

**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:

- 1- Communiqué (III-48.1.a) Amending the Communiqué III-48.1 on Principles of Real Estate Investment Companies published in the Official Gazette edition 28891 on 23.01.2014.
- 2- Communiqué (III-48.1.b) Amending the Communiqué III-48.1 on Principles of Real Estate Investment Companies (III-48.1) published in the Official Gazette edition 29951 on 17.01.2017
- 3- Communiqué (III-48.1.c) Amending the Communiqué III-48.1 on Principles of Real Estate Investment Companies published in the Official Gazette edition 30417 on 10.05.2018
- 4- Communiqué (III-48.1.ç) Amending the Communiqué III-48.1 on Principles of Real Estate Investment Companies published in the Official Gazette edition 30643 on 02.01.2019
- 5- Communiqué (III-48.1.d) Amending the Communiqué III-48.1 on Principles of Real Estate Investment Companies published in the Official Gazette edition 30901 on 27.09.2019
- 6- Communiqué (III-48.1.e) Amending the Communiqué III-48.1 on Principles of Real Estate Investment Companies published in the Official Gazette edition 31269 on 09.10.2020

FIRST CHAPTER

Purpose, Scope, Grounds, Definitions and Abbreviations

Purpose and Scope

ARTICLE 1 – (1) (As amended: OG 23.01.2014 - 28891) The purpose of this Communiqué is to set down principles with regard to the establishment 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 shareholders 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 corporations 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 – (As amended: OG 23.01.2014 - 28891) (1) 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 08.06.1994, 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 Turkish Association of Capital Markets ;

d) “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;

f) “Consultant company” (As amended: OG 02.01.2019 - 30643) Refers to a company which provides the real estate investment company with financial, legal or technical consulting 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, as shares tradable in the 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 Inc.);
- ş) **“Takasbank”** refers to İstanbul Takas ve Saklama Bankası A.Ş. (İstanbul Custody and Settlement Bank Co., Inc.);
- t) **“TCC”** refers to and stands for the Turkish Commercial Code no. 6102 dated 13.01.2011;
- 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;
- y) **“Management control”** refers to the holding of more than fifty percent of voting rights of a corporation, 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 CHAPTER

General Principles

Definition of REIC

ARTICLE 4 – (1) (As amended: OG 23.01.2014 - 28891) REIC is a type of capital market institution which is established 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, Takasbank 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 established/transformed exclusively for these activities, and the REIC's articles of association must contain a clause in connection therewith.

(3) REICs established for operation and management of a portfolio consisting solely of infrastructural investments and services may not 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 also may 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 amended: OG 23.01.2014 - 28891) REICs may either be established 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 established 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 established 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 CHAPTER

Principles on Establishment and Conversion

Conditions of Establishment and Conversion

ARTICLE 6 – (1) (As amended: OG 23.01.2014 - 28891) REICs may directly be established as a real estate investment company, or joint-stock corporations 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 establishment 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 establishment or conversion of a REIC:

- a)** the REIC must have been established in the form of a joint-stock corporation with registered capital or must be a joint-stock corporation and must have applied to the Board for shifting to registered capital system;
- b)** in the case of establishment, its initial capital, or in the case of conversion, each of its existing paid or issued capital and shareholders' equity shown must not be less than TL 30,000,000, and if it will operate a portfolio consisting solely of infrastructural investments and services, it must 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 establishment, 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 shareholders or existing shareholders 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 appointed at the time of application for establishment or conversion and must have been appointed no later than the date of registration of establishment 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;
 - g) in applications for establishment, if capital in kind is injected at the time of establishment, 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;
 - i) its capital must not have been increased out of funds created by revaluation 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 shall lose 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 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 shareholders 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 shall be implemented 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 shall not be applicable.
- b) Conditions specified in subparagraph (d) of second paragraph shall not be 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 shareholders, such decision or approval must have been taken in application for foundation or conversion of a REIC.

Qualifications of Founders and Shareholders:

ARTICLE 7 – (1) Natural person and/or legal entity founding shareholders 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) **(Added: OG 23.01.2014 - 28891)** must not have been convicted of crimes described in the Law on Prevention of Financing of Terrorism no. 6415 dated 07.02.2013; and
- h) **(Added: OG 23.01.2014 - 28891)** 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 shall not be considered in enforcement of the decisions relating to removal or closure of bankruptcy or approval of proposals for composition with creditors, and the conditions specified in subparagraph (b) hereof shall not be 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 shareholders of the joint-stock company to be converted must meet the conditions specified in all subparagraphs, with the exception of subparagraph (e), of the first paragraph of this Article.

(3) In applications for establishment and conversion, natural persons indirectly holding 20% or more of capital shares of the REIC as beneficial owner, 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, shareholders holding the shares providing management control are required to meet the conditions specified in all subparagraphs, with the exception of subparagraph (e), of the first paragraph of this Article.

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

Establishment or Conversion Transactions

ARTICLE 8 – (1) (As amended: OG 23.01.2014 - 28891) Applications for establishment or conversion are required to be filed to the Board with a standard establishment 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) **(As amended: OG 23.01.2014 - 28891)** The Board shall examine 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 shall be made to the Ministry with a request of approval of establishment in the case of establishment or a request of approval of amendments to articles of association in the case of conversion, without prejudice to legal provisions pertaining to other consents, approvals and permissions required to be obtained from relevant authorities with respect to infrastructural activities.

(3) In the case of establishment, 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 shall submit to the Board the documents demonstrating the registration in the trade registry of the founding 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) (As amended: OG 23.01.2014 - 28891) In establishment and capital increases of REICs, only real estate 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 establishment and after capital increase, the portion of issued capital paid in cash must not fall below the amount/rate stipulated in subparagraph (c) of the second paragraph of Article 6 of this Communiqué.

(2) (As amended: OG 23.01.2014 - 28891) If capital in kind is injected at the time of establishment, the injected capital in kind shall be valued and assessed within the frame of provisions of Article 343 of TCC. In addition, a report for appraisal of capital in kind shall be prepared and issued within the frame of principles set forth in the Eighth Chapter of this Communiqué. The lower one of the amounts calculated in these reports shall be taken and treated as the capital in kind.

(3) The provisions of Article 343 of TCC shall be 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 the 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) (As amended: OG 23.01.2014 - 28891) Real estate and real estate-based rights to be injected as capital in kind shall be 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 shall be implemented. It is the responsibility of the REIC board of directors or if authorized so by the board of directors, of relevant executive director to complete the said registration within the legal period of time stipulated.

FOURTH CHAPTER

Issuance and Sales of Shares

Sales of REIC Shares

ARTICLE 10 – (As amended: OG 23.01.2014 - 28891) (1) Issuance and sales of REIC shares shall be governed by not only the special provisions specified in this Communiqué, but also the regulations of the Board pertaining to issuance 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 amended with its title: OG 23.01.2014 - 28891) (1) REICs originally established 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 establishment 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 free 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 shall be 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 shall be deemed to have been dissolved pursuant to provisions of subparagraphs (b) and (c) of first paragraph of Article 529 of the TCC.

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

ARTICLE 11/A – (Added: OG 23.01.2014 - 28891) (1) (As Amended: OG 17.01.2017 – 29951) (1) (Amended by Communiqué published in Official Gazette edition 29951 on 17/1/2017) REICs intending to operate a portfolio solely comprised of infrastructural

investments and services are, within two years following the date of registration of their establishment or the amendments to their articles of association in trade registry, required to procure the spaces, equipment and personnel and build the organization as may be required for their business activities, 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, 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 free 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 shall be 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 shall be deemed to have been dissolved pursuant to provisions of subparagraphs (b) and (c) of first paragraph of Article 529 of the TCC.

(5) In cases where 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, 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 shall 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 shall be 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 shall be 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 existing shareholders shall not be 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 shall not be registered in the share register.
- d) The condition of completion of infrastructural investments portfolio shall not be 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) **(Repealed: OG 17.01.2017 - 29951)**
- 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 shall 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 shareholders thereabout as stipulated in their articles of association.
- ğ) REICs may not issue shares granting privileges other than the privilege of nomination of board of directors. However, REICs may issue privileged shares after sales to

qualified investors, provided that it is specified in their articles of association and the appraisal right for shareholders is recognized pursuant to Article 24 of the Law.

h) Promotional advertisements and announcements are not allowed.

i) Third paragraph of Article 25 shall be inapplicable.

i) Article 41 shall be inapplicable.

j) The provisions of the fourth paragraph of Article 24 of the Law shall be applicable to 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 28.06.2013 pertaining to sales of shares to qualified investors are applicable by analogy on all and any matters on which there are no provisions in this Communiqué.

(7) Capital increase may be made before public offering of shares or sales of shares to qualified investors.

(8) (Added: OG 17.01.2017 - 29951 on 17/1/2017) (As Amended: OG 09.10.2020 - 31269)

In cases where REICs intending to operate a portfolio composed exclusively of infrastructural investments and services carry out their activities solely in reliance upon a production license or similar other franchises held in respect of their infrastructural facilities, said REICS shall not be held liable to meet the rate specified in the second paragraph of Article 5, and to ensure that it is stated in their articles of association that minimum 75% of their total assets will be comprised of infrastructural investments and services, as specified in the first paragraph of Article 6, and to meet the condition specified in subparagraph (a) of the first paragraph of Article 24, and to meet the rates of 25% and 10% specified in the first sentence of subparagraph (b) of the same paragraph. The third paragraph of Article 25 shall not be applicable on these REICS.

(9) (Added: OG 02.01.2019 - 30643) Provisions of subparagraph (f) of the first paragraph of Article 23 shall not be applied until public offering/sales to qualified investors of capital shares of REICs intending to operate a portfolio composed exclusively of infrastructural investments and services. Said obligation is required to be performed at the latest, prior to public offering/sales to qualified investors of capital shares of the REIC, and if said compliance cannot be achieved in the financial statements of the last period submitted to the Board as a part of the application, a financial advisor report certifying the performance of said obligation is required to be sent to the Board prior to public offering/sales to qualified investors of capital shares.

(10) (Added: OG 17.01.2017 - 29951) Provisions of the Corporate Governance Communiqué (II-17.1), published in the Official Gazette edition 28871 on 03.01.2014, pertaining to guarantees, pledges, mortgages and surety shall be applicable on REICs intending to operate a portfolio composed exclusively of infrastructural investments and services or on REICs converted into them. Time granted for making the guarantees, pledges, mortgages and surety that are contrary to Provisions of the Corporate Governance Communiqué (II-17.1) pertaining

to guarantees, pledges, mortgages and surety compliant with said provisions starts with registration of their establishment or the amendments in their articles of association in the trade registry for REICs intending to operate a portfolio composed exclusively of infrastructural investments and services or on REICs converted into them.

(8) All and any matters on which this Article does not contain a provision shall be governed by other provisions of this Communiqué.

Listing in BİAŞ

ARTICLE 12 – (As amended: OG 23.01.2014 - 28891) (1) REICs offering their shares to public shall, within 15 days following the end of the sales period, apply to the Board for delivery of the document required for listing of their shares in BİAŞ. Within 15 days following receipt of this document, they are liable to file an application to BİAŞ for listing of their shares.

FIFTH CHAPTER

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 the first paragraph of Article 414 of TCC shall not be applicable on registered shares traded in the exchange.

Issuance of Privileged Shares

ARTICLE 14 – (As amended: OG 23.01.2014 - 28891) (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 shall not be applicable to REICs which have already issued shares privileged in voting before the date of publication 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 annual periods according to their financial statements prepared and issued in accordance with the regulations of the Board, the privileged shares covered by the first paragraph hereof shall be abolished decision of the Board. 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 shall not be applied if the privileged shares belong to public administrations and entities.

Transfer of Shares

ARTICLE 15 – (As amended: OG 23.01.2014 - 28891) (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, shall be subject to a prior permission of the Board. For share transfers as above, new shareholders acquiring shares in the REIC are required to be in compliance with the conditions specified in all subparagraphs, with the exception of subparagraph (e), of the first paragraph of Article 7 of this Communiqué. In acquisition of shares of less than 10%, the new shareholders 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, with the exception of subparagraph (e), of the first paragraph of Article 7 of this Communiqué.

(2) After public offering of shares of the REIC or their shares to qualified investors, shareholders holding shares providing the management control in the REIC are obliged to meet the conditions specified in all subparagraphs, with the exception of subparagraph (e), of the first paragraph of Article 7 of this Communiqué. Transfer of privileged shares providing 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 shareholders 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 shareholders holding shares providing the management control fail to satisfy the mentioned conditions, they are under obligation to dispose of their shares providing management control within no later than three months following the date of their failure in satisfying the mentioned conditions.

(3) In the transfer of privileged shares providing management control in the REIC, shareholders taking over these privileged shares must have and must prove that they have 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 takeover bid. The provisions of regulations of the Board pertaining to exemption from mandatory takeover bids are, however, reserved.

(4) In share acquisitions by banks under this Article, the conditions specified in the 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 register. Registrations made in the share register in contradiction with provisions of the said paragraphs shall be null and void.

SIXTH CHAPTER

Management Structure

Composition of Board of Directors

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

Qualifications of Board of Directors

ARTICLE 17 – (1) (As amended: OG 23.01.2014 - 28891) Board of Directors of REICs are required to meet the conditions specified in all subparagraphs, with the exception of subparagraph (e), of the 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 shall not be considered and accepted as an experience acquired in this field.

(2) (As Amended: OG 17.01.2017 - 29951) Only directors graduated from four-years higher education institutions, and natural persons graduated from four-years higher education institutions, as will be designated by legal entity directors as per the second paragraph of Article 359 of TCC, may be appointed to committees established within board of directors in accordance with regulations of the Board.

(3) (As Amended: OG 17.01.2017 - 29951) In the case of appointment of a new director to the board of directors, the decision for appointment shall be sent to SPL, within no later than 10 business days following the date of appointment, together with documents proving that the appointed director meets the conditions sought for in the first paragraph hereof. Natural persons, as will be designated by legal entity directors as per the second paragraph of Article 359 of TCC, are to be notified to SPL, within no later than 10 business days following the date of announcement regarding the registration made under the second paragraph of Article 359 of TCC, together with documents proving that the appointed director meets the conditions sought for in the second paragraph hereof.

General Manager

ARTICLE 18 – (1) (As amended: OG 23.01.2014 - 28891) General manager of the REIC must be a graduate of four-year universities, and must meet the conditions specified in all subparagraphs, with the exception of subparagraph (e), of the 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 shall not be considered and accepted as an experience acquired in this field.

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

(3) The general manager may serve as a member of board of directors in other entities and institutions, provided that it is not in an executive capacity and it does not lead to failures in the

performance of their duties in the corporation. The provisions of Article 396 of TCC are, however, reserved.

(4) (As amended: OG 23.01.2014 - 28891) General management position may not be deputized for more than six months within the last 12-month period. A new deputy assignment to this position may not be made again at the end of this period.

(5) (As amended: OG 23.01.2014 - 28891) In the case of a new appointment to the general manager position, the decision of appointment shall be 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 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 shall also be notified to SPL within no later than 10 business days following the date of appointment or resignation as the case may be.

(2) (Added: OG 23.01.2014 - 28891) Personnel covered by this Article are required to meet the conditions sought for in subparagraph (h) of the first paragraph of Article 7.

Bans on Board of Directors

ARTICLE 20 - (As amended: OG 23.01.2014 - 28891) (1) In cases where a member of the 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, 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) (Repealed: OG 09.10.2020 – 31269)

(2) (As Amended: OG 09.10.2020 - 31269) Transactions to be entered into between REICs and the related parties shall be governed by the corporate governance principles determined by the Board, without prejudice to the pertinent provisions of this Communiqué.

(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 shall not be applicable.

SEVENTH CHAPTER

Principles on Investments and Activities

Investment Activities and Limitations on Investment Activities

ARTICLE 22 – (As amended: OG 23.01.2014 - 28891) (1) Without prejudice to the limitations included in this Communiqué;

- a) (As Amended: OG 09.10.2020 - 31269)** REICs may purchase, lease, rent or promise to purchase or sell lands, fields, residences, offices, shopping centers, hotels, logistic centers, warehouses, parking lots, hospitals and all types of similar other real properties for the sake of trading profit or rent income. Provided, however, that REICs aiming to operate a portfolio composed exclusively of infrastructural investments and services may engage in transactions with regard to only real estate being the subject of infrastructural investments and services.
- b) (As Amended: OG 02.01.2019 30643)** Building use permit must have been received and condominium regime must have been established in respect of all and any types of buildings and similar other structures to be included in their portfolio. However, in cases where such buildings as hotels, shopping centers, business centers, hospitals, commercial warehouses, factories, office buildings and branches owned by the REIC alone or jointly with other persons are fully or partially used only for rent income, it shall be deemed adequate if a building use permit is received for said building, and if its description provided in the title deed is in conformity with the status of the real estate. Furthermore, receipt of a building registration certificate as per temporary Article 16 of the Construction Zoning Law of 3194 dated 03.05.1985 shall be deemed adequate for satisfaction of the condition of receipt of a building use permit as required in this paragraph.
- c)** REICs may include in their portfolio only real estate 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) (As Amended: OG 02.01.2019 30643)** REICs may develop real estate projects or make investments by having a right of construction vested in projects, not only on the lands and fields owned by themselves, but also on lands owned by third parties with whom revenue sharing or land sales in return for flat agreements are signed. In cases where the projects to be carried out jointly with one or more parties within the frame of provisions of said agreements do not aim to acquire ownership in favour of the REIC, the rights of REIC arising out of agreement must have been secured by guarantees deemed fit and adequate by the Board. If the counterparty of agreement is any one of the Presidency of Housing Development Administration, İller Bankası A.Ş., municipalities or their affiliates or subsidiaries and/or corporations where they hold a privilege of nomination

to board of directors, the condition of securitization set forth in this subparagraph shall not be sought for.

- d) It must have been determined by independent real estate appraisal firms that for projects they are planning to realize or to invest in, and pursuant to the relevant applicable laws, all required licenses or permissions are already obtained, their designs 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 most recent financial statements audited by an independent audit firm and disclosed by the REIC to public.
- f) **(As Amended: OG 09.10.2020 – 31269)** REICs may furnish, before letting for rent, the real estate which require a certain minimum furnishing for activation purposes.
- g) REICs may establish rights of construction, rights of usufruct, and time-sharing easements in their own favor on real estate owned by other persons or entities, and may transfer and assign such rights to third parties.
- ğ) REICs 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, REICs may realize Build-Operate-Transfer projects by establishing rights of construction in favor of themselves or other persons or entities, subject to the condition of compliance with the conditions specified in subparagraph (d) of the first paragraph of this Article, without prejudice to provisions of third paragraph of Article 4.
- ı) REICs may invest in real estate abroad and in foreign capital market instruments, provided that they acquire the ownership thereof, without prejudice to provisions of the third paragraph of Article 4.
- i) REICs may establish real rights relating to real estate 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, provided that they are registered in the land registry. Transferability of rights of construction and time-sharing easements may not be limited or restricted by any means in the contracts creating these rights. The provisions of special laws pertaining thereto are, however, reserved.
- j) REICs may not invest in assets and rights the transferability of which is limited or restricted by any means. The condition for receipt of prior consent from the Higher

Planning Board shall not be considered and treated as a restriction on transfer for the purposes of this subparagraph.

- k) Provided that they do not enter into brokerage business, REICs may buy and sell local and foreign capital market instruments, enter into Takasbank money market and reverse repo transactions, 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 Takasbank 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. In cases where the amount of collateral falls below 80% of market value of the lent capital market instruments, a margin call shall be issued. 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) **(As Amended: OG 09.10.2020 - 31269)** REICs may not hold more than 5% of capital shares or voting rights in any company. Total sum of monetary and capital market instrument investments made by a REIC in a single issuer may not exceed 10% of total assets of REIC.
- m) REICs may not invest in gold, precious metals and other commodities and in futures contracts based on them.
- n) REICs may not invest in capital market instruments not listed and traded in exchanges or other organized markets, with the exception of investment fund units and derivative instruments. Capital market instruments are required to be traded via exchanges;
- o) REICs may not engage in short selling of capital market instruments, margin trading business, and may not borrow capital market instruments.
- ö) REICs may not enter into derivatives transactions in excess of hedging purposes.
- p) **(As Amended: OG 09.10.2020 - 31269)** REICs may not pay commission fees or similar other expenses in excess of 3% of asset value at the time of purchase of assets to or sales of assets from portfolio, with the exception of taxes, duties and similar other charges they are legally obliged to pay. However, the provisions of this subparagraph shall not be applicable to sales to foreign nationals resident abroad.
- r) **(As Amended: OG 09.10.2020 - 31269)** In cases where, on the lands owned by a REIC, there are derelict buildings or structures with no economic life left or with no revenue or that are described as a risky structure in the section of declarations of land registry, or though recorded in the land registry the buildings thereon have already been demolished, the provisions of subparagraph (b) shall not be applicable, and the real estate may be included in REIC's portfolio as land, provided that the aforementioned

situation is determined by a real estate appraisal report, and it is duly represented to the Board that said structures, if any, will be demolished, and if needed, the description of real property in land registry will be changed as required.

- 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 projects to be realized or invested in, all licenses and permissions required in accordance with relevant laws and regulations must have been obtained, designs thereof must be ready and approved, land and soil studies needed for the project must have been completed, probable impact of the project on environmental and cultural assets must have been assessed, 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 general public interest, provide socioeconomic benefits, and to have long-term, profitable and foreseeable cash flows.
 - 4) Without prejudice to specific legal 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 legal 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 or a participation in an existing operator may be established, for the purpose 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) **(As amended: OG 23.01.2014 - 28891)** May not collect deposits or participation funds and may not enter into transactions resulting in the collection of deposits or participation funds, within the meaning ascribed thereto in the Banking Law no. 5411.
- b) May not deal with commercial, industrial or agricultural operations, other than the activities and transactions permitted by this Communiqué.
- c) **(As amended: OG 23.01.2014 - 28891)** May by no means and in no case assume construction works of real estates or infrastructural investments and services, and may not 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 shall not be covered by this prohibition.
- ç) **(As amended: OG 23.01.2014 - 28891)** May by no means and in no case operate hotels, hospitals, shopping centers, business centers, commercial parks, commercial warehouses, housing estates, supermarkets and similar other real estate for commercial purposes, and may not recruit personnel to that end. However, activities covered by the second, third and fourth paragraphs of Article 27 of this Communiqué, and personnel recruited for such activities shall not be covered by this prohibition.
- d) May not render or offer services such as 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, with the exception of projects which are or will be included in the portfolio. **(Additional Sentence: OG 09.10.2020 - 31269)** However, with respect to projects carried out by public administrations or authorities and their affiliates or subsidiaries or and/or corporations where they hold privileged shares, the services mentioned in this subparagraph may be provided by REICs where public administrations or authorities hold management control.
- e) May not extend credits.
- f) **(As Amended: OG 09.10.2020 – 31269)** May not lend money not based upon any sales of goods or services to their related parties, other than their affiliates where they own 100% of capital.
- g) May not make any expenditure or any commission payment which is not documented and which is clearly different from current market rates.
- ğ) May not permanently deal with short-term trading of real estate.

Portfolio Limitations

ARTICLE 24 – (As amended: OG 23.01.2014 - 28891) (1)

- a) **(Amended First Sentence: OG 09.10.2020 – 31269)** REICs must make an investment equal to at least 51% of their total assets in real estate, real estate projects, real estate-

based rights, real estate investment fund participation units, and their affiliates where they hold 100% of capital as covered by subparagraph (ç) of first paragraph of Article 28 hereof. However, at least 75% of total assets of REICs operating a portfolio consisting exclusively of infrastructural investments and services must be composed of these assets. The assets referred to in sub-clauses (8) and (9) of subparagraph (s) of the first paragraph of Article 22 shall also be taken into consideration in the calculation of 75% mentioned hereinabove.

- b) (Amended First Sentence: OG 09.10.2020 – 31269)** In cases where REICs invest in assets mentioned in subparagraph (k) of the first paragraph of Article 22 and in companies referred to in subparagraph (ç) of the first paragraph of Article 28 at a rate of 100%, they may make investments in subsidiaries mentioned in Article 28, with the exception of the aforesaid subsidiaries, at a rate of not more than 25% of total assets for REICs intending to operate a portfolio composed exclusively of infrastructural investments and services, or at a rate of not more than 49% of total assets for other REICs, and may make investments at a rate of not more than 10% of total assets in Turkish Lira time deposits or participation accounts, foreign currency time or demand deposits or special current and participation accounts of investment purposes included in said assets. In cases where the costs of assets or projects included in the portfolio are paid against particular progress payment certificates or in installments, cash surpluses corresponding thereto may also be invested in assets mentioned in subparagraph (k) of the first paragraph of Article 22. In the calculation of percentages mentioned in subparagraph (a) of the first paragraph, total amount of expenditures to be made hereunder during the year of preparation of financial statements and during two years thereafter shall be deducted from total amount of assets included in the portfolio and mentioned in subparagraph (k) of the first paragraph of Article 22, and shall be included in the calculation to be made under subparagraph (a) of the 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 may not be deducted. For the said deduction, prior to inclusion of the subject project into financial statements, the annual expenditure amounts planned for the time until completion of project shall be 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 the portfolio, but for which no step has been taken for project development within five years following the date of acquisition thereof, may not 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)** In cases where the minimum rate defined in subparagraph (a) of the 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

depending on approval of the Board, an additional period of one year starting from the end of the relevant accounting period may be granted to the REIC for reaching the said rate or percentage. However, if the REIC fails to reach the said minimum rate by the end of this period granted by the Board, it is under obligation to apply to the Board within a maximum of 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 shall be deemed to have been dissolved in accordance with provisions of subparagraphs (b) and (c) of the first paragraph of Article 529 of TCC. However, in REICs operating a portfolio consisting exclusively of infrastructural investments and services, if the 75% rate mentioned in subparagraph (a) of first paragraph cannot be attained due to reasons such as non-completion of infrastructural investments or expiration of concession time or right of use, upon demand of the REIC, and depending on approval of the Board, an additional period of two years starting from the end of the relevant accounting period may be granted to the REIC for reaching the said rate or percentage. However, this time extension right may be used only once within 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 period granted by the Board, it is under obligation to apply to the Board within a maximum of 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 shall be deemed to have been dissolved in accordance with provisions of subparagraphs (b) and (c) of the first paragraph of Article 529 of TCC.

- d) REICs, other than REICs operating a portfolio consisting exclusively of infrastructural investments and services, may invest up to 49% of their total assets in foreign real estate and foreign capital market instruments mentioned in subparagraph (ı) of the first paragraph of Article 22, and in subsidiaries mentioned in subparagraph (ç) of the first paragraph of Article 28.

Management of Portfolio of REICs

ARTICLE 25 – (1) (As amended: OG 23.01.2014 - 28891) REICs shall manage their portfolio in-house by employing an adequate number of personnel. However, consulting services aimed at development of the REIC's portfolio and research of alternative opportunities, including project development and supervision services, may be procured from specialized service providers.

(2) (As amended: OG 23.01.2014 - 28891) In cases where the REIC procures 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) (As Amended: OG 02.01.2019 - 30643) (As amended: OG 23.01.2014 - 28891) In cases where the portion of the REIC portfolio composed of money and capital market instruments exceeds 10% of their total assets, for the management of the relevant portion of their portfolios,

REICs must employ an adequate number of portfolio managers holding a license certificate within the frame of the licensing regulations of the Board, or to procure portfolio management or investment consultancy services from portfolio management companies under a contract signed with them, provided that it is allowed in their articles of association and a prior consent of the Board is received. In this case, they are liable to comply with the regulations of the Board pertaining to portfolio management and investment consultancy services.

(4) In cases where REICs outsource advisory, business administration, construction, portfolio management and similar other services from service providers with respect to their portfolios, they shall create an organization, as required to monitor the compliance of the activities relating to the outsourced 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 Takasbank within the framework of a contract to be signed.

Agreements Required to Be Annotated in Land Registry

ARTICLE 26 – (1) (As Amended: OG 02.01.2019 – 30643) The rights of emption, pre-emption and buy-back arising in favor of the REICs out of a contract, and contracts providing rights in favor of the REIC, such as preliminary contract for sale of real estate, and contracts of construction in return for flat, and 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 executive director to perform this obligation. However, in cases where the counterparty of contracts mentioned in this Article is the Housing Development Administration, İller Bankası A.Ş., municipalities or their affiliates or subsidiaries and/or corporations where they hold a privilege of nomination to board of directors, such contracts and rights are not required to be annotated and registered in the land registry.

Operational Services

ARTICLE 27 – (1) (As amended: OG 23.01.2014 - 28891) Operational services for real estate and/or infrastructural investments and services included in the REIC's portfolio shall be procured from operator companies.

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

(3) **(As amended: OG 23.01.2014 - 28891)** Advertisement and promotion activities to be arranged for the purposes of marketing and enhancement of value of real estate and real estate projects included in the REIC's portfolio shall be accepted as basic services.

(4) **(Added: OG 23.01.2014 - 28891) (As Amended: OG 17.01.2017 – 29951)** REICs intending to operate a portfolio composed exclusively of infrastructural investments and services may, provided that they hold a production license or other similar privilege relating to

infrastructural facilities, directly carry out the activities associated with the relevant production license and/or privilege.

Subsidiaries

ARTICLE 28 – (As amended: OG 23.01.2014 - 28891) (1) REICs may participate in only:

- a) Operator companies;
- b) Other REICs;
- c) Companies established under build-operate-transfer projects;
- ç) **(As Amended: OG 02.01.2019 30643)** Limited to the purpose of including certain real estate, real estate projects or real estate-based rights in the portfolio; directly in companies established abroad engaged only in fields of business relating to real estate or in special purpose entities established domestically or abroad in order to make investments solely for this purpose in companies established abroad;
- d) Companies established in Türkiye, where total value of real estate or real estate-based rights is equal on a permanent basis to at least 75% of total assets of the company to be participated as shown in its financial statements prepared and issued according to the relevant applicable laws and regulations;
- e) In the event that infrastructural services such as road, water, electricity, gas, sewage, landscaping and environment with regard to real estate, 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 established or to be established exclusively for the 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 exclusively of infrastructural investments and services may participate in only:

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

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

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

Insurance Obligation

ARTICLE 29 – (As amended: OG 23.01.2014 - 28891) (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 current market prices. Taking out an insurance cover is optional for 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, in cases where 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, as a security of the project, mortgage or other limited real rights may be established in favor of the land-owner on real estate included in the portfolio of the REIC. (Amended Second Sentence: OG 09.10.2020 - 31269) Furthermore, mortgages, pledges or other limited real rights may be established on assets in the portfolio for obtaining financing in favour of their own legal personality. The portfolio assets may not 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 may not 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) (Added: OG 17.01.2017 - 29951) (As Amended: OG 09.10.2020 - 31269) REICs may have mortgages, pledges or other limited real rights established on assets in their own portfolio in favour of affiliates where they hold 100% of the capital, and may provide guarantees, collaterals and surety in favour of their subject affiliates.

(3) Credit facilities to be borrowed under this Article shall also be considered and treated under Article 31 of this Communiqué.

Limit of Indebtedness

ARTICLE 31 – (As amended: OG 23.01.2014 - 28891) (1) For the purpose of meeting their funding requirements or the costs of their portfolios, 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 disclosed at the end of accounting period. In calculation of the upper limit of said credit facilities, the REIC's debts arising out of financial leasing transactions and its non-cash credits shall also be taken into consideration.

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

(3) REICs may issue real estate certificates, as well as asset backed 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 regulations of the Board.

(4) The Board may, for the REICs operating a portfolio consisting exclusively 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) (As amended: OG 23.01.2014 - 28891) Construction works, and preparatory, manufacturing, drilling, installation, replacement, improvement, modernization, development, assembly and similar other works of projects realized by REICs are required to be performed by contractors under a contract containing the mutual rights and obligations of the parties with respect to construction works.

(2) Scope of the contract shall be determined freely between the parties, however as a minimum it must cover the contractor's debts, payment conditions, warranties and representations, conditions of rescission from contract, rights of claim of employer, and conditions for termination of contract.

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

(4) (Added: OG 09.10.2020 - 31269) Materials needed for construction works may be purchased by the REIC and made available to the contractor assigned for construction services for use in construction works, provided that such construction materials are related to a certain real estate project included in REIC the portfolio, and are procured solely for use in that particular project, and contracts signed with contractors for determination of mutual rights and obligations of the related parties also contain clauses regarding construction materials supplied by REIC, and the suppliers of construction materials are not related parties of REIC, with the exception of related parties engaged exclusively in manufacturing of construction materials.

Establishment of an Ordinary Partnership

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

(2) (As amended: OG 23.01.2014 - 28891) 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.

EIGHTH CHAPTER

Principles on Appraisal

Transactions Requiring Appraisal

ARTICLE 34 – (As amended: OG 23.01.2014 - 28891) (1) For 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 estate, real estate-based rights, real estate-based projects and infrastructural investments and services and their projects;
- b) Letting the portfolio real estate on lease;
- c) Renting of real estates for re-renting purposes;
- ç) Renewal or extension of rent contracts of portfolio real estate let on lease;
- d) Acceptance of real estate mortgages;
- e) As a condition precedent of commencement of construction works in real estate-based projects, determination as to compliance with legal procedures, and full and accurate availability of the required documents;
- f) Inclusion of other assets deemed fit for 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 the accounting period of the REIC;
- ğ) Change of type or kind of assets mentioned in subparagraph (a) of first paragraph of this Article;
- h) Injection of capital in kind in the REIC,
- ı) **(Added: OG 02.01.2019 - 30643)** Receipt of a building registration certificate for real estates included in the project as per temporary article 16 of the Law of 3194.

(2) (Added: OG 17.01.2017 - 29951) In sales transactions of independent units covered by the pending or completed real property projects included in the REIC portfolio, if the current market values of said independent units have been determined and calculated during the last three months of the accounting period of the REIC, said appraisal report may be continued to be used until the new appraisal to be performed in the next year as per subparagraph (g) of the first paragraph.

(3) (Added: OG 17.01.2017 – 29951) Rental values of buildings such as shopping centers, business centers, commercial warehouses, offices and branches included in the REIC portfolio and rented may be determined through appraisal of a single rental value for the building as a whole, rather than appraisal of said values separately for each unit thereof. If the tenant is a related party of the REIC, it is required to determine rental value of the independent unit rented to that related party. If the current rental values of aforesaid buildings are determined within the last three months of the accounting period of the REIC, in the case of change of tenant or renewal of rent contract, it shall be possible to continue using the rental value determined in said appraisal report until the new appraisal to be performed in the next year as per subparagraph (g) of the first paragraph.

- (4) 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.
- (5) 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.
- (6) 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.
- (7) Provisions of the third and fourth paragraphs of this Article shall also be included in the contract to be signed between the REIC and the real estate appraisal company.
- (8) The appraisal procedures and principles applicable in inclusion into or exclusion from the portfolio or in renting or letting for lease of assets, other than real estate and real estate-based rights, relating to infrastructural investments and services included in the portfolio of REICs operating a portfolio consisting exclusively of infrastructural investments and services shall be determined by the Board.

Selection of a Real Estate Appraisal Company:

ARTICLE 35 – (Article and title as amended: OG 23.01.2014 - 28891) (1) Real estate appraisal companies to be appointed for appraisal purposes pursuant to Article 34 of this Communiqué:

- a) must have been listed by the Board;
 - b) must be independent from the parties listed in subparagraph (a) of Article 21 of this Communiqué within the framework of provisions of the regulations of the Board pertaining to real estate appraisal companies and pursuant to 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 received for each portfolio asset requiring an appraisal, and maximum two more appraisal companies from which appraisal services will be received 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 selected as above may only be replaced with a prior consent of the Board following presentation of the reasons of replacement to the Board.
- (3) **(As Amended: OG 02.01.2019 - 30643)** REICs may receive 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, or suspension of services for any reason, the REIC may resume receiving services from the same real estate appraisal company only at the end of two years thereafter.

(4) (As Amended: OG 02.01.2019 - 30643) The condition cited in subparagraph (a) of the first paragraph shall not be sought for in appraisals to be performed for real estate located abroad under Article 34. If a REIC plans to make a real estate investment abroad, maximum two real estate appraisal companies shall be identified for each foreign country for receiving appraisal services in respect of assets which may be bought within that year and will require an appraisal. However, appraisal services regarding real estate located abroad are required to be bought from real estate appraisal companies, if any, included in the list of corporations equivalent to that of the Board, and this is required to be made public together with the resolutions of board of directors taken in connection therewith.

(5) (Added: OG 02.01.2019 - 30643) In cases where it is decided to make an investment in a country other than the countries named in resolution of the board of directors made public within one month following the end of accounting period of the REIC, by also considering the pertinent laws and regulations of the related foreign country, prior to inclusion of the real estate in the portfolio, it is required to take a new resolution of board of directors to select and determine the real estate appraisal company to be assigned, and said resolution of board of directors is required to be immediately made public, with a copy thereof sent to the Board.

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

Provisions Applicable on Appraisal Reports

ARTICLE 36 – (As amended: OG 23.01.2014 - 28891) (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 capital markets legislation, and listing of these companies by the Board, and international appraisal standards applicable in capital markets shall be complied with.

Use of Appraisal Report's Value

ARTICLE 37 – (As amended: OG 23.01.2014 - 28891) (1)

(1) Purchase, sales, leasing and similar other transactions relating to real estate, real estate projects, real estate-based rights and infrastructural investments and services included or planned to be included in REIC portfolio shall be realized upon consideration of their appraisal values. In cases where values higher than appraisal values are used in purchasing transactions effected by considering the current market or payment conditions, or values lower than 95% of appraisal values are used in sale or leasing transactions, this fact is required to be publicly disclosed 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) Rental appraisal values and rental values of real properties for which a rent contract is signed over turnover, and real estate with more than one tenant for which a rent contract is signed over a fixed rental value and/or over turnover shall be compared at the end of accounting period. In comparison of total sum of rentals obtained from real estate with partial occupancy or variable

occupancy to total appraised rental value of real estate, the average occupancy rate of total leasable area of real property during the year shall be taken into consideration. Accordingly, the total rental sum shall be compared with the adjusted appraisal rental value according to average occupancy rate of total leasable area of real property. Information on real estate for which the rental income is lower than the appraisal rental value as of the end of the accounting period shall be publicly disclosed in accordance with regulations of the Board pertaining to the public disclosure of material events, and shareholders shall be informed thereon, through inclusion in the agenda for the first general assembly meeting.

(3) In cases where the assets in a REIC portfolio are leased under a long-term leasing contract, their rental appraisal values over a period of five years shall be determined in an appraisal report to be issued under Article 36, and in cases where as of the end of an accounting period a leasing at a rate lower than 95% of the appraisal value for that accounting period is received, this fact shall be publicly disclosed 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. In cases where real estate that is leased to a single tenant are subject to a long-term leasing contract, appraisal rental value over a period of five years shall be determined in appraisal report to be issued under Article 36. Information on real estate for which the rental income over the five-year period is lower than 95% the five year appraisal rental value shall be publicly disclosed in accordance with regulations of the Board pertaining to the public disclosure of material events, and shareholders shall be informed thereon, through inclusion in the agenda for the first general assembly meeting.

NINTH CHAPTER

Public Disclosure and Informing Investors

Principles on Financial Statements

ARTICLE 38 – (As amended: OG 23.01.2014 - 28891) (1) Regulations of the Board pertaining to financial reporting shall be applicable in the preparation and public disclosure of financial statements of REICs.

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

Principles on Board of Directors' Report

ARTICLE 39 – (As amended: OG 23.01.2014 - 28891) (1) Board of directors' reports which shall be prepared and issued by REICs and publicly disclosed 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 assets included in the portfolio;
- b) a summary of developments of the last three months;

- c) additional explanations about projects such as existing status, completion rate and period, realization of forecasts, and problems;
 - ç) detailed information about leased portfolio assets;
 - d) comparative financial statements of the REIC relating to the relevant accounting period;
 - e) information about examination of portfolio limitations set forth in the second paragraph of Article 38;
 - f) as for REICs operating a portfolio consisting exclusively 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 on transfer of the investment to the public;
 - 3) principles on financial sources, and if any, public warranties and subsidies, 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 reports shall be publicly disclosed within the periods of time and in the format stipulated in the relevant Board regulations. Reports shall further be made available in the REIC's head offices and published on its internet website for examination by investors. Furthermore, they shall also be sent to shareholders upon demand, provided that related costs are covered by shareholders. Board of directors reports shall be kept by the REIC for at least ten years.

Information and Public Disclosure

ARTICLE 40 – (As amended: OG 23.01.2014 - 28891)

(1) (As amended: OG 09.10.2020 - 31296) REICs are under obligation to send to the Board:

- a) appraisal reports relating to assets included in their portfolio, prepared and issued optionally or pursuant to provisions of this Communiqué, with annexes thereof, within three business days following delivery of the same to them;
- b) information showing the ratio of mortgage value of each mortgaged land allocated for project development purposes pursuant to subparagraph (e) of the first paragraph of Article 22 to the land value indicated in the last appraisal report issued for the related land, and the ratio of total sum of mortgage values of mortgaged lands as specified above to total assets shown in the last financial statement audited by independent audit firm

and made public by REIC, within three business days following the date of signature of agreements relating thereto.

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

(2) Appraisal reports prepared pursuant to Article 34, except for their annexes, are required to be published in PDP within three business days following the date of delivery thereof, and financial statements mentioned in the first and second paragraphs of Article 38 required to be published on 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 shall be kept available in the REIC's head offices for examination by investors, they shall also be sent to shareholders upon demand provided that relevant costs are covered by shareholders.

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

- a) **(As Amended: OG 09.10.2020 - 31269)** Transactions covered by subparagraph (b) of the first paragraph shall be published by REICs on PDP, 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 the first paragraph of Article 24, 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) **(Repealed: OG 09.10.2020 – 31269)**
- ç) **(As Amended: OG 17.01.2027 - 29951)** Purchases, sales or leasing transactions covered by the first paragraph of Article 37, and purchases, sales or leasing transactions in an amount in excess of 2% of total assets reported in the last financial statements of REIC made public shall be published by REICs on PDP, no later than the first business day following the date of transaction, and purchases, sales or leasing transactions not in an amount in excess of 2% of total assets reported in the last financial statements of REIC made public shall be published by REICs in PDP, collectively within no later than 10 business days following the end of accounting period;
- d) **(As Amended: OG 09.10.2020 - 31269)** Transactions covered by the third paragraph of Article 37 shall be published by REICs in PDP, within three business days following the date of appraisal report prepared for determination of rental appraisal value.

(4) The REIC may, if and when deemed necessary, have its company value determined and publicly disclosed. Company value shall be determined by a report to be prepared and issued within the frame of relevant regulations of the Board, and this value may be publicly disclosed only with the said report. Other than the company value to be publicly disclosed as above, another value statement pertaining thereto may not be issued. The public disclosure 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 sale transactions of REICs with regard to investments covered by Article 28, and within the frame of regulations of the Board pertaining to appraisal and assessment, information such as appraisal of investments by institutions the characteristics of which are determined by the Board, appraisal results, purchase or sales amount, and if the purchase amount is above the sum mentioned in the appraisal report or sales amount is below the sum mentioned in the appraisal report, the reasons thereof, are required to be disclosed on 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 publicly disclosed.

Internet Website

ARTICLE 41 – (1) Internet websites of REICs shall contain information and documents required to be publicly disclosed pursuant to Article 40, 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 shall be applicable to 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, must not lead to misconceptions with regard to the existing conditions of REIC, 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 shall be under the responsibility of the board of directors of the REIC or the relevant executive director if authorized so by the board of directors.

TENTH CHAPTER

Miscellaneous Provisions

Ban on Title

ARTICLE 43 – (1) No institution or company, other than REICs established 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 provide its consent 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 takeover bid 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 shall be purchased at a price equal to highest of averages of daily weighted average exchange prices recorded within thirty days and six months prior to the date of publication 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 shall prepare a report containing as a minimum the reasoning for exit from real estate investment company status, 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 shall be published in PDP on no later than the date of application to be filed with the Board.

(3) (As amended: OG 23.01.2014 - 28891) Upon conversion of publicly held corporations listed and traded in the exchange into real estate investment company, and upon exit of publicly held REICs from real estate investment company status, the shareholders holding shares equal to 10% or more of capital and shareholders 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, may not sell their capital shares in the exchange at a price below the closing price of second session of the 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 shall also be 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 shall not be 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) (As amended: OG 23.01.2014 - 28891) In cases where 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, the Board's permission or consent relating to exit from real estate investment company status shall be null and invalid.

(6) (As amended: OG 23.01.2014 - 28891) The appraisal right for shareholders shall 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 - (Added: OG 23.01.2014 - 28891) (1) In cases where REICs:

- a)** are established 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 established for operating a portfolio consisting exclusively 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,

their right to operate as a real estate investment company shall be 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 that does not make these amendments shall be 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 impose an obligation to distribute cash dividends on REICs. The relevant procedures and principles shall be determined by the Board.

(2) (As amended: OG 23.01.2014 - 28891) REICs are not allowed to distribute cash dividends prior to public offering of their shares or their sales 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 shall be determined by the Board shall be used in applications by REICs to the Board.

Board's Fee

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

(2) (Added: OG 23.01.2014 - 28891) In the case of a capital increase made by a REIC operating a portfolio consisting exclusively 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 shall 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 shall be charged over the nominal value of the shares to be issued.

Redetermination of Amounts Included in This Communiqué

ARTICLE 49 – (As amended: OG 23.01.2014 - 28891) (1) The Board may re-determine the amounts included in this Communiqué every year. Thereupon, the re-determined amounts shall be announced in the Board's Bulletin.

Notification Obligation and Other Provisions

ARTICLE 50 – (As amended with it title: OG 23.01.2014 - 28891) (1) REICs are under obligation to provide the Association with:

- a)** information about board of directors' decisions relating to appointment of 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)** contact information, 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 list of authorized signatures and in the case of a change therein, their updated list of authorized signatures, within 10 business days following the date of decision of the board of directors with respect thereto;
- e)** lawsuits and legal proceedings brought forward by them against their shareholders, 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;

- 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 publication.
- (2) The Association and SPL shall each create a database of the information disclosed to them pursuant to this Communiqué, and shall 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) In cases where, 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 shall report such fact to the Board in writing within three business days thereafter.
- (4) All and any matters relating to REICs which are not regulated by this Communiqué shall be subject to pertinent provisions of the Law, TCC and other applicable legislation.

Repealed Communiqué

ARTICLE 51 – (1) The Communiqué on Principles on Real Estate Investment Companies (Serial VI, No. 11), published in the Official Gazette edition 23517 on 08.11.1998 is hereby repealed and superseded.

Transitional Provisions

TRANSITIONAL ARTICLE 1 – (1) (As amended: OG 23.01.2014 - 28891) REICs which have acquired a real estate investment company status upon establishment or conversion prior to 28.05.2013 are required to comply with the provisions of this Communiqué and the Communiqué no. III-48.1.a 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 amending this Communiqué within one year following 28.05.2013, otherwise, they shall be deemed to have exited from the real estate investment company status, whereupon the provisions of Article 44 hereof shall be applicable by analogy.

(2) **(As amended: OG 23.01.2014 - 28891)** REICs which have acquired a real estate investment company status upon establishment or conversion prior to 28.05.2013 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 28.05.2013.

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

Pending Applications

TRANSITIONAL ARTICLE 2 – (1) The provisions of this Communiqué shall be applicable to applications not concluded by the Board prior to the date of publication of this Communiqué.

Transitional provision regarding distribution of profits**TRANSITIONAL ARTICLE 3 – (Added: OG 17.01.2017 - 29951)**

(1) Provisions of the second paragraph of Article 45 shall not be applicable until 31.12.2023* for REICs operating and managing a portfolio composed exclusively of infrastructural investments and services.

Effective Date

ARTICLE 52 – (1) This Communiqué shall become effective as of the date of publication.

Enforcement

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

* The date, which was originally determined as 31.1.2017 has been revised twice upon amendments published in the Official Gazette edition 30417 on 10.05.2018 and Official Gazette edition 31269 on 31.12.2019.

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	(As amended: OG 09.10.2020 – 31269) Real Estate, Real Estate-Based Projects, Real Estate-Based Rights, units of Real Estate Investment Funds and corporations under Article 28 paragraph one subparagraph (ç), where there is a 100% participation in capital	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	(As amended: OG 09.10.2020 – 31269) Real Estate, Real Estate-Based Projects, Real Estate-Based Rights, units of Real Estate Investment Funds and corporations under Article 28 paragraph one subparagraph (ç), where there is a 100% participation in capital	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)		

(As amended: OG: 02.01.2019 – 30643)

	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)	$\leq 10\%$

* This ratio shall not be required in the case of companies that operate a portfolio consisting exclusively of infrastructure investments and services only performing operations under a production license or other similar concession in relation to infrastructure facilities.

** (As amended: 09.10.2020 – 31269) This ratio shall not be required in the case of companies that operate a portfolio consisting exclusively of infrastructure investments and services only performing operations under a production license or other similar concession in relation to infrastructure facilities.