio as of 1/1/2022 and shall comply with

the mentioned provision as of 31/1/2022, and finally begin calculations for the 25% ratio as of 1/1/2023 and comply with the mentioned provision as of 31/12/2023.

(3) Real estate appraisal firms authorized by the Board or having filed an application for authorization as of the date of publication of this Communiqué shall begin calculations for the 40% ratio specified in subparagraph (ç) of the second paragraph of Article 17 as of 1/1/2020 and shall comply with the mentioned provision as of 31/12/2024.

(4) If real estate appraisal firms authorized by the Board or having filed an application for authorization as of the date of publication of this Communiqué fail to comply with the provisions of the first, second and third paragraphs, without prejudice to the provisions of Transitional Article 2, their authorization shall be cancelled by the Board.

TRANSITIONAL ARTICLE 2 – (1) If a real estate appraisal firm already authorized by the Board as of the date of publication of this Communiqué has obtained more than fifty percent of its revenues arising from real estate appraisal activities, out of the appraisal activities on real estates other than the real estates shown as a security deposit for loan facilities borrowed from financial institutions, in the last calendar year, then said real estate appraisal firm is not under obligation to comply with the provisions of subparagraphs (ç) and (e) of first paragraph of Article 4. A firm wishing to be covered by this paragraph is required to file an application to the Board by 31/12/2020 at the latest, together with the required information and documents.

(2) Appraisal staff of a firm subject to the first paragraph of this Article is required to be comprised of minimum 5 real estate appraisers employed on full time basis, at least 2 of them being responsible appraisers.

Effective Date

ARTICLE 31 – (1) This Communiqué becomes effective as of the date of its publication.

Execution

ARTICLE 32 – (1) The provisions of this Communiqué will be enforced and executed by the Capital Markets Board.

ANNEX-1
Minimum Contents of Real Estate Appraisal Reports

1. Report information

- a) List of index
- b) Date of report
- c) Number of report
- ç) Names and surnames of preparers of report
- d) Name and surname of responsible appraiser
- e) Date of appraisal
- f) Date and number of underlying agreement
- g) A statement as to whether the report is prepared and issued pursuant to second paragraph of article 1 of the Communiqué
- ğ) If the subject real estate has already been appraised by the same firm at previous dates as well, information about the last three appraisals

2. Information introducing the firm and the client

- a) Name and address of the firm
- b) Introductory information and address of the client
- c) Scope of client demands and if any, limitations put thereon
- ç) Scope of works

3. Information on legal status of subject real estate

- a) Information on place, location, description, title deeds registry records, plan, project, license, drawing, etc. documents of the real estate
- b) Information as to encumbrances, if any, on the real estate, or as to any limitation on transfer or sale of it
- c) Information on sales, if any, of the real estate during the last three years, and on changes in legal status of the real estate (changes in city planning status, expropriation transactions, etc.)
- ç) Information as to city planning status of the real estate and its region
- d) Explanations on decision of stoppage, decision of demolition, determination of risky building, etc. taken in relation with the real estate
- e) Information as to agreements signed about the real estate (preliminary sell contracts, agreements on construction in return of flats, and revenue sharing agreements, etc.)
- f) Information as to construction licenses, renovation licenses, or building use permits taken for real estates and real estate projects, and information as to whether all of the permits and licenses needed to be taken pursuant to the pertinent laws and regulations are received or not, and whether all of the legally required documents and certificates are fully and accurately existing or not

- g) With regard to the appraised projects, information as to building control surveyor (trade title, address, etc.) appointed as per the Building Control Law no. 4708 dated 29/6/2001, and as to controls and surveys performed by it about the appraised real estates
- ğ) If an appraisal is made in reliance upon a certain project, detailed information about the project, and a statement that the plans and the value appraised are entirely related to the existing subject project, and that if a different project is applied, the value may be different
- h) Information as to energy efficiency certificate, if any, of the real estate

4. Physical characteristics of real estate

- a) Analysis of the region of the subject real estate, and data used therein
- b) Analysis of existing economic conditions and real estate market, and existing trends and underlying data and their effects on value of the subject real estate
- c) Factors making negative effects on or limiting the real estate appraisal process
- ç) Physical, structural, technical and construction features of the subject real estate
- d) Information as to breaches, if any, of license detected about the existing building or about the ongoing construction project
- e) Information as to whether changes made in the already licensed buildings require a re-licensing process pursuant to Article 21 of the City Planning and Zoning Law no. 3194 or not
- f) Information as to purpose of use of the real estate as of the date of appraisal, and if the real property is a land or field, whether a structure exists on it or not, and if any, for which purposes these existing structures are used

5. Appraisal methods employed

- a) Conclusions derived by market approach (if applied):
 - 1) Information explaining the market approach, and reason of use of this approach for appraisal of the subject real estate
 - 2) Information on peer real estates the prices of which can be determined, and source of such information
 - 3) Sketches showing proximity of peer real estates to the subject real estate, as taken out of their maps in virtual environment
 - 4) Detailed explanations as to how the peers are taken into consideration, and as to corrections made in information about the peers, and as to causes of said corrections, and other assumptions employed therein
 - 5) Conclusion derived out of market approach (in such manner to contain all calculations made for deriving said conclusion)
- b) Conclusions derived by cost approach (if applied):
 - 1) Information explaining the cost approach, and reason of use of this approach for appraisal of the subject real estate

- 2) Information on peer real estates used in determination of land value, and source of such information, and corrections made therein, and other assumptions used therein, and conclusion derived
- 3) Information employed in determination of construction cost and other cost items, and source of such information, and other assumptions used therein
- 4) Conclusion derived out of cost approach (in such manner to contain all calculations made for deriving said conclusion)

c) Conclusions derived by revenue approach (if applied):

- 1) Information explaining the revenue approach, and reason of use of this approach for appraisal of the subject real estate
- 2) Information on peer real estates used in estimation of cash inflows and outflows, and source of such information, and other assumptions used therefor
- 3) Detailed explanations as to how the reduction/discount rate is calculated, and reasons thereof
- 4) Conclusion derived out of revenue approach (in such manner to contain all calculations made for deriving said conclusion)

ç) Other determinations and analyses (if and to the extent needed for appraisal activity):

- 1) Assessed rental values (analysis and data used therefor)
- 2) In projects to be realized by revenue sharing or construction in return of flat methods, the peer rates of sharing
- 3) Vacant land and project values of lands for which a project is developed
- 4) Vacant land and developed project value analysis, and data and assumptions used therein, and conclusions derived
- 5) Most efficient and best usage value analysis
- 6) Valuation analysis of joint or divided sections

6. Evaluation of analysis results and opinion

- a) Harmonization of different appraisal methods and analysis results, and explanation of methods used for that purpose and reasons thereof
- b) If any item of minimum contents is not included in the report, reasons of exclusion of it from the report
- c) Statement as to whether all of the legal requirements are fulfilled or not, and as to whether all of the permissions and certificates required to be taken pursuant to the laws and regulations are fully and completely existing or not
- ç) Statement as to encumbrances and mortgages, if any, imposed on the subject real estate
- d) Information as to whether the subject real estate is under any limitation of transfer or not, except for existence of any mortgage or any other encumbrance which may directly and materially affect the value of the subject real estate appraised hereunder

- e) If the appraised real estate is a land or field, information as to whether any action is taken for development of a project thereon within a period of five years following the date of acquisition or not
- f) If the appraisal is performed on right of construction or timesharing right, information as to whether the contracts underlying said rights contain any limitation on transferability and assignability of said right of construction or timesharing right, other than the limitations arising out of special law provisions pertaining thereto
- g) Statement as to whether the description of real estate given in title deeds registry records, and its actual purpose of use, and its inclusion feature in portfolio are consistent with each other or not, and as to whether there is any drawback on inclusion of it in the portfolio (In this subparagraph, it is required to make an evaluation pursuant to and by reference to relevant articles of the “Communiqué on Principles Regarding Real Estate Investment Trusts” no. III-48.1 as for real estate investment trusts or of the “Communiqué on Principles Regarding Real Estate Investment Funds” no. III-52.3 as for real estate investment funds.)

7. Conclusion

- a) Conclusive statement of the responsible appraiser
- b) Final value appraised

In appraisal of this value, the following principles are required to be complied with:

- 1) Final value is required to be appraised in Turkish Lira currency on the basis of cash sale value of the real estate.
- 2) Appraisal should be made excluding the value added tax, and total value should be computed by adding the relevant value added tax amount.
- 3) In appraisal of real estate projects, part of the project completed by the date of appraisal should be appraised in Turkish Lira currency with inclusion of land value as well, and if necessary, assuming that the project is completed as of the date of appraisal, a value appraised for the total project in Turkish Lira currency should also be included in the report separately for information purposes.

Annexes to report

- a) Title deed, plans, projects, licenses, diagrams, photographs and similar other information and documents of the appraised real estate
- b) Copies of agreements signed for the real estate (preliminary sell contracts, construction in return of flat agreements, revenue sharing agreements, etc.)
- c) Copies of Real Estate Appraisal Licenses of real estate appraiser who sign the report, and copies of their Professional Experience Certificates given by Turkish Appraisers Association.