



# EMLAK KONUT

— GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. —

T.C. BASBAKANLIK TOKİ İSTİRAKİDİR



2014 ANNUAL REPORT



EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.  
2014 ANNUAL REPORT

Prepared pursuant to Capital Markets Board Communique on Principles of Financial Reporting in Capital Markets ( II -14.1)

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# COMMENTS BY THE GENERAL MANAGER

## COMMENTS BY MURAT KURUM, GENERAL MANAGER

Dear Shareholders,

2014 was a dynamic and reassuring year for our company and the industry as a whole. We closed the year with **10,032 independent unit sales valued at 5.2 billion Turkish Lira**, which are strong figures for not only our company, but the industry as well. Furthermore, achieving the sales figure that is in line with the target set at the beginning of the year is a manifestation of our proper forecasting and planning. We are also happy with the fact that our annual profit of **954.4 million Turkish Lira** is also consistent with our forecast. We start 2015 with the confidence that comes from meeting our projections. We therefore decided to share our scheduled sales targets with our investors to guide their investment plans. We have identified the sales of 12,016 independent units with total value of 6.76 billion Turkish lira as our "new target" in 2015 and have announced it quarterly.

To date, we have completed nearly **100,000** independent units in the tendered projects. We expect this number to increase to **250,000** by 2023.

Our most notable achievements in 2014 are as follows:

We successfully completed the tender process for the highest project value in the history of our company. Under the "Tender for Zeytinburnu Kazlıçeşme Revenue Sharing Model Based Project in Return For Land Sale", we received a record proposal of 4.24 billion Turkish lira in total revenue in return for land sale and 1.568 billion Turkish lira in total revenue sharing in return for land sale. As such, we completed the first revenue sharing tender of the year. This achievement was followed by the successful completion of the tenders for Park Mavera and Avrupark projects on Istanbul's European side, Kartal Yakacık land project on Istanbul's Asian side, and Sofa Loca project in Ankara.

Also in 2014, we took substantial steps towards Urban Transformation. As part of this, we signed a cooperation protocol with the Ministry of Environment and Urbanization, Esenler Municipality and Eskon Esenler İnşaat Sanayi ve Ticaret A.Ş. for the project that will be developed on 71000 sqm of land in Esenler, Istanbul.



## COMMENTS BY THE GENERAL MANAGER



In 2014, we began both the construction and the independent unit sales after receiving the construction permit for Esenler Emlak Konutları project. We also began the sale of the independent units at our Kartal IstMarina project, which is one of our largest revenue sharing projects located on Istanbul's Asian side. I am proud to report that we have sold more than half of the independent units within less than a year. Furthermore, we began the sale of the units at our Köy project in Zekeriyaköy, Sarıyer in third quarter 2014.

Thanks to the long queues that formed in front of our project sales offices, we stood firm, and still do, with our unique approach. We did this despite the many negative rumors that have circulated in the industry over the past year. Park Mavera and Evvel Istanbul projects in Başakşehir are examples of our firm stance. Our customers were enthusiastic about the projects and we sold more than half of the independent units within weeks.

We believe wholeheartedly that we will achieve our sales target of 12,000 units in 2015, with the contribution of our ongoing sales. In order not to break the trust placed in us, we

have accelerated our 2015 projects. We have therefore planned for the completion of the revenue sharing tenders for the majority of our land portfolio in 2015. The portfolio includes lands in Çankaya and Yenimahalle in Ankara as well as Sarıyer İstinye, Maltepe and Başakşehir in Istanbul. I also would like to point out that the 2015 targets will contribute significantly to achieving our goal of becoming one of the largest real estate investment companies in the world.

Dear Shareholders: Emlak Konut owes its achievements to the energy and motivation of its customers, who have always showed interest and confidence in our brand, and who have always appreciated our unique business model.

I would like to express my sincere thanks to our Board of Directors and our employees for their contribution to Emlak Konut's successes both in 2014 and in the past. With all our sincerity and enthusiasm, we will continue to create value for our shareholders, expand our business lines, and make investments in the most efficient way possible.

Best regards,

*Murat Kurum*

## AREA OF OPERATIONS AND OBJECTIVES



### ABOUT THE COMPANY

- Founded in 1953, Emlak Konut REIC is a long-established company with core experience in housing development. The company has operated as a Real Estate Investment Company since 2002. Its brand value is based on years of experience and numerous successful projects.
- Emlak Konut has become a reliable institution for all stakeholders, thanks to its adaptive management approach that fostered a strong corporate culture for 62 years. The brand value that has been created over the years allows our company to enjoy a management approach with the capability of continuously raising real estate industry standards. The company acts as leader and role model in the area of social awareness, especially in building systems, design, environmental consciousness and business methods.
- TOKİ (Housing Development Administration of Turkey) is the main shareholder of Emlak Konut REIC. Today the company is the largest real estate investment trust in Turkey based on its market value, real estate portfolio and land inventory.
- Our main business objective is to purchase land in Turkey and develop real estate projects for middle and upper-middle income groups. Our main objective is to increase both pecuniary or non-pecuniary value for our shareholders and other stakeholders by implementing innovative and contemporary projects.
- The paid-in capital of 3,800,000,000 Turkish lira and the authorized capital of 4,000,000,000 Turkish lira reflect the leading role of company in the real estate industry.
- Emlak Konut was offered to the public in 2010 with the goal of maintaining the fast growth it has achieved. Its public offering drew greater interest than was projected, breaking records in domestic retail investor demand in Turkey as well as going on record as one of the five biggest public offerings in the country's history. The second public offering, which was made in November 2013, was oversubscribed by 2.3 times the available offer shares. With more than 100 international investors from 20 countries interested in Emlak Konut shares as capital increase in Central-Eastern Europe, Middle East and Africa, it became the largest public offering of the year.

## AREA OF OPERATIONS AND OBJECTIVES



## AREA OF OPERATIONS AND OBJECTIVES

- Emlak Konut Real Estate Investment Company was incorporated on December 26, 1990, under title of Emlak Konut A.Ş. as a subsidiary of Türkiye Emlak Bankası A.Ş. in accordance with its articles of association, main statute of Türkiye Emlak Bankası A.Ş., Decree-Law No. 233 on State Economic Enterprises and the Turkish Commercial Code. Its incorporation was registered and announced on March 6, 1991, after which the company began its operations. Pursuant to Law No. 4603, its articles of associations were amended on May 19, 2001, and the company was therefore subjected to the provisions of the Turkish Commercial Code.
- Pursuant to Higher Planning Council Decision No. 99/T-29 on August 4, 1999 and Decree-Law No. 588 on December 29, 1999, the company has decided to restructure as a Real Estate Investment Company. As per the permissions granted by the Capital Markets Board (permission no. 298 on June 20, 2002) and the Ministry of Science, Industry and Technology (permission no. 5320 on June 25, 2002), the draft amendment to the articles of association was presented to the General Assembly for approval. The articles of association were revised following the approval of the draft amendment during the Extraordinary General Assembly Meeting on July 22, 2002.
- The company's articles of association were registered by Istanbul Trade Register Office on July 29, 2002, and became effective following the announcement in the Trade Registry Gazette on August 1, 2002. (Trade Registry No: 273488-221070; MERSIS [Central Registry] No: 5669-3333-4423-6524)
- Per the resolution of the General Assembly Meeting on February 28, 2006, the company's business name was changed from "Emlak Gayrimenkul Yatırım Ortaklığı A.Ş." to "Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş." (Emlak Konut Real Estate Investment Company), without any time restrictions to its legal entity.
- The company's legal entity was modified to real estate investment company for engaging in activities and topics as indicated in the Capital Markets Board of Turkey (CMB) Communiqué on Principles Regarding Real Estate Investment Companies. As a result, the company acts in accordance to the provisions of relevant legislations.

## AREA OF OPERATIONS AND OBJECTIVES

- Per article 5 of the articles of association, the company's areas of activity are defined as follows: The company is a publicly-held corporation established with authorized capital that engages in activities and topics as indicated in the CMB Communiqué on Principles Regarding Real Estate Investment Companies and primarily invests in real estate, real estate backed capital market instruments, real estate projects and real estate rights.
- Emlak Konut REIC's objective and areas of activity are: (a) developing real estate projects that include mostly housing units as well as commercial units, educational facilities, social outfits, infrastructure, roads, and landscapes; (b) act as construction supervisor of developed projects; (c) marketing and sales of completed independent units. Emlak Konut REIC subcontracts all construction work by means of tenders, as it cannot serve as a construction contractor pursuant to the CMB communiqués and regulations on real estate investment companies.

The company contact information is provided below:

### **CONTACT INFORMATION:**

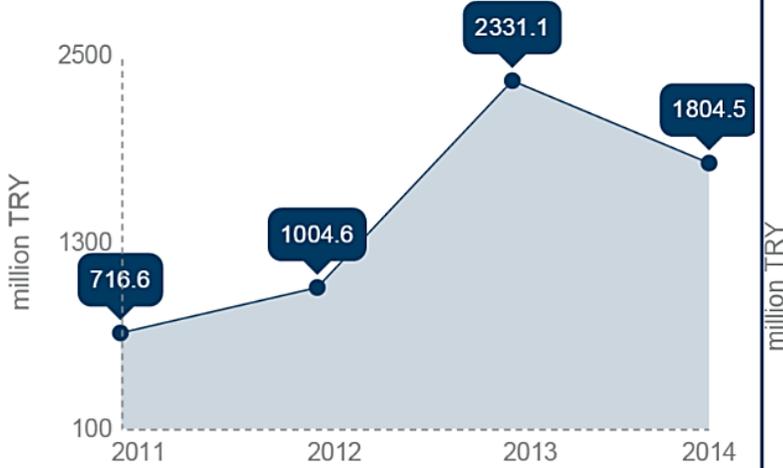
**HEADQUARTERS:** ATATÜRK MAH. ÇİTLENBİK CD. NO:4 ATAŞEHİR, İSTANBUL.

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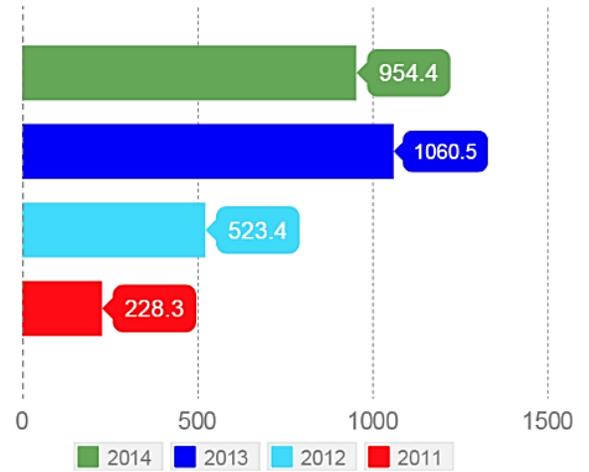
# SUMMARY OF THE FINANCIAL DATA

## Net Sales



## Profit for the Period

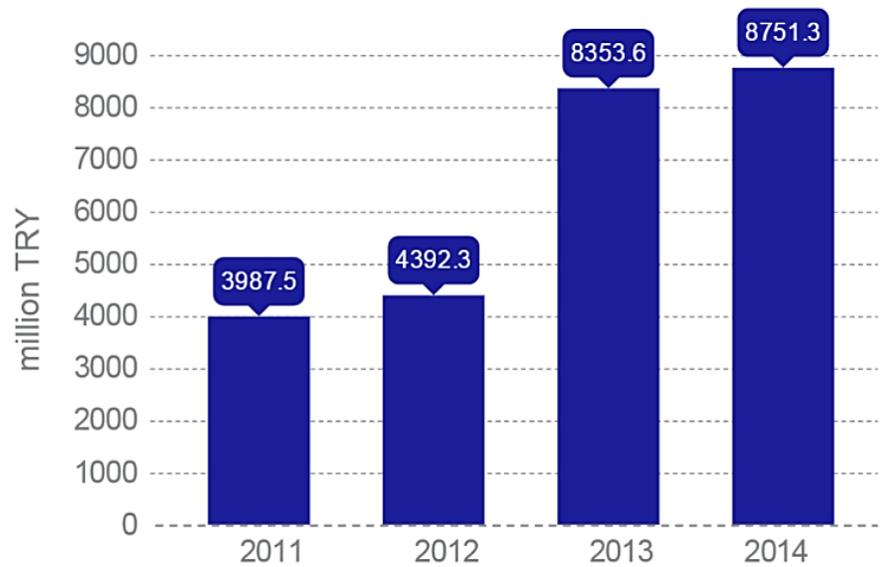
Increasing Periodical Profitability



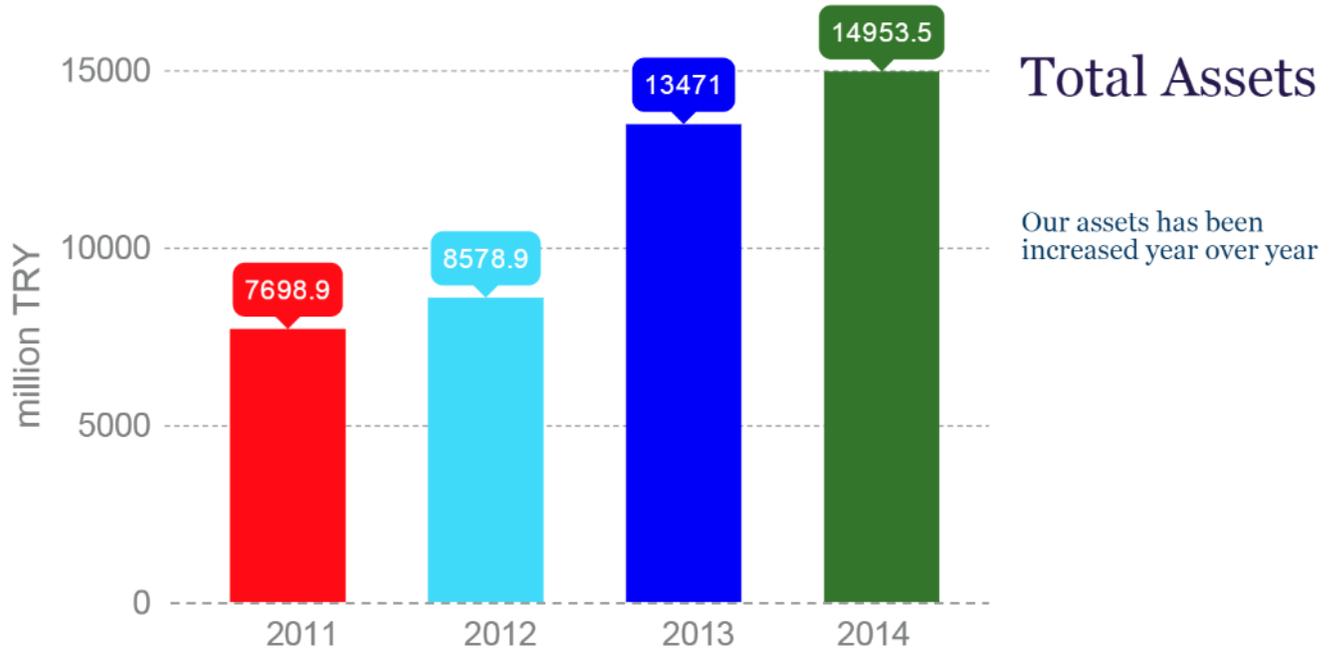
## Equity .mTL



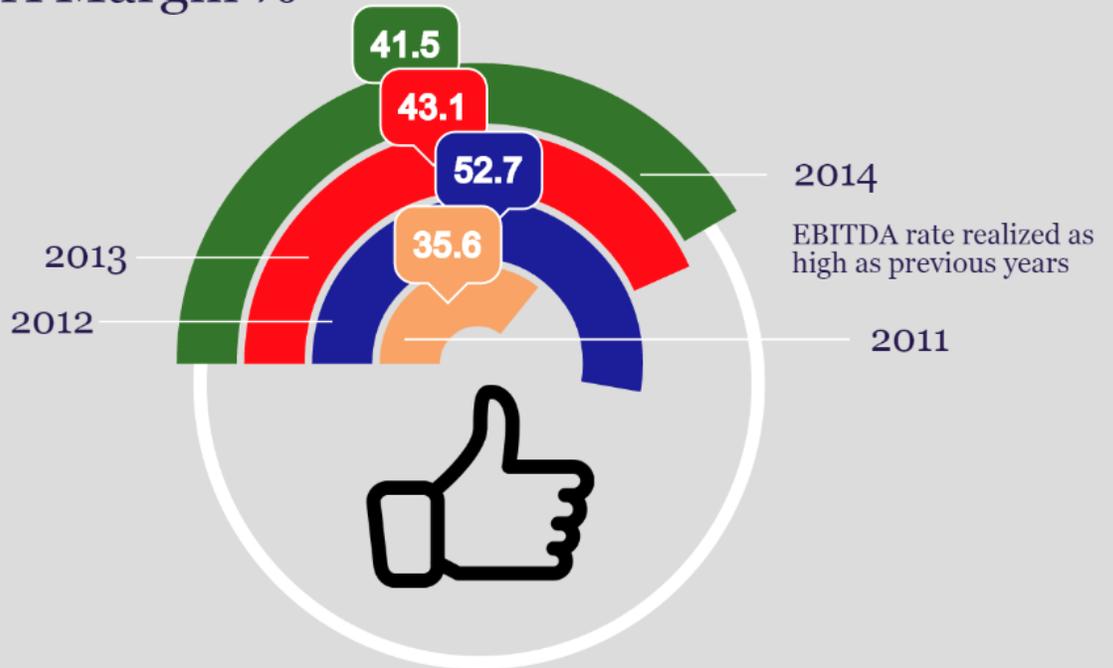
Increasing profitability and asset value been strengthening in line with shareholder's equity



# SUMMARY OF THE FINANCIAL DATA



## EBITDA Margin %



# SUMMARY OF THE FINANCIAL DATA

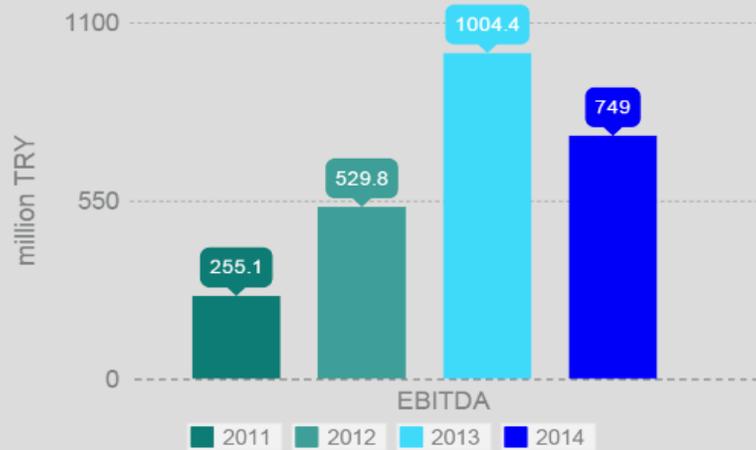
## Basic Financial Data Per Year

Million TRY

Financials	2014	2013	2012	2011
<b>P &amp; L</b>				
Net Sales	1.804,5	2.331,1	1.004,6	716,6
EBITDA	749,0	1.004,4	529,8	255,1
EBITDA Margin	%41,5	%43,1	%52,7	%35,6
Profit for the Period	954,4	1.060,5	523,4	228,3
<b>Balance Sheet</b>				
Total Assets	14.953,5	13.471,0	8.578,9	7.698,9
<b>Shareholder's Equity</b>	<b>8.751,3</b>	<b>8.353,6</b>	<b>4.392,3</b>	<b>3.987,5</b>

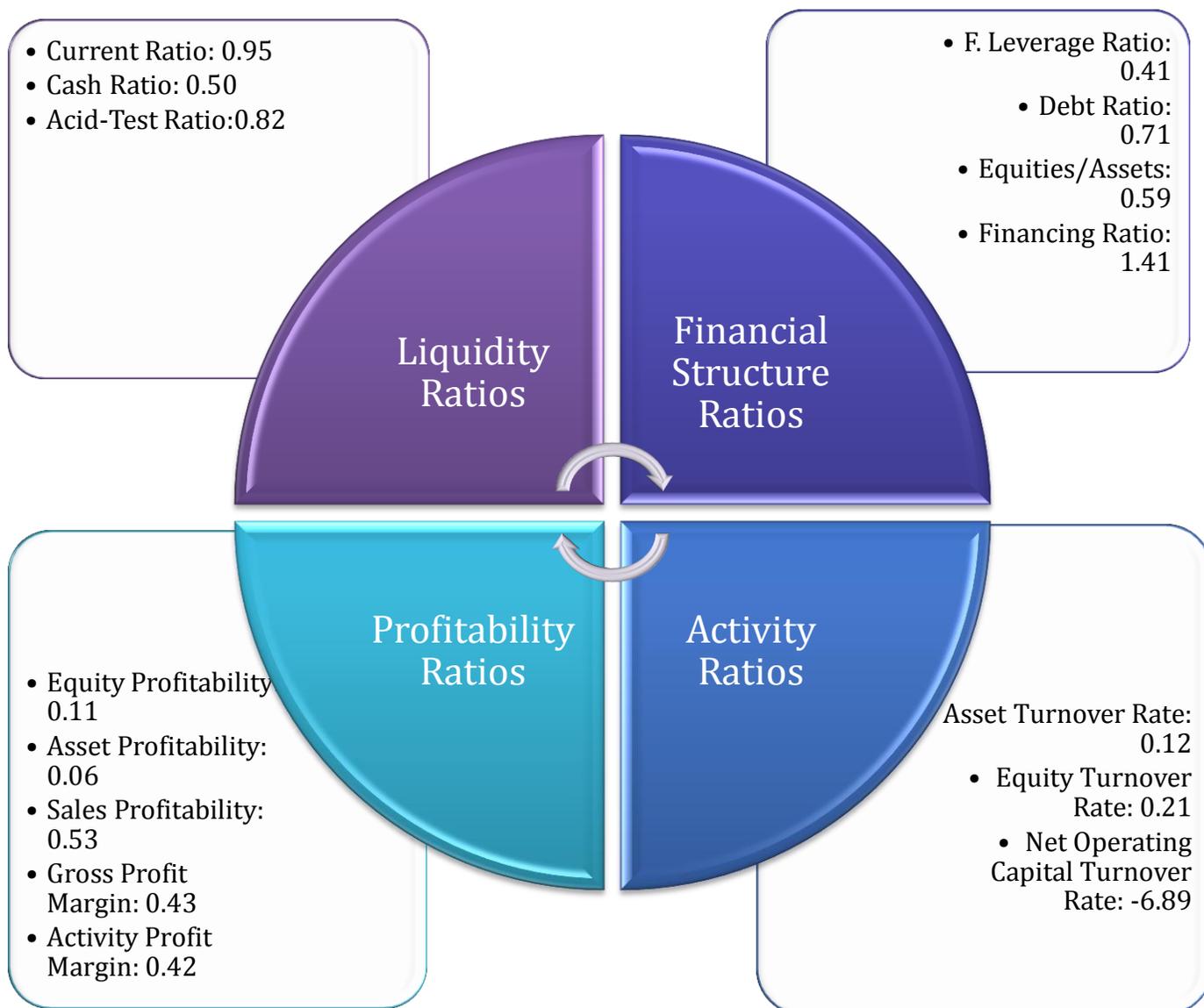
Source: Company Data

Earnings  
Before  
Interest, Tax  
Depreciation and  
Amortization



# SUMMARY OF THE FINANCIAL DATA

## *Financial Ratios*



# EMLAK KONUT'S STRATEGY

## STRATEGIC PLAN AND PRINCIPAL GOVERNANCE OBJECTIVES

Emlak Konut set 2027 as its 20-year target based on the strategic plan and governance principles it developed in 2007. Our main objective of creating a national brand with economic and social benefits along our way to become one of the prominent real estate investment companies in the world is still ongoing.

It overlaps with our strategic plan to contribute our best to the Turkish national goal of becoming one of the top 10 global economies in 2023.

### Vision

To maintain its leading, pioneering and guiding position in the domestic real estate industry by continuously improving its corporate identity.

To become one of the prominent real estate investment companies in the world by enhancing its planned, qualified and environmentally sensitive urban planning approach to raise the bar in international criteria.

### Mission

To closely follow domestic and overseas developments and innovations and guide the domestic real estate industry, as the corporate leader and pioneer of the domestic real estate industry.

To develop planned, qualified, environmentally sensitive settlements that offer peaceful and safe living spaces in consideration of social values and customer satisfaction with a contemporary urban planning approach.

To care for pecuniary or non-pecuniary satisfaction of its shareholders and employees.

# EMLAK KONUT'S STRATEGY

<p>FOCUSING ON MIDDLE AND UPPER-MIDDLE INCOME GROUPS</p>	<ul style="list-style-type: none"> <li>• Making use of existing demographical tendencies such as economic urbanization in Turkey</li> <li>• Continuing to develop housing units for middle and upper-middle income groups</li> <li>• Investing in developing regions</li> </ul>
<p>PROCURING LAND FOR DEVELOPING MORE HOUSING UNITS</p>	<ul style="list-style-type: none"> <li>• Maintaining strategic relationship with TOKİ             <ul style="list-style-type: none"> <li>○ Purchasing lands without tender processes and</li> <li>○ Opportunity for accessing the most suitable lands for development by Emlak Konut</li> </ul> </li> <li>• Continuing to access TOKİ's land inventory</li> <li>• Purchasing land from third parties as needed</li> </ul>
<p>CREATING CASH FLOW BY COMPLETING CURRENT PROJECTS</p>	<ul style="list-style-type: none"> <li>• Using cash flow from ongoing projects in new development opportunities</li> <li>• Implementing large scale projects by applying revenue sharing model for projects in favored locations and achieving higher profits by limiting economic risks</li> </ul>

Our objective is to remain leading real estate development company in Turkey and grow into a global real estate corporation. The rule of thumb for our company has always been its adaptive management approach towards achieving the objectives as per its vision and mission.

Our goal is to ensure sustainable growth by creating “permanent value” for all our stakeholders with the 62 years of accumulated knowledge and the power that stems from our strong corporate culture.



**Our logo symbolizes: A planned and qualified approach to urban development**



**The peaceful and safe feeling of home,**

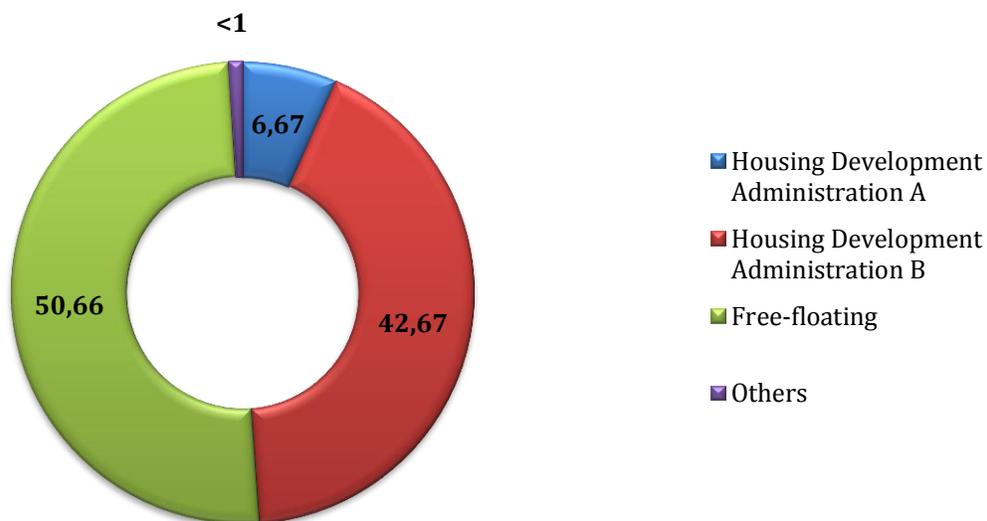


**A sensitivity to green spaces and the environment.**

# CAPITAL AND PARTNERSHIP STRUCTURE

BUSINESS NAME	GROUP	TYPE	SHARE AMOUNT	NUMBER OF SHARES	%
Housing Development Administration	A	Registered/Privileged	253,369,919.00	25,336,991,900	6.67
Housing Development Administration	B	Bearer	1,621,460,838.35	162,146,083,835	42.67
Free-floating	B	Bearer	1,925,108,024.45	192,510,802,445	50.66
Others	B	Bearer	61,218.20	6,121,820	<1
		<b>Total</b>	<b>3,800,000,000.00</b>	<b>380,000,000,000</b>	<b>100</b>

## Share Ratios Distribution %



## THE BOARD OF DIRECTORS

As the most important administrative component of our company, the Board of Directors makes strategic decisions that are compliant with the provisions of the articles of association and applicable legal regulations, and in utmost consideration of the rights of all stakeholders. The Board of Directors performs managerial functions required for achieving the sustainable growth that is in line with the long-term corporate goals and interests.

Pursuant to CMB's Communique On Corporate Governance (II-17.1), the company has amended its articles of association for compliance to relevant regulations.

### The Board of Directors

- It is the most senior decision-making body within Emlak Konut.
- It is responsible for managing and representing Emlak Konut, performing corporate activities, building the company's relationship with shareholders and recruiting.
- It is accountable for ensuring that the corporate activities are performed in accordance with the articles of association and the relevant provisions of the law.
- Its members are elected by resolutions of the General Assembly.
- It consists of seven members: Chairman, Vice-Chairman and five members, three of which are independent.

The Board of Directors shall fulfill the duties determined by the Turkish Commercial Code, the Capital Markets Board of Turkey and the General Assembly. The Board of Directors may execute contracts that go past the incumbency of the Board.

Actively engaged in the corporate operations, the Board of Directors intends to increase the business value (pecuniary or non-pecuniary) by acting in accordance with relevant regulations for decision-making processes and fluctuations in actual conditions.

Its members are elected by resolutions of the General Assembly. It consists of seven members: Chairman, Vice-Chairman and five members, three of which are independent.

Irrespective of his or her position and duties, each member of the Board of Directors is entitled to one vote, which must be cast in person. Members who cannot participate in the General Assembly meetings may not submit their votes in writing or in proxy.

In cases when no members request to call a meeting, a decision can be made as long as members submit their written approvals for the proposition.

All significant matters resolved by Board of Directors are released to the public via material event disclosure in accordance with our disclosure policy.

## THE BOARD OF DIRECTORS

Members have not been granted weighted voting rights and/or veto rights. The Board of Directors applies its powers and responsibilities, and represents the company in line with the authority entrusted by stakeholders at general assembly and pursuant to legislation, articles of incorporation, intra-company regulations, and policies. It also develops strategic plans in accordance with the corporate vision. Irrespective of his or her position and duties, each member of the Board of Directors is entitled to one vote, which must be cast in person. Members who cannot participate in the General Assembly meetings may not submit their votes in writing or in proxy. In cases when no members request to call a meeting, a decision can be made as long as members submit their written approvals for the proposition. All significant matters resolved by Board of Directors are released to the public via material event disclosure.

Actual participation is ensured on all topics related to CMB's Communique on Corporate Governance.

The Board of Directors may delegate their authority completely or partially either to one or more executive members or to managers who are not required to be shareholders. There are no managing members in the Board of Directors. Further information about the Board of Directors is provided in the Corporate Governance Principles Compliance Report section.

Full Name	Position	Occupation	Positions Held in the Last Five Years	Shares (%)	Share Group(s)
<b>Ertan Yetim</b>	Chairman	Civil Engineer	Vice-Chairman		A- B
<b>Ertan Keleş</b>	Vice-Chairman/Independent Member	Civil Engineer	Independent Board Member		B
<b>Murat Kurum</b>	Member/General Manager	Civil Engineer	Board Member/General Manager		A- B
<b>Aliseydi Karaoğlu</b>	Member	Business Administration	Board Member		A- B
<b>M. Ali Kahraman</b>	Member	Urban and Regional Planner	Board Member		A- B
<b>Havvanur Yurtsever</b>	Independent Member	Lawyer	Independent Board Member		B
<b>Veysel Ekmen</b>	Independent Member	CPA	Independent Board Member		B

# THE BOARD OF DIRECTORS

Short biographies of our Board Members are as follows:

## **Ertan Yetim - Chairman of the Board (Executive Member)**



Ertan Yetim was born in Trabzon in 1966. He graduated from Trabzon High School in 1984, and studied Civil Engineering at Karadeniz Technical University, where he graduated from in 1988. Ertan Yetim worked as civil engineer, construction supervisor, and technical manager in the private sector between 1988 and 1997. He was control officer at KİPTAŞ, an enterprise of Istanbul Metropolitan Municipality, from 1997 to 2004. Subsequently, he joined Emlak Pazarlama İnşaat Şirketi, a TOKİ enterprise, as General Manager. In 2005, he became

Board Member at Emlak Konut REIC and later served as Vice-Chairman. He joined TOKİ as a specialist in 2007 and was assigned to Emlak Konut REIC. In 2011, he was elected as the Chairman of the Board and currently serves in the same position. Ertan Yetim is married with two children.

## **Ertan Keleş - Vice-Chairman (Non-executive, Independent Member)**

Ertan Keleş was born in 1976. After graduating from Middle East Technical University Faculty of Engineering Civil Engineering Department in 1998, he started his professional career as Construction Supervisor at Aset Telekomünikasyon İnşaat A.Ş., where he worked for two years. Ertan Keleş joined Dky Telekomünikasyon İnşaat A.Ş. in 2001 as Construction Supervisor, and took a position as Project Manager at Aset Dekar İş Ortaklığı in 2002. With his career on the rise, Ertan Keleş worked as Deputy General Manager at Turkuaz Kablo Taah. İnşaat Tic. A.Ş. from 2002 to 2004 and as Deputy General Manager at Yalova Hazır Beton Ltd. Şti. From 2004 to 2005. He became a Board of Directors' Member at Istanbul Metropolitan Municipality Beltur A.Ş. in 2005 where he served for nine years. In 2014, Ertan Keleş joined the Emlak Konut REIC Board of Directors as Vice-Chairman and Independent Member of the Board of Directors, where he continues to serve today.



# THE BOARD OF DIRECTORS

## **Murat Kurum - Member of the Board of Directors - General Manager (Executive Member)**



Murat Kurum graduated from Civil Engineering Department, Faculty of Engineering and Architecture at Selçuk University in 1999. He developed projects at various positions in the private sector between 1999 and 2005. In 2005–2006, he served as specialist at TOKİ Implementation Office in Ankara. Murat Kurum served as Branch Manager at TOKİ Implementation Office in Istanbul (European side) between 2006 and 2009. He joined Emlak Konut REIC as General Manager in 2009. Murat Kurum is married with two children.

## **Havvanur Yurtsever - Member of the Board of Directors (Non-executive, Independent Member)**

Havvanur Yurtsever was born in Ankara in 1972. Following her graduation from Istanbul University Faculty of Law in 1996, she completed her internship at Necati Ceylan Law Office in 1997. She worked as a contracting lawyer at T. Telekomünikasyon A.Ş. between 2003 and 2014 and at Halk Bankası A.Ş. between 2008 and 2014. She has been serving as Istanbul Metropolitan Municipality Assembly Member, Zeytinburnu Municipality Council Member and Chairman of the Law Commission, Zeytinburnu Municipality Assembly Second Deputy Chairman and Emlak Konut Member of the Board of Directors since 2014. Havvanur Yurtsever is married with three children.



# THE BOARD OF DIRECTORS

## Veysel Ekmen - Member of the Board of Directors (Non-executive, Independent Member)



married with five children, speaks fluent English.

Veysel Ekmen was born in Giresun in 1965 and studied in Marmara University School of Economics and Administrative Sciences Business Department. Since 1984, he has been working as Certified Public Accountant. In 1999, he became a Member of the Board of Directors at Öncü Eğitim Kurumları prior to becoming a Member of Board of Auditors at Rumeli Hayat Sigorta A.Ş. and İktisat Yatırım Menkul Değerler A.Ş. in 2004. The following year, he was elected as Member of the Board of Directors at Emlak Konut REIC where he continues to serve as an Independent Member. Veysel Ekmen, who is

## Aliseydi Karaoğlu - Member of the Board of Directors (Non-executive Member)

Aliseydi Karaoğlu was born in Malatya in 1962 and graduated from Anadolu University School of Business Administration. He was Real Estate Branch Manager at Provincial Directorate in Istanbul, under General Directorate of Building Land Office between 1989 and 2004, before becoming TOKİ Istanbul Unit Real Estate Branch Manager between 2004 and 2010. Aliseydi Karaoğlu served as Member of the Board of Directors at Boğaziçi Konut A.Ş. between 2007 and 2008, at GEDAŞ Gayrimenkul Ekspertizlik A.Ş. between 2007 and 2009, and at Emlak Pazarlama İnşaat A.Ş. between 2009 and 2001. He is currently the head of TOKİ Istanbul Real Estate Office and a Member of the Board of Directors at Emlak Konut REIC. Aliseydi Karaoğlu is married with two children.



# THE BOARD OF DIRECTORS

## M. Ali Kahraman-Member (Non-executive)



Mehmet Ali Kahraman was born in 1973. He received his bachelor's degree from METU in City and Regional Planning in 1997. After receiving his master's degree in Regional Planning from the Institute of Science and Technology between 1997-2000, and in 2001 he was awarded METU's undergraduate thesis prize. He is a PhD candidate in Political Science at Bilkent University. Between 1997-2002, he worked as a specialist at TOKİ, serving in the Project Department, the Habitat Application Department and at the External Affairs Department, respectively.

He served as the Vice President in charge of the planned urbanization and housing production initiative, which was implemented throughout the country between 2002-2010. While undertaking his military service, he planned various construction repair works at the Manisa infantry regiment. Between 2009-2011, he served as a Board Member at Emlak Pazarlama, İnşaat, Proje Yönetimi A.Ş. and at TOBAŞ A.Ş., an affiliate of Ankara Metropolitan Municipality - TOKİ. He performed his duties at the TOKİ Department of Strategy Development between 2010-2001. He served as the Acting Deputy Undersecretary at the Ministry of Environment and

Urbanization in 2011. Mr. Kahraman worked as the Spatial Planning Director and as the Counsel to the Minister at the Ministry of Environment between 2011-2014. He has been performing his duties as a Board Member at Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş. since 2011. He is married with one child, and is an accomplished English speaker.

## BUSINESS MODELS

Emlak Konut REIC effectively applies two different business models in order to achieve its administrative targets and strategies. The process flows and comparison of the two business models are provided below.

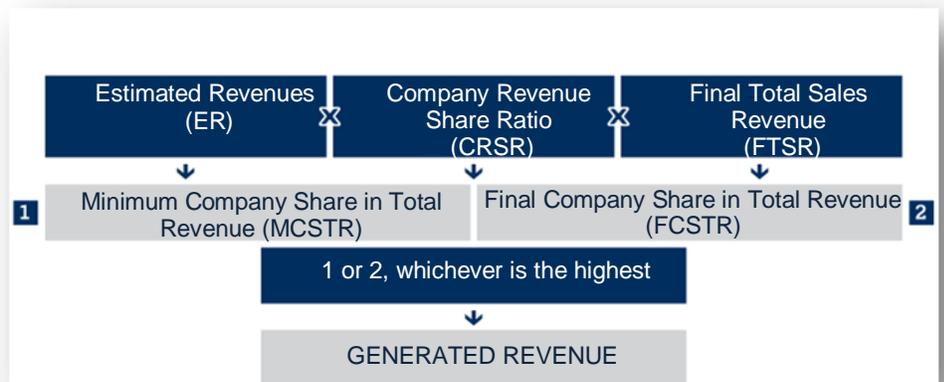
- One of the significant values of Emlak Konut REIC is the business models it develops and implements. With an adaptive approach, Emlak Konut continuously improves these models. They also serve as an important tool in managing risk; since the models seek flawless completion of the process by taking into account both financial planning and construction phases of the projects.
- The models which include profit, cost and risk control from a financial perspective, also provide important contributions to construction techniques, safety and supervision.
- Emlak Konut REIC develops its projects under two business models: **Revenue Sharing Model (RSM)** and **Turnkey (TK) Project Model**.
- Emlak Konut REIC acquires land plots for project development from TOKİ, resources as capital in-kind from Emlak Bankası and also in limited amounts from third parties.
- Pursuant to accounting requirements in construction and real estate industries, the sales and costs are added to income statement only after Emlak Konut REIC approves the project completion.
- The company's brand value, which is the fruit of 62 years of meticulous labor, influences the business models and greatly contributes to construction, marketing and sale phases of the projects.

### Revenue Sharing Model

As the company's most important model in terms of generating income, the Revenue Sharing Model is used primarily in projects that are intended for upper-middle and high income groups. It is a unique model that provides ensures high profitability and fund flows.

During the tender process, which is carried out according to Emlak Konut REIC's regulations, the contractors propose their estimates on Company Share Revenue Rate and Minimum Sale Total Revenue.

The bidder who proposes the highest Final Company Share in Total Revenue is awarded the contract. Revenue from the sales of independent units is distributed between Emlak Konut REIC and the contractor per the rates stated in the contract.



## BUSINESS MODELS

Excluding the revenue from the sale of independent units, the minimum revenue Emlak Konut REIC will receive is equal to the **Minimum Company Share Total Revenue**, as indicated in the tender. Our Company can purchase independent units from revenue sharing model projects during/after project development when necessary or share independent units with contractor at the end of project.

The summary of Emlak Konut REIC's tender activities in 2014 is provided below. The information includes new tenders issued as well as completed tenders, whose contracts have been awarded and sites have been delivered in 2014.

**Istanbul Zeytinburnu Kazlıçeşme Revenue Sharing Project in Return for Land Sale:** **The first and second sessions of the tender were held on December 24, 2013 and January 16, 2014, respectively; and ÖZAK GAYRİMENKUL YAT. ORT. A.Ş. & YENİGÜN İNŞ. SAN. VE TİC. A.Ş. & DELTA PROJE İNŞ. TUR. SAN. VE TİC. A.Ş. JOINT VENTURE submitted the highest bid as follows: Final Total Sales Revenue in Return for Land Sale: 4,240,000,000.00 TL+VAT; Company Share Total Revenue in Return for Land Sale: 1,568,800,000.00 TL+VAT; Company Revenue Share Ratio in Return for Land Sale: 37%. The project contract was signed on April 8, 2014 and site was delivered on April 18, 2014.**

**Istanbul Başakşehir Kayabaşı Stage 4 Revenue Sharing Project in Return for Land Sale:** The first and second sessions of the tender were held on March 27, 2014 and April 4, 2014, respectively; and **MAKRO İNŞAAT TİC. A.Ş. & AKYAPI İNŞ. TAAH. SAN. VE TİC. LTD. ŞTİ. JOINT VENTURE** submitted the highest bid as follows: Final Total Sales Revenue in Return for Land Sale: 1,400,000,000.00 TL+VAT; Company Share Total Revenue in Return for Land Sale: 420,000,000.00 TL+VAT; Company Revenue Share Ratio in Return for Land Sale: 30%. The project contract was signed on April 25, 2014 and site was delivered on April 28, 2014.

**Istanbul Başakşehir Hoşdere Stage 3 Revenue Sharing Project in Return for Land Sale:** The first and second sessions of the tender were held on April 8, 2014, and April 17, 2014, respectively; and **CİHAN İNŞ. MÜH. SAN. VE TİC. A.Ş.** submitted the highest bid as follows: Final Total Sales Revenue in Return for Land Sale: 602,000,000.00 TL+VAT; Company Share Total Revenue in Return for Land Sale: 156,520,000.00 TL+VAT; Company Revenue Share Ratio in Return for Land Sale: 26%. The project contract was signed on May 20, 2014, and site was delivered on May 30, 2014.

**Ankara Etimesgut Revenue Sharing Project in Return for Land Sale:** The first and second sessions of the tender were held on June 3, 2014, and June 11, 2014, respectively; and **BAŞ YAPI İNŞ. TAAH. VE TUR. SAN. DIŞ TİC. LTD. ŞTİ. & SOLARYAPI MÜH. İNŞ. TAAH. VE SAN. DIŞ TİC. LTD. ŞTİ. JOINT VENTURE** submitted the highest bid as follows: Final Total Sales Revenue in Return for Land Sale: 180,000,000.00 TL+VAT; Company Share Total Revenue in Return for Land Sale: 54,000,000.00 TL+VAT; Company Revenue Share Ratio in Return for Land Sale: 30%. The project contract was signed on August 18, 2014, and site was delivered on August 27, 2014.

**Kocaeli Derince Revenue Sharing Project in Return for Land Sale:** The first and second sessions of the tender were held on June 12, 2014, and June 20, 2014, respectively; and **KUMUŞOĞLU İNŞ. TUR. SAN. VE TİC. LTD. ŞTİ. & TOKAL İNŞ. YAPI MALZ. SANAYİ TİC. LTD. ŞTİ. JOINT VENTURE** submitted the highest bid as follows: Final Total Sales Revenue in Return for Land Sale: 385,000,000.00 TL+VAT; Company Share Total Revenue in Return for

## BUSINESS MODELS

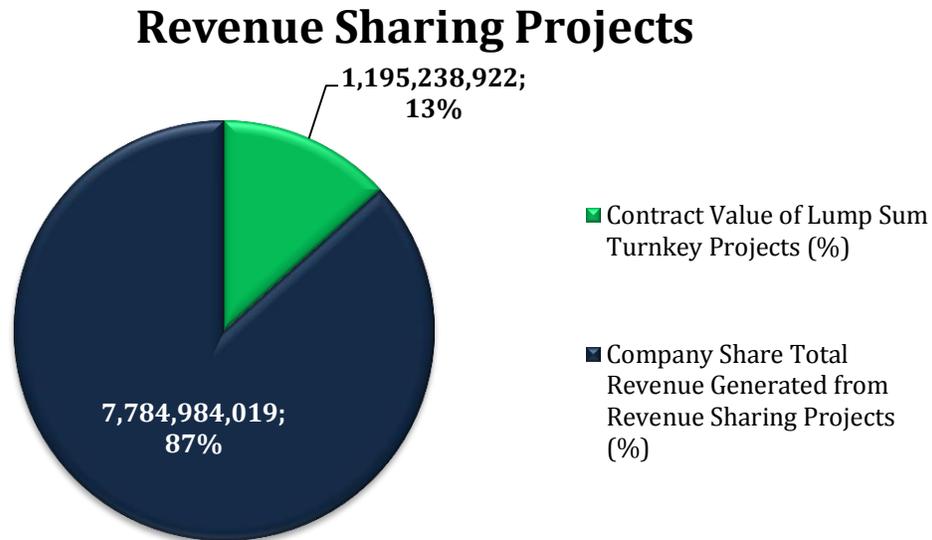
Land Sale: 83,198,500.00 TL+VAT; Company Revenue Share Ratio in Return for Land Sale: 21.61%. The project contract was signed on August 20, 2014, and site was delivered on August 28, 2014.

Istanbul Kartal Yakacık Revenue Sharing Project in Return for Land Sale: **The first and second sessions of the tender were held on October 23, 2014 and October 31, 2014, respectively; and DAĞ MÜH. MÜT. TİC. VE SAN. LTD. ŞTİ. submitted the highest bid as follows: Final Total Sales Revenue in Return for Land Sale: 420,000,000.00 TL+VAT; Company Share Total Revenue in Return for Land Sale: 123,900,000.00 TL+VAT; Company Revenue Share Ratio in Return for Land Sale: 29.50%. The project contract was signed on December 30, 2014 and site was delivered on January 12, 2015.**

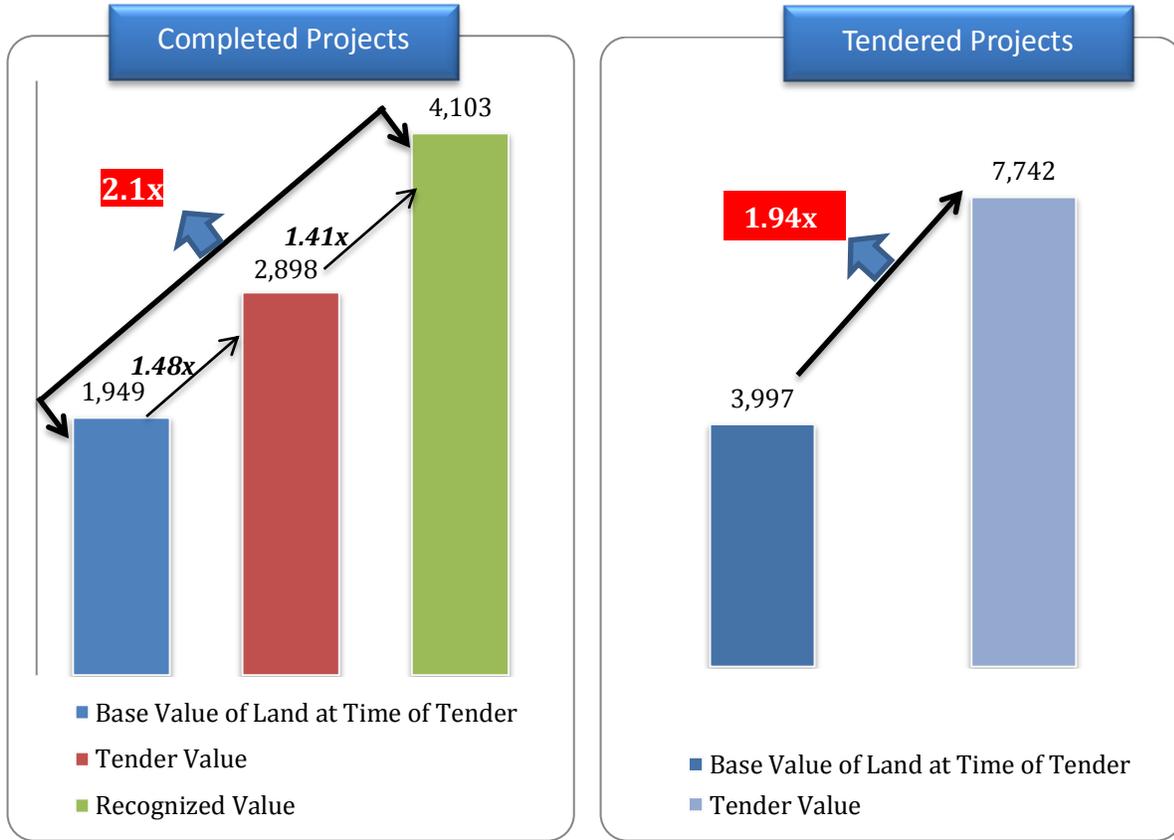
Istanbul Bahçelievler Yenibosna Revenue Sharing Project in Return for Land Sale: **The first and second sessions of the tender were held on October 27, 2014, and November 3, 2014, respectively; and DOĞA ŞEHİRCİLİK İÇ VE DIŞ TİC. A. Ş. & BAŞ YAPI İNŞ. TAAH. VE TUR. SAN. DIŞ TİC. LTD. ŞTİ. JOINT VENTURE submitted the highest bid as follows: Final Total Sales Revenue in Return for Land Sale: 440,000,000.00 TL+VAT; Company Share Total Revenue in Return for Land Sale: 171,600,000.00 TL+VAT; Company Revenue Share Ratio in Return for Land Sale: 39%. The project contract was signed on January 9, 2015, however the site has not been delivered yet.**

Emlak Konut REIC disclosed the cancellation of a tender in the third quarter of 2014 as follows:

- In consideration of its significance and high value in the company's portfolio, the "Ankara Yenimahalle Revenue Sharing Project in Return for Land Sale" has been canceled due to absence of a competitive environment with a single bidder.



## Project Status Charts



\* The figures are in billion TL. It must be noted that past performance is not an indicator of future results.



# BUSINESS MODELS

Completed Revenue Sharing Model Projects					
NO	PROJECT NAME	BASE VALUE OF LAND AT TIME OF TENDER	CSTR (TL)	CRSR (%)	RECOGNIZED VALUE (TL)
1	ATAŞEHİR RESIDENCE	3,519,000	10,255,000	32.53	18,181,734
2	KENTPLUS ATAŞEHİR	72,748,200	131,100,000	33.61	179,475,009
3	IDEALISTKENT	36,600,740	38,100,000	31.75	96,143,402
4	AVRUPA TEM KONUTLARI	162,344,327	186,000,000	30.00	216,075,517
5	KÖRFEZKENT STAGE 1	11,380,501	15,253,903	16.00	17,260,313
6	UPHILL COURT ATAŞEHİR	57,076,350	136,400,000	34.10	207,875,855
7	MYWORLD ATAŞEHİR	127,236,476	311,850,000	38.50	531,870,815
8	SOYAK MAVİŞEHİR	43,600,000	51,600,000	24.00	94,915,970
9	NOVDS RESIDENCE	16,408,500	57,750,000	55.00	115,760,305
10	MISST ANBUL	56,779,661	112,050,000	41.50	157,780.977
11	KENTPLUS MİMAR SİNAN	9,732,640	42,120,000	35.10	54,717,096
12	EMLAK KONUT PELİKAN PROJECT	20,849,150	67,515,000	38.58	87,123,867
13	ÇERKEZKÖY DREAMCITY	3,990,647	10,065,000	30.50	13,624,442
14	BİZİMEVLER 2	48,686,587	48,750,000	33.00	54,270,185
15	ERGENE VADİSİ	23,935,426	31,000,000	25.50	42,405,496
16	SPRADON QUARTZ	75,291,059	88,520,000	41.00	131,118,805
17	İZMİR MAVİŞEHİR STAGE 5	25,145,000	27,001,000	31.00	29,434,971
18	MERKEZ KAYAŞEHİR	29,440,000	32,000,000	32.00	40,273,717
19	ELITE CITY	54,896,071	56,000,000	35.00	71,317,909
20	MY WORLD EUROPE	179,089,192	228,018,000	30.50	305,449,312
21	PARKYAŞAM MAVİŞEHİR	51,186,000	60,000,000	25.00	305,449,312
22	AVRUPA KONUTLARI ATAKENT 3	240,000,000	264,000,000	30.00	279,524,564
23	SPRADON VADİ	50,291,820	50,310,000	26.00	61,770,244
24	BULVAR 216*	10,860,000	52,200,000	36.00	56,880,000
25	1STANBUL	102,555,962	105,000,000	30.00	154,434,905
26	ŞEHİRİ ZAR KONAKLARI	105,535,000	137,700,000	50.00	225,371,578
27	VARYAP MERIDIAN	214,793,710	338,189,000	44.15	446,569,757
28	MY TOWERLAND	42,000,000	107,019,000	47.00	234,766,505
29	SOYAK PARK APARTS / EVOSTAR	72,904,525	102,312,000	26.10	102,312,500
		<b>1,948,876,644</b>	<b>2,898,077,903</b>		<b>4,102,873,913</b>
<b>Weighted Average Company Share Revenue (%)</b>				<b>34.35</b>	

\* Bulvar 216 project is completely sold.

# BUSINESS MODELS

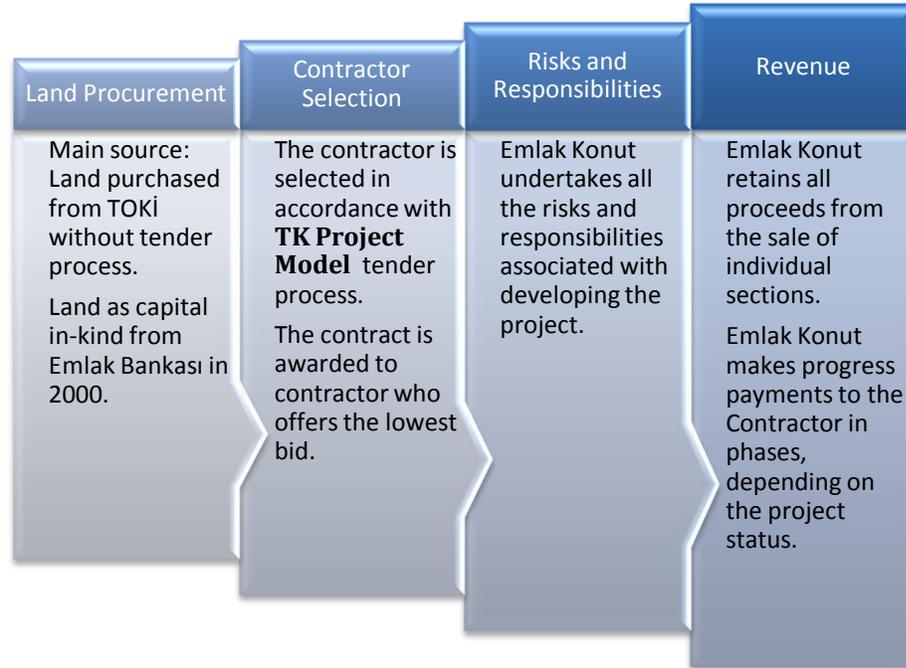
Tendered Revenue Sharing Model Projects					
Ranking	PROJECT NAME	BASE VALUE OF LAND AT TIME OF TENDER	CSTR TL	CSRS (%)	Multiplier Effect for Each Project
1	KUASAR İSTANBUL	237,485,823	375,337,542	50.00	1.58
2	SARPHAN FINANS PARK	51,786,200	61,500,000	37.50	1.19
3	BATIŞEHİR	351,665,405	424,000,000	32.00	1.21
4	METROPOL İSTANBUL	290,998,144	500,971,500	43.15	1.72
5	AĞAOĞLU MASLAK 1453 İSTANBUL	604,940,000	1,153,750,000	35.50	1.91
6	EVORA İSTANBUL	47,815,045	163,903,000	32.65	3.43
7	EVDRA İSTANBUL MARMARA	49,868,323	153,600,000	32.00	3.08
8	DUMANKAYA MIKS	37,590,590	82,502,500	30.50	2.19
9	BAHÇETEPE İSTANBUL	110,649,748	165,100,000	26.00	1.49
10	KÖY	252,910,000	475,687,500	32.25	1.88
<b>2012 and prior</b>		<b>2,035,709,278</b>	<b>3,556,352,042</b>	<b>Average Multiplier</b>	<b>1.75</b>
11	İSTMARİNA	214,045,000	534,000,000	40.00	2.49
12	BULVAR İSTANBUL	128,386,000	202,440,000	28.00	1.58
13	NİDAKULE ATAŞEHİR	63,551,681	190,231,000	36.20	1.58
14	AVRUPA KONUTLARI TEM 2	61,800,000	105,600,000	30.00	1.71
15	BAHÇEŞEHİR GÖL PANORAMA EVLERİ	80,810,000	148,400,000	28.00	1.84
16	FATİH YEDİKULE*	67,915,000	105,968,270	35.01	1.84
17	SEYRANŞEHİR	23,170,000	51,520,000	28.00	2.22
18	EVVEL İSTANBUL	97,500,000	188,760,000	26.00	1.94
19	BAHÇEKENT FLORA	55,245,000	80,832,000	25.26	1.46
<b>2013</b>		<b>792,422,681</b>	<b>1,607,751,270</b>	<b>Average Multiplier</b>	<b>2.03</b>
20	ZEYTİNBURNU, KAZLIÇEŞME *	725,700,000	1,568,800,000	37.00	2.16
21	PARK MAVERA	124,615,000	420,000,000	30.00	3.37
22	AVRUPARK*	63,898,214	156,520,000	26.00	2.46
23	SOFALOCA *	36,547,140	54,000,000	30.00	1.48
24	KOCAELİ, DERİNCE *	70,000,000	83,198,500	21.61	1.19
25	KARTAL, YAKACIK *	85,030,299	123,900,000	26.00	1.46
<b>2014</b>		<b>1,105,590,653</b>	<b>2,406,418,500</b>	<b>Average Multiplier</b>	<b>2.18</b>
26	BAHÇELİEVLER, YENİBOSNA	63,564,095	171,600,000	30.00	2.70
<b>2015</b>		<b>63,564,095</b>	<b>171,600,000</b>	<b>Average Multiplier</b>	<b>2.70</b>
<b>TOTAL</b>		<b>3,997,286,707</b>	<b>7,742,121,812</b>	<b>Multiplier</b>	<b>1.94</b>

Source: Company Data

Construction permits have not been obtained yet for projects marked with \*.

**CSTR**: Company Share Total Revenue **CSRS**: Company Revenue Share Ratio

## Turnkey (TK) Project Model



Although this model is also intended for generating revenue and increasing the business value (pecuniary or non-pecuniary) of the Company, it rather targets the middle-income socioeconomic group. The “social benefit” principles have also been thoroughly observed in the model. The process flow of the TK Project Model is as follows:

- Emlak Konut REIC develops projects on land purchased from either TOKİ or other sources and or received from Emlak Bankası as capital in-kind.
- Emlak Konut REIC awards the contract to the contractor with the lowest bid and sells the individual units directly.
- Under TK projects, Emlak Konut REIC is responsible for all the project development processes, including project funding, architectural, and engineering designs, marketing and sale of the housing units.
- Emlak Konut retains all proceeds from the sale of housing units.

Although TK projects are primarily designed for making persons from the middle-income group homeowners, they are used for improving building structures. TK Project Model is a traditional method used in the construction industry.

Under TK Projects, Emlak Konut REIC is responsible for all the project development processes, including project funding, architectural, and engineering designs, marketing and sale of the housing units.

# BUSINESS MODELS

Since 2004, Emlak Konut has completed the tender process of 23 TK projects, 14 of which are completed and nine are in progress. The 14 completed projects resulted with 9287 saleable independent units. The completed TK projects are Sultanbeyli Emlak Konutları, Alemdağ Emlak Konutları, Tuzla Emlak Konutları 1, Gebze Emlak Konutları 2, Tuzla Emlak Konutları 2, Körfezkent 2, Gebze Emlak Konutları 1, Emlak Konut Mavişehir Evleri, Selimpaşa Emlak Konutları, Burgazkent, Lüleburgaz Çarşısı, Yıldızkent 1, Yıldızkent 2 and Yıldızkent 3. The nine on-going projects will generate additional 5336 saleable independent units.



The ongoing TK projects, which are under construction or their contracts were awarded and executed, are Körfezkent 3, Ataşehir Resmi Kurum Binası, Bahçekent Emlak Konutları 1, Bahçekent Emlak Konutları 2, Bahçekent Emlak Konutları 3, Emlak Konut Başakşehir Evleri 1, Emlak Konut Başakşehir Evleri 2, Emlak Konut Başakşehir Evleri 3, and Emlak Konut Başakşehir Evleri 4.

In addition, we have issued the following tenders for Urban Transformation Projects in 2014 under the TK model:

**The tender for Istanbul Esenler Havalimanı District Urban Transformation Area Stage 1, Part 1 Housing Construction, Infrastructure and Landscaping Project was completed on April 1, 2014. The contract was signed with Contractor Siyahkalem Müh. İnş. San. ve Tic. Ltd. Şti. on April 16, 2014, and the site was delivered on April 18, 2014.**

**The tender for Istanbul Esenler Havalimanı District Urban Transformation Area Stage 1, Part 2 Housing Construction, Infrastructure and Landscaping Project was completed on May 29, 2014. The contract was signed with Contractor Güryapı İnşaat Taah Tur. San. ve Dış Tic. A.Ş. on June 20, 2014, and the site was delivered on June 25, 2014.**

**The tender for Istanbul Esenler Havalimanı District Urban Transformation Area Stage 2 Housing Construction, Infrastructure and Landscaping Project was completed on May 30, 2014. The contract was signed with Contractor Özyazıcı İnşaat Elk. Mak. Müş. ve Taah. San. ve Tic. Ltd. Şti. on June 19, 2014, and the site was delivered on June 25, 2014.**

Furthermore, we have received the permits for Körfezkent Stage 4 and Ayazma Emlak Konutları projects for which the tender processes have not been completed as of December 31, 2014. We began the sale of independent units at Ayazma Emlak Konutları where we expect to generate the sales of 1239 units. Körfezkent Stage 4 project is planned to generate 1124 independent units.

## **I. Declaration of Compliance with Corporate Governance Principles**

Emlak Konut REIC has acknowledged compliance to the CMB's Corporate Governance Principles and Practices as its primary governance principle. Therefore, Emlak Konut REIC has implemented processes for the stages of compliance such as organization, principles, and managerial activities. We follow our amended legislation in our operations concerning Equality, Transparency, Accountability, and Responsibility, which are the key aspects of Corporate Governance Principles.

Emlak Konut REIC has started the standardization of its governance principles on December 30, 2011 when the CMB's Communique on Determination and Implementation of Corporate Governance Principles (IV-56) was published in the Official Gazette No. 28158 and put into effect.

Based on Capital Markets Law No: 6362 (published in the Official Gazette No. 28513 on December 30, 2012), the CMB's Corporate Governance Communique No: II-17.1 (published in the Official Gazette No. 28871 on January 3, 2014) finalized the regulations and classified publicly-traded companies as liable for implementing corporate governance principles. Accordingly, Emlak Konut REIC is among the companies in the "First Group" as defined in the Communique for both 2014 and 2015 (Board resolution no: 1/3 on January 13, 2015).

Accordingly, our company has adopted the mandatory provisions as set forth by the CMB; therefore, compliant with the Corporate Governance Principles. Information about the optional principles is included in relevant sections below. Our preparatory work for compliance with the mandatory principles is explained below.

Emlak Konut REIC's Corporate Governance Principles Compliance Report has been prepared in conformity with the format as announced by the CMB decision No. 2/35 on January 27, 2014, which followed the Corporate Governance Communique No. II-17.1 published in the Official Gazette No. 28871 on January 3, 2014 and entered into force thereupon.

### **1. Regulation of the Articles of Association**

Emlak Konut REIC has adopted the mandatory provisions as set forth in the CMB's Communique on Determination and Implementation of Corporate Governance Principles (IV-56) by implementing the preparatory work to ensure compliance with the Corporate Governance Principles, in order of execution dates of the regulations.

Pursuant to Board of Directors resolution no: 15 on February 22, 2012, it was decided to amend the company's Articles of Association for compliance with the mandatory provisions of the CMB's Communique on Determination and Implementation of Corporate Governance Principles (IV-56) and its amendment (IV-57). Upon further review of the Articles of Association, the Board decided to amend the following: Article 3, 5, 6, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 23, 25, 26, 27, 28, 29, 30, 31, 32, 34, and 35. Furthermore, it was decided to add article 23/A.

# CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

The resolution was reported to the Public Disclosure Platform with a material event disclosure on February 22, 2012. Disclosure documents were prepared and shared with our shareholders and stakeholders on the company website in advance of the General Assembly meeting.

During the General Assembly Meeting held on April 19, 2012 at our headquarters, the draft amendment, which included the aforementioned revisions, as stated in the Board resolution no: 017-030 on March 14, 2012 was approved. Notifications about the amendment to the Articles of Association were issued in PDP and our annual reports.

No revisions have been made to the Articles of Association in 2014 due to absence of any changes to the legal framework.

## **2. Independent Members of the Board of Directors and Company Policies**

In line with its management approach and pursuant to the Corporate Governance Principles, Emlak Konut REIC emphasizes the importance of having independent members for ensuring the Board to function effectively and implementing the Corporate Policies.

- I. Elections for Independent Members of the Board, with the qualifications and in numbers as per the relevant regulation, were held during the General Assembly Meeting on May 8, 2013. Ertan Keleş, Veysel Ekmen, and Aysel Demirel began serving on the Board as Independent Members subsequent to the General Assembly Meeting. Aysel Demirel resigned from her position as Independent Member on October 24, 2014.
- II. During the General Assembly Meeting on December 5, 2014, Havvanur Yurtsever was appointed as Independent Board Member and granted first level signing authority. Furthermore, she was appointed to the Audit Committee as a member to fill the position vacated by Aysel Demirel.

Detailed information about our Board of Directors is provided in Section V. Havvanur Yurtsever is the only female board member.

Given the importance of Corporate Governance Principles and the increased efficiency and transparency of the management, Emlak Konut REIC pays strict attention to practicing the policies in accordance with the legislation.

Emlak Konut REIC has implemented the Corporate Governance policies with the approval of the Board of Directors and applied change as necessary per the applicable legislations. The Disclosure Policy, Dividend Distribution Policy, Buyback Policy, and Remuneration Policy were adopted by the Board resolution on March 31, 2014.

Following the discussions during the Ordinary General Assembly Meeting on April 28, 2014, the Board Resolution on Amending the Remuneration Policy was adopted on May 26, 2014.

# CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

Emlak Konut REIC has adopted and implemented the mandatory principles such as sharing the professional backgrounds of the Board member candidates disclosing to public the independent members of the Board and policies (enumeration, dividend distribution, buyback and disclosure), and organizing and structuring necessary committees.

## **3. Committees**

In addition to implementing the mandatory provisions of the CMB's Communique on Determination and Implementation of Corporate Governance Principles (IV-56), Emlak Konut REIC has formed the committees indicated by the Corporate Governance Communique No. II-17.1, (as promulgated in the Official Gazette No. 28871 on January 3, 2014) during the first Board meeting that followed the amendment to the articles association.

With no legal ramifications (about committees, organization, or internal regulations) that required Emlak Konut REIC to incorporate into its policies in 2014. However, following the discussions during the Ordinary General Assembly Meeting on April 28, 2014, the Remuneration Policy was amended by the Corporate Governance Committee resolution on May 9, 2014.

Corporate Governance Committee, Audit Committee and Early Detection of Risk and Risk Management Committee continue their operations within Emlak Konut REIC. The Corporate Governance Committee also acts as Nomination Committee and Wages Committee. Emlak Konut REIC has provided the necessary framework for the Committees to perform their functions effectively. Further details about the Committees are provided in Section V.

## **4. Conduct of Relations with Stakeholders through Transparency and Equality**

Emlak Konut REIC manages its relationships with the stakeholders by effectively providing accurate, clear, and easily accessible information, which is one of the fundamental values of the Corporate Governance Principles.

The company pays the utmost attention to communicating all necessary information in a prompt, secure, consistent, and regular manner to its stakeholders (such as shareholders, investors, and analysts). Emlak Konut REIC is committed to ensuring continuous and optimal communications with the stakeholders.

In line with its approach to large-scale stakeholders, Emlak Konut REIC reflects its informative and transparent management policy to potential stakeholders that it does not have direct relationships.

To this end, the company provides timely information about its meetings or legal disclosures via visual and printed media in its efforts to reach existing or potential investors and other stakeholders.

Our Board of Directors and our employees demonstrate great care in their conduct of "Accountability and Responsibility", which is one of the essential principles of corporate governance.

# CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

Emlak Konut REIC's departments, employees, and above all, the Board of Directors strive to comply with the Corporate Governance Principles. Furthermore, the company has started the preparatory work for implementing the optional principles, which are planned to be incorporated in due time.

However, the company also assesses and takes preventive measures against potential disruptions in business operations that may stem from implementing certain principles. With the importance it gives to Corporate Governance Principles, Emlak Konut REIC will continue its compliance efforts in line with upcoming changes to the legislation and practices.

## II. Shareholders

### 2.1. Investor Relations Department

Emlak Konut REIC has an Investor Relations Department that manages the relations of the company with its shareholders. The department reports directly to Hakan Akbulut, the Deputy General Manager responsible for Financial and Administrative Affairs ([hakbulut@emlakkonut.com.tr](mailto:hakbulut@emlakkonut.com.tr)). Hasan Vehbi Arslantürk ([harslanturk@emlakkonut.com.tr](mailto:harslanturk@emlakkonut.com.tr)) is the Department Manager. Investor Relations Department employs specialists for providing superior service to the shareholders and other investors. The department's organization chart is provided below.

Pursuant to article 11 of the Corporate Governance Communiqué No: II-17.1, in which the CMB requires that the Investor Relations departments of publicly traded investment companies submit a report on its activities at least annually:

Under resolution no. 77-188, the Board of Directors has approved the **Investor Relations Annual Report**, which was presented to the Board on December 23, 2014.

Below is the list of Investment Relations Department employees:

- Aydagül Ekmen - Specialist
- Fatih İbiş - Specialist
- Selman Aydemir - Specialist
- Zehra Zeynep Gümrükçüoğlu - Specialist

In addition to the e-mail address provided above, the authorized personnel may be reached via telephone at +90 (216) 579 1515, fax at +90 (216) 456 4875, or via company email address [info@emlakkonut.com.tr](mailto:info@emlakkonut.com.tr).

The main duties and functions of the Investor Relations Unit are primarily:

**Hakan Akbulut, Deputy General Manager, Financial and Administrative Affairs** holds Advanced CMB License and Corporate Governance Rating Specialist License (License No: 202142 and 700914)

# CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

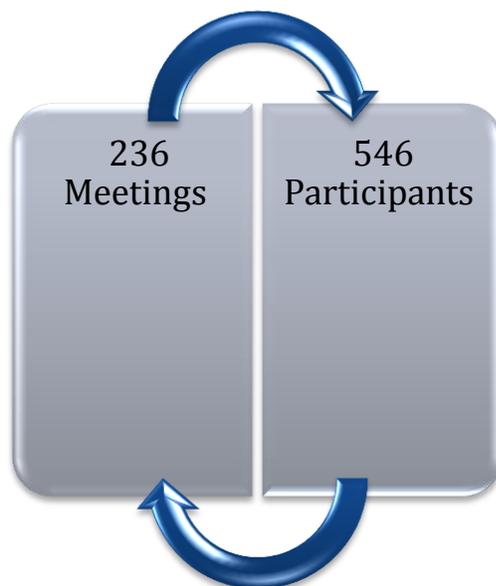
- Informing all stakeholders in accordance with the legislation and intra-company regulations; and therefore monitoring internal and external information and ensuring accurate public disclosure.
- Managing General Assembly (Ordinary/Extraordinary) meeting-related matters in compliance with the applicable regulations, preparing documents that may be useful to shareholders at General Assembly Meetings, and ensuring that the voting results are duly recorded and reported.
- Implementing measures in order to ease the participation of shareholders in general assembly meetings.
- Carrying out activities for active comprehension of disclosures and financial statements that are prepared in accordance with the public disclosure regulations.
- Coordinating financial communication activities (analyst meetings, press interviews, road show etc.) with other domestic and overseas units of the company.
- Ensuring that shareholders' records are kept secure and up-to-date.
- Managing the communication flow between company executives and stakeholders; and satisfying the information demands of shareholders and potential investors by providing information about the company's operations, financial status, and strategies, except for confidential information and/or trade secrets, which have not yet been made public.
- Performing duties as assigned in accordance with the company's operating principles as well as related policies.

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**Hasan Vehbi Aslantürk, Department Manager** holds Capital Market Activities Level 3 License and Corporate Governance Rating Specialist License issued by the CMB (license numbers pending).

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Emlak Konut REIC responds to meeting and interview requests from domestic and foreign corporate investors, in accordance with its Disclosure Policy and within the bounds of possibility. During the calendar year 2014, the Investor Relations Department has organized 236 meetings with the participation of domestic and/or foreign corporations, funds, and analysts.



Total of 546 investors and analysts participated in the events that include international conferences, teleconferences and meetings (at the company headquarters and other venues) as well as "Emlak Days" program held on September 22 and 23, 2014.

In 2014, the Investor Relations Department received one written request, which was responded promptly.

Detailed information about the aforementioned events are disclosed in the quarterly and annual reports.

## **2.2. Shareholders' Rights to Information**

Emlak Konut REIC satisfies any information demands of shareholders, except for trade secrets or non-public information, in line with its corporate culture as well as the transparency and accuracy defined by its Corporate Governance Principles. In doing so, the company ensures accurate dissemination of information about its strategies and operations. The company's Information Policy is based on providing timely, effective, and easily accessible information to all shareholders and other stakeholders.

The Investor Relations Department manages disclosures to investors, analysts, and shareholders. The department assesses the meeting demands of natural persons or legal entities, determines a meeting date, and communicates it to the requestor(s). Information requests that are received via telephone or e-mail are responded within 10 business days.

In 2014, in addition to responding to shareholder requests, which were received via telephone, e-mail and during meetings, information that shareholders may need were published on the official website within the obligatory disclosure times.

The Investor Relations Department endeavors to immediately responding to questions from analysts and investors, most of which are received via telephone and e-mail. Mindful of shareholders' right to be informed, Emlak Konut REIC uses the company website actively and provides convenient access to information, including legislative documents. The demand of appointment of Special Auditor is not incorporated as an individual right in the Articles of Association of the company. None of the shareholders has requested the General Assembly to appoint a Special Auditor in 2014.

## 2.3. General Assembly Meetings

The 2013 General Assembly Meeting of Shareholders of Emlak Konut Gayrimenkul Yatırım Ortaklığı Anonim Şirketi was held on April 28, 2014, at 10:30 at the company headquarters, located at Atatürk Mahallesi, Çitlenbik Caddesi No:4 Ataşehir, Istanbul, under the supervision of Ministry Representative Savaş Özer, who was appointed as per the Istanbul Provincial Directorate of Industry and Commerce Directive No. 11523 on April 25, 2014.

As stipulated in article 414 of the TCC and the company's Articles of Association, invitation to the meeting was made within the required time by announcing the meeting date and agenda: in the Turkish Trade Registry Gazette No. 10622 on April 4, 2014; by publishing it on the company's website at [www.emlakkonut.com.tr](http://www.emlakkonut.com.tr); by sending registered mail to the shareholders, who provided their addresses, on April 4, 2014; by communicating it via the Public Disclosure Platform; and Central Registry Agency Electronic General Assembly System (MKK e-GEM).

The Company completed the Electronic General Assembly preparations in accordance with article 1527 of TCC Law No. 6102. The online and the physical General Assembly meeting were held simultaneously. Media did not participate in the meeting.

Upon examination of the attendance sheet, it was determined that of the total 380,000,000,000 shares corresponding to total 3,800,000,000 Turkish lira capital of the company, 256,422,737,093 shares (corresponding to 2,564,227,370.93 Turkish lira capital) were represented by proxy, and 65,540,650 shares (corresponding to 655,406.5. Turkish lira capital) were represented in person. Thus, the minimum required to form a quorum (as stipulated by the law and by the Articles of Association) was reached and the meeting was called to order by the Ministry Representative Savaş Özer.

The General Assembly participation announcement was published on the PDP on April 1, 2014. Meeting Invitation, Proxy Sample and the Draft Amendment to the Articles of Association were published in the Investor Relations section of the company website. The results of the meeting were disclosed on the PDP following the completion of the meeting on April 28, 2014.

The participation rate in the Ordinary General Assembly Meeting was 67%, with the stakeholders' attendance. Under agenda item number 12, the General Assembly was briefed about the absence of donations and grants in 2013. The upper limit of total 10,000,000 Turkish lira was approved by majority vote for donations and grants that can be made in 2014. All questions were answered during the meeting.

# CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

When making the invitations to General Assembly meetings, Emlak Konut REIC complies with the provisions of Turkish Commercial Code (TCC), Capital Markets Law (CML), and the company's Articles of Association. The resolution by the Board of Directors to hold a General Assembly Meeting is announced in the PDP.

As described in the "Shareholders" section of the Corporate Governance Principles, the call for the General Assembly Meeting is made public no later than three weeks prior to the date of the meeting via any means of communication, including electronic, to ensure maximum shareholder participation. It is also separately published on the company's website at [www.emlakkonut.com.tr](http://www.emlakkonut.com.tr).

The agenda for the General Assembly Meeting is also presented to the shareholders in compliance with the notice period. Voting on agenda items at General Assembly meetings is by an open show of hands by shareholders. There have been no issues raised at the General Assembly due to "no" votes by the Independent Board Members.

Shareholders, whose shares were being monitored by the CRA (Central Registry Agency) on the beneficiary basis, were able to participate in the physical General Assembly Meeting at the location determined either in person or by proxy as well as using the Electronic General Assembly System (EGAS) available on the CRA website.

Shareholders, who participate in the General Assembly Meeting by proxy, must authorize their representatives by using EGAS, power of attorney prepared and certified by a notary public, or a power of attorney prepared by the shareholder with a notarized signature circular of the shareholder.

As for participation in a physical General Assembly Meeting, real person shareholders are required to show their identity cards; representatives of legal entity shareholders are required to present their identity cards and letters of authorization; proxies of real persons and legal entities are required to show their identity cards together with their proxy letters; and all attendees are required to sign respective spaces indicated for them on the list of attendees.

In addition complying with the regulations, Emlak Konut REIC uses all media opportunities to ensure maximum participation in the General Assembly meetings.

The Ordinary General Assembly Meeting was held on April 24, 2014 at our headquarters with no participation from the press or other media representatives. During the meeting, the agenda item on the use, distribution amount, method, and date of the 2013 dividends were discussed and submitted to the approval of the General Assembly.

The Meeting Agenda, Meeting Invitation, Minutes of the Meeting, Attendee List, and Proxy Sample are available on our company website at [www.emlakkonut.com.tr](http://www.emlakkonut.com.tr) for our shareholders. The results of the 2013 General Assembly agenda and resolutions are provided in the appendices of the annual report.

## 2.4. Voting Rights and Minority Rights

Pursuant to Voting Right Principle under Shareholders section of Corporate Governance Principles, there are no compulsory practices for the exercise of voting rights by our shareholders.

Group A shares have nomination privileges in Board of Directors elections. Without prejudice to the provision regarding group A shares to be issued due to capital increase stated in article 8 of the company's Articles of Association, no privileges, including nominations for Board of Directors, may be issued or securities that provide privileges may be removed. After the public offering, no privileges can be created, including nominations for membership to the Board of Directors. The transfer of privileged shares is subject to the permission of the Capital Markets Board of Turkey.

The shares representing the minimum capital ratio of the leading shareholder and privileged shares that may give control of the management cannot be transferred by the leading shareholder during two years following the end of offering.

Each share equals to one vote at General Assembly. There are no minority rights within the company's capital structure and the Articles of Association. Emlak Konut REIC pays attention to the exercise of minority rights pursuant to TCC and CML regulations. Neither any criticisms nor complaints were received in 2014.

The voting shareholders are duly informed and necessary efforts are made so that they can make objective decisions. There are no minority rights within the company's Articles of Association. Emlak Konut REIC pays attention to the exercise of minority rights pursuant to TCC and CML regulations. Neither any criticisms nor complaints were received in 2014.

The main shareholder of the company is TOKİ, which is a state institution under control of Republic of Turkey Prime Ministry. Related parties of Emlak Konut REIC are as listed below:

- a. Housing Administration of Turkey ("TOKİ")
- b. Emlak Pazarlama, İnşaat, Proje Yönetimi ve Ticaret A.Ş. (TOKİ affiliate)
- c. GEDAŞ Gayrimenkul Değerleme A.Ş. (TOKİ affiliate)
- d. TOBAŞ (Toplu Konut - Büyükşehir Bel. İnş. Emlak ve Proje A.Ş.) (TOKİ affiliate)
- e. Vakıf Gayrimenkul Yatırım Ortaklığı A.Ş (TOKİ affiliate)
- f. Vakıf İnşaat Restorasyon ve Ticaret A.Ş. (TOKİ affiliate)
- g. Emlak-Toplu Konut İdaresi Spor Kulübü Emlak Paz.- Fideltus İnş. - Öztaş İnş. Ortak Girişimi

According to the revised IAS 24 - Related Parties standard, exemptions have been brought to the disclosure requirements of balances and transactions between state controlled entities and related parties. Emlak Konut

REIC has transactions with state banks (T.C. Ziraat Bankası A.Ş., Türkiye Vakıflar Bank T.A.O., and Türkiye Halk Bank A.Ş.) and Turkish Treasury.

Emlak Konut REIC does not have any subsidiaries; therefore, it is not represented in any other legal entity.

## 2.5. Dividend Rights

Emlak Konut REIC takes as principle to show due sensitivity and compliance with relevant regulations with respect to profit distribution to its shareholders. The company emphasizes the concept of “profit share/dividend” efficiency in the capital markets. Accordingly, it strives to ensure that the dividend yield is higher than risk-free alternative investment yield in terms of financial asset valuation. The company’s Dividend Distribution Policy is compliant to relevant legislation and the related provision of the company’s Articles of Association, which is provided below. In addition, detailed information about the Dividend Distribution Policy is provided under the Investor Relations section of the company’s website at [www.emlakkonut.com.tr](http://www.emlakkonut.com.tr).

### **Articles of Association: Article 31 - Profit Distribution:**

The company observes profit distribution regulations under Turkish Commercial Code and Capital Market Legislation.

The net profit, as stated in the annual balance sheet, is calculated by deducting the company’s general expenses, various amortization considerations, amounts that are required to be paid or set aside and the current payable taxes from the total profit assessed at the end of the fiscal year. After deducting the previous years' losses, the net profit (if any) is distributed in the order listed below:

First legal reserve:

- a) Five percent of the balance sheet profit is set aside as first legal reserves until the total reserve reaches 20% of the paid-in capital per article 446 of the TCC.

First dividend:

- b) Appropriated from the balance, in the amount and proportion as determined by CMB.

Second dividend:

c) Once the items in sub-paragraphs (a) and (b) are deducted from net profit, the General Assembly is authorized to distribute the remaining amount in part or as a whole as second dividend, leave it on balance sheet as profit for the period, add it to legal or voluntary reserves, or reserve the balance as excess reserve fund. Second legal reserve:

d) Pursuant to article 466 paragraph 2 sub-paragraph 3 of the TCC, one tenth of the second dividend is set aside as a reserve fund after the 5 percent of the profit share is deducted from the paid capital of the shareholders who contribute to the profit.

c) Unless the above-mentioned reserve funds and the first dividend are set aside, the decisions on reserving additional funds or carrying forward the profit to the following year cannot be made. Unless the first dividend is paid, the decision cannot be made to distribute profit shares to members of the Board of Directors, officers, employees, and workers.

f) Dividend advances may be distributed to shareholders pursuant to article 15 of the CML.

Besides, the Board Resolution No: 54 (143) regarding Dividend Distribution on October 11, 2010 states: "In consideration of article 31 of the company's Articles of Association, the dividend distribution must comply with the CMB's Communiqué IV-27 (Communiqué on Principles Regarding Distribution of Dividends and Interim Dividends to be Followed by the Publicly Held Joint Stock Corporations Subject to Capital Market Law). It must also comply with article 15 of CML No: 2499, which states "...It is obligatory to indicate the rate of first dividend at publicly-held corporations. The rate cannot be lower than the amount determined by the Board and as announced in the communiqués..." Therefore, it was concluded that the profit distribution would be made according to the minimum profit distribution rate determined by CMB for the relevant accounting period.

It was decided that 467,780,000.00 Turkish lira be distributed from the First Dividend amount set aside from the 2013 period profit. The distribution was made on May 26, 2014 to shareholders in exchange for 2013 dividend right coupons at gross (=net) dividend rate of 0.1231 Turkish lira in cash/on account.

Within the scope of profit distribution policy, the dividend is equally distributed to all present shares in the related accounting period. There are no privileges in dividend distribution among shares/shareholders. Shareholders are informed about profit distribution during the General Assembly meetings. During the General Assembly Meeting, the use, distribution amount, method, and date of the 2013 dividends were discussed under agenda item number 7. The proposal was submitted to the approval by the General Assembly, and was approved by majority vote.

Information about profit distribution principles and policies, as well as dividend rates to shareholders, is available in the company's annual reports. Furthermore, the profit distribution process is disclosed to stakeholders on the PDP. Emlak Konut REIC duly complies with profit distribution regulations as part of the Corporate Governance Principles.

## **2.6. Transfer of Shares**

Group A registered shares have to be offered to all present partners, once their transfer fee is determined. The offers are sent to the registered addresses of the shareholders via certified mail; in case the bids are affirmatively responded within fifteen days but the shares are not overtaken, such shares may be transferred to third parties for a fee at least equal to determined value. In case more than one shareholder demands the shares within fifteen days under same fees, the shares are equally transferred among the shareholders. Share transfers in violation of this process are not recorded in the share register and considered null and void under the provisions of the CML.

T.R. Prime Ministry Housing Development Administration (TOKİ) is the leading shareholder of the company. In accordance with the CML, the shares representing the minimum capital ratio of the leading shareholder and privileged shares that may give control of the management cannot be transferred by the leading shareholder during two years following the end of offering. Any transfers made by the leading shareholder in violation of the provision are not recorded in the share registered. The transfer of privileged shares is subject to the permission of the Capital Markets Board of Turkey.

The Group B non-floating shares against Housing Support (KEY) have been transferred into floating shares that can be traded in the stock exchange under the shareholders' accounts. Pursuant to article 9 of the company's Articles of Association, "The transfer of privileged shares is subject to the permission of the Capital Markets Board of Turkey." There are no other provisions that restrict the transfer of shares in the Articles of Association, excluding article 9 above. In 2014, the company has received 10 written requests for transfers from Group B shareholders.

## III. Public Disclosure and Transparency

### 3.1. Corporate Website and Content

Emlak Konut REIC's corporate website is [www.emlakkonut.com.tr](http://www.emlakkonut.com.tr). Available in Turkish and English, the site was designed in accordance with the Public Disclosure Regulations under CMB's Corporate Governance Principles and other relevant regulations.

Investor Relations section of the website provides practical and accurate information that easily accessible for all current and potential investors and other stakeholders. The procedures about the management of the website as well as the information flow are included in the company's Disclosure Policy, which is governed by the same department that manages the website. The website addresses all of the matters set forth in Corporate Governance Principles.

Emlak Konut REIC has implemented measures to prevent changes to the website content.

The following information is provided on the website:

- Under the Emlak Konut GYO menu: About Us, Partnership Structure, Vision & Mission, Quality Policy, Board of Directors, Organization Chart, Message from the General Manager, Activities, News, Press Room, Corporate Video and Investor Relations
- Under the Projects menu: Ongoing Projects, Completed Projects, and Aerial Views of the Projects.
- Under the Sales menu: Residence Projects on Sale, Sales with Draws, Completed Independent Sections for Sale, and Independent Unit Sales Report.
- Under the Tenders menu: Construction Tenders, Service Tenders, Renting Tenders, Purchasing Tenders, Sale Tenders, Tendered Projects, and List of Contractors.
- Under the Contact Us menu; Telephone and Contact Information, Headquarters, and Information Society Services.

# CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

The main topics provided under the Investor Relations section are:

- Initial Public Offering (2010), Articles of Association, Prospectus & Circular for Public Offering, and Special IPO Promotion for Property Ownership.
- Second Public Offering (2013), Report for Use of Proceeds (June), Draft 2013 Prospectus (June), Appraisal Reports for Second Public Offering 2013 (June), 2013 Public Offering Prospectus (June), and 2013 Public Offering Prospectus (November).
- General Assembly Information, necessary disclosures, General Assembly Meetings 2010, 2011, 2012 and 2013.
- Financial Statements, Portfolio Tables, Annual Reports, Financial Reports, Summary Financial Status, Independent Auditor
- Real Estate Appraisal Reports
- Real Estate Industry Detailed Report
- Corporate Governance Information, Disclosure Policy, Dividend Distribution Policy, Remuneration Policy, Buyback Policy, Human Resources Policy, Audit Committee, Corporate Governance Committee, and Early Risk Identification and Risk Management Committee.
- Material Event Disclosures
- Continuous Information Form
- Portfolio Details
- Analysts
- Contact

Emlak Konut REIC immediately updates the website upon any changes in the legislation or company information to ensure compliance.

## **3.2. Annual Report**

Emlak Konut REIC emphasizes that the annual reports reflect complete and truthful information about the company's operations to all stakeholders and the public.

Emlak Konut REIC's annual report includes information about the regulations and policies set forth by the Corporate Governance Principles. Although the report is published in Turkish, it is translated into English and posted on the company website for use by foreign investors.

The company's 2014 annual report has been prepared in accordance with the TCC, CML and other legislation as well as Corporate Governance Principles. Following the approval of the Board of Directors, the annual report, along with financial statements, is disclosed to the public. It is also made available on the company website ([www.emlakkonut.com.tr](http://www.emlakkonut.com.tr)). The financial statements, which reflect the financial operations of the Company in the activity periods, are prepared pursuant to "International Accounting and Reporting Standards" and are audited by an Independent Auditor for the reporting period.

## IV. Stakeholders

### 4.1. Informing Stakeholders

Emlak Konut REIC informs all stakeholders about corporate developments through transparent, accurate, clear, and easily accessible disclosures that comply with the legislations. By acting in accordance with its Disclosure Policy in relation to the procedures, methods and limits of the disclosure, the company informs stakeholders via communication means and tools.

Emlak Konut REIC applies the Disclosure Policy pursuant to Corporate Governance Principles. The policy is disclosed to public via company website and annual report. The Disclosure Policy indicates which information will be declared by whom, through which means and at which frequency.

The company provides easily and equally accessible public information on a timely basis and in a complete, accurate, clear and low-cost manner.

#### **Objective and Scope of the Disclosure Policy:**

Through the Disclosure Policy, Emlak Konut REIC ensures that all shareholders, investors and stakeholders are provided with timely information about the company's past performance, future plans, forecasts, strategies, objectives and vision in a complete, accurate and efficient manner pursuant to regulations imposed by the CML, TCC, BIST and other legislation, following the public offering of its shares.

The Disclosure Policy includes any information, documents, digital records, and data about the company's operations that are legally permissible to disclose to the public, but excludes any trade secrets or insider information held by the Members of the Board, senior executives, and employees.

#### **Means for Public Disclosure:**

Emlak Konut REIC follows regulations on the timetables, reports and other means for public disclosure as per article 42 of the Communiqué on Principles Regarding Real Estate Investment Companies (VI - 11) as well as other relevant legislation, and uses the following means for informing stakeholders.

- Material Event Disclosures
- Financial Statements and Footnotes periodically communicated to BIST, Portfolio Value Table and Independent Audit Report
- Quarterly Reports
- Annual Report of the Board of Directors
- Corporate Website (<http://www.emlakkonut.com.tr>)

# CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

- Investor and Analyst Meetings
- Press Releases and Disclosures
- Press Conferences
- Industry Reports

## **Authority and Responsibility**

The Disclosure Policy is developed by the Emlak Konut REIC Board of Directors, pursuant to Board Resolution. The Board of Directors is authorized and responsible for monitoring, supervising, and updating the policy. Amendments are subject to Board resolution.

## **Persons Authorized to Make Public Disclosures**

Pursuant to CMB's Communique on the Principles Regarding the Public Disclosure of Material Events,

- the Chairman and Members of the Board of Directors,
- the Chairman and Members of the Audit Committee,
- the General Manager, and
- the Directorate of Investor Relations

will evaluate any information request for ramifications on investment decisions and value of the capital market instruments. The authorized persons will also determine if the requested information is considered a trade secret and respond accordingly to the requester either verbally or in writing. No other employee is authorized for responding to requests. Emlak Konut REIC employees forward incoming questions to Directorate of Investor Relations. Internal Audit Committee performs the audit process on compliance to the Disclosure Policy.

All Deputy General Managers are responsible for making Material Event Disclosures about their own departments.

Emlak Konut REIC shows due sensitivity and compliance with relevant regulations with respect to Material Event Disclosures, which is a significant means of communication of the Disclosure Policy. Therefore, the company makes the necessary disclosures completely and on-time.

All Deputy General Managers are responsible for making Material Event Disclosures about their own departments.

# CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

Emlak Konut REIC has made **94** Material Event Disclosures during the **fourth quarter 2014**.

The total number of Material Event Disclosures issued during the **calendar year 2014** is **292**. Özak Gayrimenkul Yatırım Ortaklığı A.Ş. made four of the disclosures, Yapı Kredi Yatırım Menkul Değerler S&P/IFCI Turkey Large Mid Cap Index Type A Stock Exchange Investment Fund TURSP (share intensive) issued one, and the rest were issued by Emlak Konut REIC.

Neither the CMB nor the BIST request additional written clarifications following these disclosures. Emlak Konut REIC pays utmost attention to making disclosures within the allotted legal period.

The company announces not only legally obligatory information, but also all significant news about Emlak Konut REIC. By monitoring printed and visual media, the Company evaluates the news, including situations that are not part of the Material Event Disclosures. Emlak Konut REIC shares such developments with the public if deemed necessary.

The Disclosure Policy also includes effective management of communications based on insider information. The company considers the following criteria with respect to insider information.

Insider information is non-public knowledge about a publicly traded company that could provide unfair advantages over other investors when used for trading capital market instruments. Release of such information to the public may be detrimental on the value of the capital market instrument, and will influence the investment decisions of the rational investors.

Emlak Konut REIC has meticulously identified the individuals who have knowledge about the current and future plans of the company while selecting employees who will have access to insider information.

Subsequently, the company prepared a “List of Individuals with Access to Insider Information” and obtained their written statements about their commitment to protect and refrain from improper use of insider information. Any newcomer on the list is also required to provide the same statement. Prepared pursuant to the Disclosure Policy, the list is provided as part of the annual report. It is also published on the PDP.

Emlak Konut REIC primarily uses the PDP for disclosing its future projections in line with the CMB Communiqué on the Principles Regarding the Public Disclosure of Material Events.

In addition to the disclosures made within the principles of capital market legislation, the Company may utilize media sources, press conferences and/or releases, national and international conferences or meetings, and other means of communication for its assessments for the future.

Only persons who are authorized to make public disclosures may disclose the company’s assessments for the future, which include plans and projections that are considered insider information. Such disclosure is made within the principles of capital market legislation. Since the assessments for the future are based on reasonable assumptions and forecasts, they may be revised in case of deviations due to unexpected risks and developments.

# CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

In case of differences between the forecasted and actual results of the futuristic assessments due to risks, uncertainties and other factors, Emlak Konut REIC provides clarifications to the investors in a reasonable period. All such disclosures are also made using the aforementioned communication channels and in accordance with all the CMB regulations on material event disclosures.

In order to provide accurate, transparent and quantitative information about the company's operations to all the stakeholders, Emlak Konut REIC prepares its financial statements in accordance with the CMB's Communique on Principles Regarding Financial Reporting in Capital Markets (XI-29) as well as TCC and other legislation. Therefore, the company must provide its financial statements using International Financial Reporting Standards (IAS/IFRS) as endorsed by the European Union. However, IAS/IFRS shall govern until the differences between IAS/IFRS accepted by European Union and those published by International Accounting Standards Board (IASB) are announced by Turkish Public Oversight, Accounting and Auditing Standards Authority (KGK). In this respect, the basis will be the Turkish Accounting/Financial Reporting Standards (TMS/TFRS) issued by KGK, which are not contrary to the adopted standards.

Emlak Konut REIC's Quality Policy is published it on the corporate website. The Quality Policy is built on the understanding that "Industry leadership, originality, and quality are essential elements of our services and corporate culture in order to provide permanent services to the nation."

Accordingly, "We intend to ensure effective and productive use of all resources, including labor, money, time and material, in every service in line with corporate objectives while adopting an ecological approach towards modern settlement areas with prominent urban planning and aesthetic elements. We intend to go beyond customer expectations in the delivery of our operations while bringing a reliable, prestigious, domestic and foreign customer oriented perspective to the industry. Furthermore, we intend to ensure sustainable personal and occupational development of our employees, who are the cornerstones behind constant improvement of our services as well as the quality management system."

As clearly stated in the Quality Policy, Emlak Konut REIC has adopted a comprehensive stakeholder concept, which includes indirect relationships with third parties, and acts in accordance with this approach.

By making the company compliant with ISO quality standards regarding security, usage, distribution and protection of data, Emlak Konut REIC intends to provide superior services to all stakeholders, especially internally.

Following the **SUPERVISORY INVESTIGATION** for compliance to **Turkish Standards Institution (TSE)-EN-ISO9001-2008** standard on **December 17 and 18, 2012**, the **TSE** Executive Committee confirmed the extension of our Quality Management System Certificate with their report no: **KSB-KKM-1178/08**.

Besides, the TSE has confirmed that the Quality Management System of the company is compliant with conditions under **TSE-EN-ISO 9001-2008**, by means of K-QTSE-ISO-EN 9000 Quality Management System certificate.

# CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

With the Corporate Resource Management System and the ISO 27001 Information Security and Information Management System Configuration and Documentation Works, Emlak Konut REIC intends to monitor basic processes and synchronize current and accurate data flow between departments and shareholders.

In line with this objective, the company is implementing a Corporate Resource Management Application. The tool will standardize terminology among project stakeholders, provide integrated and updated data, properly store data in accordance with corporate processes and provide quick printouts various visual features.

Emlak Konut REIC highly regards its employees as one of its most important corporate values. Seeing its employees as an intellectual asset, the company invests in them by providing various training programs and meetings in order to empower them with new skills in different interest areas.

Emlak Konut REIC displays utmost attention for compliance with business ethics and traditional commercial ethics. Accordingly, the company continues its efforts to regulate its Code of Conduct. The company approaches all stakeholders within the scope of business ethics and traditional commercial ethics. In case of any issues, the internal audit department is authorized to investigate and the Audit Committee will supervise the investigation, if necessary. The company keeps all communication channels open and available for all stakeholders to report illegal and unethical activities to the Corporate Governance Committee or the Audit Committee.

Stakeholders may apply in writing to the company in order to obtain information on any topic. Committees keep written records of all the work they perform. They meet as often as needed to perform their functions effectively and as required by their working principles. Committees submit regular reports of their activities, including meeting results, to the Board of Directors.

Along with the development of the Code of Conduct, the company will implement a more efficient infrastructure for the stakeholders to report illegal and unethical activities to the Corporate Governance Committee or the Audit Committee.

Pursuant to its Disclosure Policy, Emlak Konut REIC provides information about the details, results and contractors of each tender to all stakeholders. In addition, the company has dedicated a phone line (444 3655) for stakeholders to reach the company easily.

With its comprehensive approach to stakeholders, Emlak Konut REIC values not only the conventional stakeholders but also third parties who have no direct or indirect relation with the company as stakeholders. The company also exercises due diligence and sensitivity for national development and increase of wealth, especially in terms of social housing and certain infrastructure investments.

## 4.2. Stakeholders' Participation in the Company Management

Emlak Konut REIC continues its efforts for customer satisfaction in its direct or indirect projects (based on the business models provided in the annual report).

The feedback received from customer satisfaction surveys performed at sales offices were evaluated and reported to Senior Management. The company monitors the issues stated in the reports. By performing several surveys around Istanbul, the company has identified, measured, evaluated customer expectations and tendencies. Using the data received from the surveys, Emlak Konut REIC has developed new projections.

The requests and recommendations by customers and employees are monitored, and their requests are duly analyzed and evaluated.

Meetings are held in order to engage employee participation in management decisions and receive their input. In addition, the company collects and reviews their post-meeting feedback on previous engagements. The employees may submit their requests, suggestions and complaints to their department management units.

The participation of shareholders in management takes place within the framework of applicable legislation and regulations. As the executive body of our company, Board of Directors makes decisions about many significant issues. However, the company effectively engages the shareholders during the General Assembly meetings and duly receives their requests and recommendations.

Any feedback from customers, employees and other stakeholders is reviewed thoroughly so that company management can develop more effective and productive work methods that create synergy among the stakeholders. Emlak Konut REIC keeps all communication channels open and available for all other stakeholders to receive their views on matters that may directly affect them as well.

## 4.3. Human Resources Policy

Emlak Konut REIC considers human resources as one of its most precious assets. The company has adopted a Human Resources policy that seeks to create value for achieving its vision and mission.

The fundamentals of the Human Resources Policy are as follows:

- To recruit competent employees, who fit the qualifications stated in the job descriptions, for vacant positions across the company.
- To provide opportunities for professional development of all employees by providing training programs based on their competence and skill levels.
- To respect the employees and protect their rights and benefits.
- To provide a work environment that motivates their desire to work and promotes better working relationships.
- To lead the employees towards success, create equal opportunities for growth based on their knowledge and competence levels, reward success.

# CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

- To promote from within to fill vacant executive positions by providing management and leadership training.
- Not to over-staff and to ensure employees work with maximum efficiency in their positions that are appropriate for their knowledge and skills.
- To meet social and cultural needs of the employees within the allocated budget, to make the company an attractive place to work by providing social services and benefits equally to all employees.
- To provide the competent and successful employees with a chance of promotion based on available positions, and ensure job security.
- To inform employees timely about issues that relate to them, to develop communication means procedures to enable them to provide their recommendations and opinions to management team easily
- To support the employees' career paths by providing effective training programs
- To maintain and boost the morale and motivation of all employees
- To protect and improve tangible and intangible rights of the employees
- To provide a work environment that motivates their desire to work
- To ensure employees foster a team spirit and commitment to the corporate culture.

Halil İbrahim Şahin is the Administrative Affairs and Human Resources Manager of the company.

His tasks and responsibilities are provided below:

1. To determine the working principles and policies of all units, and to plan their works.
2. To execute his duties in an active and effective manner within the scope of authority of the department.
3. To coordinate, direct and supervise the work and to assess the performance of the department.
4. To inform his Deputy General Manager, or the General Manager as necessary as well as other authorized persons about the operations of the department either verbally or in writing.
5. To serve in the committees, commissions and other councils when assigned by Senior Management and other authorized boards.
6. To inform the company about developments in department operations when requested by Senior Management and other authorized boards.
7. To oversee the department budget.
8. To take part in corporate training programs as a subject matter expert instructor.
9. To participate in internal and external training programs, congresses, seminars, conferences, symposiums and meetings that relate to his fields of activity.
10. To ensure the compliance of department employees with the legal legislation (laws bylaws, regulations, procedures and directives) as well as the company's regulations.
11. To protect and preserve information and documents about department's activities.
12. To stay abreast of changes in the legislation that pertains to his department and inform the employees of such changes.
13. To oversee the personal rights of department employees.

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14. To fulfill any task deemed suitable by General Directorate according to laws and company legislation.
15. To hire new employees in accordance with the Recruitment Policy of the company, support the professional developments of the employees, and to monitor the employee rights with institutions such as SSI or Retirement Fund.
16. To ensure appropriate conduct of company's administrative affairs, information systems and automation, training programs and purchasing.
17. Under the title of Registry Chief, to prepare confidential registry reports of employees pursuant to provisions of Personnel Regulations.
18. To comply with and develop the corporate Quality Management System.
19. To ensure that all operations comply with CMB, tax laws, corporate legislation and uniform chart of accounts.

## Powers and Authorities:

1. Has the common powers valid for all managers.
2. Has the power to fulfill the aforementioned duties and responsibilities.
3. Has third level signing authority.
4. Has member powers in assigned commissions, committees and similar councils.
5. Has authority to spend and perform transactions in amounts and under conditions specified in the company's circulars.

Selecting the most qualified candidate forms the basis of the recruitment process. All recruitments are subject to Board resolution. Performance and reward criteria are provided in Personnel Regulations, which employee is obligated to read. Job descriptions are provided in the Corporate Handbook, which is provided to all employees.

It is one the main objectives of Emlak Konut REIC to employ persons who are loyal to ethical values, welcome innovation and self-improvement, capable of long-term planning, prone to teamwork, and aware of corporate culture and brand value. The Human Resources Policy is available on the corporate website.

Emlak Konut REIC treats all its employees equally, regardless of race, religion, color, language, gender, nationality, age or marital status. The company takes preventive measures against discrimination and protection of its employees. The company never received any discrimination complaints.

The company has written procedures for each of Human Resources processes (recruitment, promotion, transfer, rotation, performance skill management, labor planning, salaries and benefits, professional development and process improvement).

The Human Resources Policy, together with its procedures, intends to make Emlak Konut REIC a privileged company. To this end, the policy seeks recruitment of qualified labor, invests in employees for personal and professional development to realize their potentials, provides training, supports the continuous growth of the

# CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

company, implements salary management and reward systems for employee loyalty and increase employee motivation, and commitment to the company.

The company provides information about job descriptions and position distributions as well as performance and reward criteria to the employees. Employee productivity forms the basis in determining salary and benefits. The company acts in accordance with Labor Law No: 4857 and provisions of other legislation for issues that are not covered by the Personnel Regulations and other regulations of the company.

Since compensation policy is not covered by the Personnel Regulations, the company applies the relevant provisions under Labor Law no. 4857.

Employees are subject to Social Security Law No. 506 in terms of social security benefits. All the employees have received training on occupational health and security, fire safety, and first aid through the Provincial Health Directorate. The company has formed the Occupational Health Security Board for supervising occupational health and security.

The company employs a Quality Management Representative for regulating the relations with employees. Quality Management Representative is responsible for preparing all data and documents regarding quality management system and/or coordinating their preparation with officials from other departments, preserving all originals of documents in filing cabinets and/or digitally. Other department managers are responsible for preparing departmental procedures and directives.

In addition, an Internal Assessor is appointed to each department to ensure all departmental duties and responsibilities are fulfilled. Quality Management Representative is responsible for ensuring that the Internal Assessor receives necessary training, coordinating assessment activities, organizing interdepartmental activities and ensuring coordination between departments.

Quality Management Representative is responsible for ensuring the implementation of Corrective and Preventive Actions, monitoring the status of on-going actions, and preserving all relevant records. Department officials are responsible for recommending and implementing corrective and preventive actions against nonconformities and errors, as well as monitoring such nonconformities.

Together with Department Managers, Quality Management Representative makes use of statistical and analytical techniques for determining performance measurements of products and services. Quality Management Representative evaluates the application results of statistical methods from the departments, and submits them at Board meetings for management review.

Responsibilities of Quality Management Representative:

- To ensure the implementation and development of quality systems in accordance with TSE-EN-ISO 9001 standards.
- To consult relevant departments about quality management.

- To eliminate the quality vulnerabilities between suppliers and departments.
- To collect quality system data for management review meetings.
- To ensure developmental efforts for enhancing the quality system.
- To conduct internal quality inspections within the company.
- To implement corrective and preventive activities in case of nonconformity.
- To organize corporate relations with TSE and other institutions with respect to quality system.
- To report senior management periodically about quality system performance, in consideration of the improvement of the quality system.
- To follow national and international developments about quality, to participate in relevant events.
- To represent the company in issues about quality system.
- To organize meetings with the departments and explain the functioning of the quality system functions in order to make it more practical for departments.

Quality Management Representative is responsible for proper functioning of the entire Quality Management System. Moreover, the Corporate Handbook includes Personnel and Human Resources Policy that intends to keep productivity and efficiency at the highest possible level by determining the conditions for recruiting, distribution of employees across the company and training for the employees. The employees responsible for the implementation of the Personnel Policy are as follows:

- Deputy General Manager and Administrative Affairs and Human Resources Manager at the corporate level.
- Department Managers at departments and business units.
- Construction Control Chiefs at construction sites.

#### **4.4. Code of Conduct and Social Responsibility**

Emlak Konut REIC has a policy of being sensitive about environment and clean energy resources; accordingly, it work towards use of recyclable and non-polluting products in order to minimize carbon emissions. The company displays due diligence for reutilization of consumables by recycling within the corporation. In collaboration with subcontractors, the company develops exemplary nature-conscious projects that use clean energy resources.

The company also takes measures for energy savings at its projects and work places, as it believes that effective energy savings will have positive consequences on the environment and economy.

The company traditionally respects ethical principles thanks to its corporate culture and updates its approach based actual conditions. As one of the most recognized companies in Turkey, Emlak Konut REIC also looks after public interest in its operations, and puts forward great effort for renewable energy and environmental awareness as well as compliance of its projects to such sensitivities.

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Corporate approach to Code of Conduct includes the following factors:

- Relations between Emlak Konut REIC and employees
- Relations with Stakeholders and Shareholders
- Relations with the Government
- Relations with suppliers and third parties
- Relations regarding competition
- Social and Cultural Responsibility
- Binding moral and ethical practices for employees
- Occupational health and safety
- Tenders and their transparency.

. Due diligence is shown for implementation of aforementioned issues at administrative and employee level.

Since Emlak Konut REIC attaches importance to stakeholder concept in the widest sense, it considers being conscious about the environment, man and nature in all its projects as a principle. In this respect, the company issued a Quality Policy announced on the corporate website. Quality Policy emphasizes business management that contributes to sustainable and social values.

Quality Policy is prepared in consideration of social responsibility principles, and is provided below.

The Quality Policy is built on the understanding that “Industry leadership, originality, and quality are essential elements of our services and corporate culture in order to provide permanent services to the nation.”

- To ensure effective and productive use of all resources, including labor, money, time and material, in every service in line with corporate objectives.
- To closely monitor and apply technological developments.
- To adopt an ecological approach towards modern settlement areas with prominent urban planning and aesthetic elements.
- To go beyond customer expectations in the delivery of company operations with a reliable, prestigious, domestic and foreign customer oriented perspective in the industry.
- To ensure sustainable personal and occupational development of our employees, as the cornerstones of the constant improvement of the company’s services as well as its quality management system.

Emlak Konut REIC performs its social responsibility projects based on the concepts of sustainability and social value creation. In this respect, the projects focus on education and culture/art. The sponsorships in 2014 include the following:

- Starting on March 28, 2014, a three-month sponsorship of NTV’s info screen “Did you know?”
- Starting on March 28, 2014, a three-month sponsorship of Bloomberg’s “Smart Money” program
- Starting on July 23, 2014, a three-month sponsorship of TV24’s “24e” program

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- Starting on July 23, 2014, a three-month sponsorship on 360 TV's Info screen
- Sponsorship of the CNR Expo between September 11 and 14, 2014
- Sponsorship of A Haber's Environment and Info screen between October 20 and December 31, 2014
- Sponsorship of TV24's "24e" program November 11 and December 31, 2014
- Starting on November 1, 2014, a two-month sponsorship of TV Net's City and Life info screen
- Sponsorship of a limited number of NTV's "Real Estate Industry" program
- Starting on November 24, 2014, a six-month sponsorship of the "Real Estate Category" of the website [www.ensonhaber.com](http://www.ensonhaber.com)
- Sponsorship of GYODER's "Real Estate Summit of Turkey" on December 3, 2014.

Public activities (Emlak Konut REIC supported/led regional social work) are listed below:

- Sponsorship of the "Young Turkey Summit" held by Yıldız Technical University from May 23 to 25, 2014.
- Sponsorship of the "7th International Seminar on Vernacular Settlements" held by Istanbul Technical University, Faculty of Architecture between October 15 and 17, 2014.
- Sponsorship for the organization and the award ceremony for the "7 Climates, 7 Regions" National Architectural Design Contest, held by TOKİ and Emlak Konut REIC on November 11, 2014.

In line with its public activities, Emlak Konut REIC also leads the efforts for public welfare projects such as recreational facilities, educational areas and religious facilities.

## V. The Board of Directors

### 5.1. Structure and Composition of the Board of Directors

Emlak Konut REIC's Board of Directors performs the following functions.

- It is the most senior decision-making body within the company.
- It is responsible for managing and representing Emlak Konut, performing corporate activities, building the company's relationship with shareholders and recruiting.
- It is accountable for ensuring that the corporate activities are performed in accordance with the articles of association and the relevant provisions of the laws.

The Board of Directors shall fulfill the duties determined by the Turkish Commercial Code, the Capital Markets Board of Turkey and the General Assembly. The Board of Directors may execute contracts that go past the incumbency of the Board.

Actively engaged in the corporate operations, the Board of Directors intends to increase the business value (pecuniary or non-pecuniary) by acting in accordance with relevant regulations for decision-making processes and fluctuations in actual conditions.

Non-executive members include independent members who are not less than one third of total members of the Board as defined in Corporate Governance Principles of the CMB. The independent members must satisfy all the criteria set out in the said legislation. If one third of the total members is a fractional number, the result is rounded to the next whole number.

Prior to forming the committee at the General Assembly, three candidates were nominated as independent members. Based on the Corporate Governance Committee, which nominates candidates, report on April 24, 2014, the Board of Directors decided with their same-day resolution that Veysel Ekmen, Aysel Demirel and Ertan Keleş would be presented to the approval of the shareholders as candidates for independent member positions within the Board of Directors during the Ordinary General Assembly Meeting on April 28, 2014. All required applications to the CMB were submitted.

With the resignation of Aysel Demirel on October 24, 2014, the Corporate Governance Committee presented its nomination of Havvanur Yurtsever as candidate for independent member in their report to the Board of Directors on November 24, 2014.

The company asked the CMB for their written opinion on the approval of the candidate's compliance to the CMB criteria. In the absence of any negative opinions expressed by the CMB, there were no objections to presenting the candidate to the General Assembly.

Independent Members of the Board meet the independence criteria as defined in the relevant legislation and they have declared their statements of independence. The statement of independence of Independent Member Ertan

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Keleş was established by means of the document approved by Gökalp Kasapoğlu, the 9th Notary Public of Kadıköy on April 24, 2014, under no. 13249. The statement of independence of Independent Member Veysel Ekmen was established by means of the document approved by Gökalp Kasapoğlu, the 9th Notary Public of Kadıköy on April 3, 2014, under no. 10712. The statement of independence of Independent Member Havvanur Yurtsever was established by means of the document approved by Gökalp Kasapoğlu, the 9th Notary Public of Kadıköy on November 24, 2014, under no. 39422.

Emlak Konut REIC has shown and will continue to show due diligence about the presence of female board members. Currently Havvanur Yurtsever is the only female Board Member (independent).

Members of the Board comply with the binding provisions of CMB Communiqués and TCC regarding positions held outside the company. In case Independent Board Members no longer possess the criteria for independent membership, the company takes the necessary steps pursuant aforementioned legislation.

Assignment of Board Members at other institutions is restricted with the following article 19 of the company's Articles of Association.

"A Board of Directors Member cannot participate in discussions where there is conflict of interest between the company and the member's personal interests outside the company or any one of the member's relatives, including parents, children, spouse, and persons up to third degree blood relatives. Board members who breach this provision, members who knowingly do not object to the violating member's participation in the meeting, and Board members to affirm the participation of the mentioned member are liable for compensating the losses incurred by the company."

Members of the Board of Directors are not shareholders.

The names and titles of the Members of the Board of Directors, elected for one year at the Ordinary General Assembly Meeting of Emlak Konut REIC for Fiscal Year 2014 on April 28, 2014, are provided below.

Roles were distributed per article 366 of the TCC and it was decided that: Ertan Yetim was selected as the Chairman of the Board, Independent Member Ertan Keleş was selected as the Deputy Chairman of the Board, and Murat Kurum, Mehmet Ali Kahraman, Aliseydi Karaoğlu, Veysel Ekmen and Aysel Demirel were selected as Members of the Board.

It was also decided that the first level signing authorities of Ertan Yetim, Veysel Ekmen, Murat Kurum, Mehmet Ali Kahraman and Aliseydi Karaoğlu would continue. The new members Ertan Keleş Aysel Demirel were given first level signing authority. The Board agreed to register and announce these matters and the resolution was published on the PDP. Aysel Demirel resigned from her position as Independent Member on October 24, 2014.

During the General Assembly Meeting on December 5, 2014, Havvanur Yurtsever was appointed as Independent Board Member and granted first level signing authority. Furthermore, she was appointed to the Audit Committee as a member to fill the position vacated by Aysel Demirel, who resigned within the framework of the CMB legislations. The situation was disclosed on the PDP.

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## General Information about the Board of Directors

Full Name	Gender	Position	Occupation	Positions Held in the Last Five Years	Current Positions Outside the Partnership	Share Group (s)	Whether or not an Independent Member	Committees and Positions
<b>Ertan Yetim</b>	Male	CHAIRMAN OF THE BOARD	CIVIL ENGINEER	VICE CHAIRMAN OF THE BOARD	HOUSING DEVELOPMENT ADMINISTRATION ; EXPERT SINCE 3.23.2007	A - B	Not an Independent Member	
<b>Murat Kurum</b>	Male	BOARD MEMBER	CIVIL ENGINEER	BOARD MEMBER AND GENERAL MANAGER		A - B	Not an Independent Member	
<b>Havvanur Yurtsever</b>	Female	INDEPENDENT BOARD MEMBER	Lawyer		MEMBERS TO ISTANBUL METROPOLITAN AND ZEYTINBURNU MUNICIPALITIES, LAWYER	B	Independent Member	Audit Committee Member
<b>Ertan Keleş</b>	Male	VICE CHAIRMAN OF THE BOARD (INDEPENDENT MEMBER)	CIVIL ENGINEER			B	Independent Member	Member of the Audit Committee and Early Detection of Risk and Risk Management Committee
<b>Mehmet Ali Kahraman</b>	Male	Board Member	URBAN AND REGIONAL PLANNER	Board Member	ADVISOR TO MINISTRY OF ENVIRONMENT AND URBAN PLANNING	A - B	Not an Independent Member	Member of the Corporate Governance Committee and Early Detection of Risk and Risk Management Committee
<b>Veysel Ekmen</b>	Male	INDEPENDENT BOARD MEMBER	CPA	INDEPENDENT BOARD MEMBER	CPA, MEMBER OF THE BOARD OF DIRECTORS AT ILBANK	B	Independent Member	Member of the Corporate Governance Committee and Audit Committee
<b>Aliseydi Karaoğlu</b>	Male	BOARD MEMBER	Business Administration	BOARD MEMBER	BRANCH MANAGER AT TOKİ ISTANBUL	A - B	Not an Independent Member	Member of the Corporate Governance Committee and Early Detection of Risk and Risk Management Committee

Short biographies of the Board Members were provided under the Board of Directors section of the annual report.

## **5.2. Operating Principles of Board of Directors**

Its members are elected by resolutions of the General Assembly. It consists of seven members: Chairman, Vice-Chairman and five members, three of which are independent. Qualifications for Board members are determined based on the CML and its regulations.

Board of Directors includes executive and non-executive members. The majority of board members consist of non-executive members who have no administrative role at another company and who are not involved in daily workflow and ordinary activities of the company. The company losses due to faults of board members, senior management, and department managers are insured for \$20 million US Dollars.

Board of Directors meets regularly so as to effectively fulfill its tasks and conducts its activities in a transparent, accountable, fair and responsible manner. The Board considers strategic objectives of Emlak Konut REIC in the process.

The meeting agenda of Board of Directors is decided by chairman of the board. The agenda may be amended via Board resolution. Irrespective of his or her position and duties, each member of the Board of Directors is entitled to one vote, which must be cast in person. Members who cannot participate in the General Assembly meetings may not submit their votes in writing or in proxy. In cases when no members request to call a meeting, a decision can be made as long as members submit their written approvals for the proposition. Actual participation is ensured on all topics related to CMB's Communique on Corporate Governance. The Board has not made any resolutions that required majority vote of its independent members.

All significant matters resolved by Board of Directors are released to the public via material event disclosure in accordance with our disclosure policy.

Private Secretariat serves as the secretariat of Board of Directors. The Board resolutions are recorded and submitted to relevant bodies as needed. For due participation of Members of the Board in meetings, the planning is made in advance and the participants are informed about the agenda.

Members have not been granted weighted voting rights and/or veto rights. The Board of Directors applies its powers and responsibilities, and represents the company in line with the authority entrusted by stakeholders at general assembly and pursuant to legislation, articles of incorporation, intra-company regulations, and policies. It also develops strategic plans in accordance with the corporate vision.

The Board of Directors may delegate their authority completely or partially either to one or more executive members or to managers who are not required to be shareholders. There are no managing members in the Board of Directors. There have not been any significant transactions with respect to related party activities that were presented to the General Assembly due to non-approval by the independent members.

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- Board of Directors held 79 meetings during the calendar year 2014. All Members of the Board have participated in meetings. All resolutions were made unanimously. In 2014, no opinion is announced at the meetings against any resolution by the Board Members.
- There were 39 unanimous Board resolutions in the fourth quarter of 2014.
- There were 194 unanimous Board resolutions in the calendar year 2014.
- Members have not been granted weighted voting rights and/or veto rights.

There have not been any significant transactions with respect to related party activities that were presented to the General Assembly due to non-approval by the independent members.

The qualifications of the Board Members meet the requirements in relevant articles of CMB Corporate Governance Principles.

In 2014, the Members of the Board have not made any transactions with the company, or they were not involved in any operation that competes in the same field of operations. None of the Board Members were given the right of operating by General Assembly resolution pursuant to related articles of TCC.

## 5.3. Number, Structure and Independence of Committees under Board of Directors

In addition to implementing the mandatory provisions of the CMB's Communiqué on Determination and Implementation of Corporate Governance Principles (IV-56), Emlak Konut REIC has formed the committees during the first Board meeting that followed the amendment to the articles association. All obligations of the legislation and regulations were met and the committees were formed under the final regulations.

For proper fulfillment of its tasks and responsibilities, Board of Directors may establish committees deemed necessary, other than obligatory ones, in line with company requirements.

In forming the committees, duties and areas of activity, as well as the appointed members, are determined by the Board of Directors in consideration of the company's Articles of Association, CMB Corporate Governance Principles and relevant legislation provisions, and they are declared to public. Board of Directors may redefine the duties and areas of activity of the committees at any time, and replace members if deemed necessary.

The Board of Directors makes use of committee efforts during its activities. The efforts by committees and related decisions are submitted to Board of Directors as proposals, and the Board makes the final decision. No conflict of interests has occurred in between the committees in 2014.

Details about the committees are provided below.

As a result of the discussions and voting at the first meeting held on April 29, 2014 by Board of Directors elected at the Ordinary General Assembly Meeting held on April 28 2014, it has been agreed that;

- The Members of the Board; Ertan Keleş, Aliseydi Karaoğlu and Mehmet Ali Kahraman were selected as Members of the Early Detection of Risk and Risk Management Committee and Ertan Keleş was selected as the Chairman of the Committee.
- The Independent Members of the Board; Veysel Ekmen, Ertan Keleş, and Aysel Demirel were selected as Members of the Audit Committee and Ertan Keleş was selected as the Chairman of the Committee.
- The Members of the Board; Ertan Keleş, Aliseydi Karaoğlu and Mehmet Ali Kahraman were selected as Members of the Early Detection of Risk and Risk Management Committee and Ertan Keleş was selected as the Chairman of the Committee.
- The Board also decided to disclose the members of the Corporate Governance Committee. Audit Committee and the Early Detection of Risk and Risk Management Committee on PDP and the corporate website. The situation was shared on the PDP on April 29, 2014.

In line with its management approach and pursuant to the Corporate Governance Principles, Emlak Konut REIC emphasizes the importance of having independent members for ensuring the Board to function effectively and implementing the Corporate Policies.

Elections for Independent Members of the Board, with the qualifications and in numbers as per the relevant regulation, were held during the General Assembly Meeting on April 28, 2014. Ertan Keleş, Veysel Ekmen, and

# CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

Aysel Demirel began serving on the Board as Independent Members subsequent to the General Assembly Meeting. Aysel Demirel resigned from her position as Independent Member on October 24, 2014.

During the General Assembly Meeting on December 5, 2014, Havvanur Yurtsever, who was qualified per the CMB legislation, was appointed as Independent Board Member and granted first level signing authority. Furthermore, she was appointed to the Audit Committee as a member to fill the position vacated by Aysel Demirel.

The committees act pursuant to operating principles prepared in line with internal regulations of Emlak Konut REIC. One board member is appointed in more than one committee due to current conditions (Corporate Governance Committee has taken the roles of Nominating Committee and Waging Committee; 3 independent members only) Detailed information about working principles and members of committees is declared by PDP and is available on our website.

## a. Corporate Governance Committee

Corporate Governance committee undertakes necessary tasks in terms of implementing Corporate Governance Principles in line with legislation and company regulations, as well as integrating them with the corporate culture.

The committee objectives and principles under article 1 of the "Operating Principles of the Corporate Governance Committee" are as follows:

The Committee shall support and assist Board of Directors by ensuring compliance to the CMB's Communique on Determination and Implementation of Corporate Governance Principles (IV-56), ("Corporate Governance Principles"), research reasons for non-implementation, if any, and taking preventive measures by identifying the nonconformities as well as working on investor relations and public disclosures.

### CORPORATE GOVERNANCE COMMITTEE

Full Name	Position	Date Elected
Veysel Ekmen	Independent Board Member/Chairman of the Committee	April 29, 2014
M. Ali Kahraman	Board Member/Committee Member	April 29, 2014
Aliseydi Karaoğlu	Board Member/Committee Member	April 29, 2014
Hakan Akbulut	Deputy General Manager/Committee Member	April 29, 2014

Following General Assembly Meeting on April 28, 2014, the Corporate Governance Committee was formed, its Duties and Operating Principles were determined and its members were appointed in accordance with legislation by the Board of Directors resolution on May 29, 2014.

# CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

The Corporate Governance Committee also serves as **Nomination Committee** and **Waging Committee**.

The Committee is established and authorized by the Board of Directors. It is re-established every year, at the first Board of Directors meeting that follows the Ordinary General Assembly Meeting.

Thus, the terms of office of the Committee and the Board of Directors are concurrent; and the Committee is reestablished once the compliance process of the new Board of Directors is accomplished. Detailed information about working principles and members of committees is declared by PDP and is available on the corporate website.

The dates and the main agenda items of the meetings held by the Corporate Governance Committee are as follows:

1. Meetings related to Corporate Governance Practices:
  - January 7, 2014: Legislation on Tendering and Contract Works for Construction
  - January 15, 2014: Legislation on Tendering and Contract Works for Service Procurement
  - January 28, 2014: Legislation on Procurement and Renting of Property
  - March 25, 2014: Determination of the Dividend Distribution Policy, Disclosure Policy, Waging Policy and Buyback Program
  - May 9, 2014: Waging Policy amendment
  - July 2, 2014: Circular on Special Considerations, Payment of Net Buying/Selling Earnings of Executives to Issuers, Circular on Market Abuse
  - July 8, 2014: Circular on Task Distribution, Authorization and Responsibilities
  - July 18, 2014: Circular on Travel
  - August 15, 2014: Circular on Archives
  - August 15, 2014: Circular on Law Consultancy
  - October 13, 2014: Circular on Service Procurement
  - December 12, 2014: Compliance to Circular on Corporate Governance

The Corporate Governance Committee held 12 meetings about Corporate Governance topics during 2014.

2. The dates and the main agenda items of the meetings held by the Corporate Governance Committee as Waging Committee are as follows:
  - January 6, 2014: Wage increase for the first half of 2014 (January 1, 2014 - June 30, 2014)
  - April 16, 2014: Number of premiums to be given to the employees
  - July 3, 2014: Wage increase for the second half of 2014 (July 1, 2014 - December 31, 2014)
  - December 12, 2014: Wage increase for the first half of 2015 (January 1, 2015 - June 30, 2015)

The Corporate Governance Committee held 4 meetings about Waging topics during 2014.

3. The dates and the main agenda items of the meetings held by the Corporate Governance Committee as Nomination Committee are as follows:

# CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

- April 2, 2014: Nomination of candidates for independent member positions of the Board of Directors
- November 24, 2014: Nomination of candidates for independent member positions of the Board of Directors

The Corporate Governance Committee held 2 meetings about Nomination topics during 2014.

## b. Audit Committee

Audit Committee acts in accordance with legislation and internal regulations, which are summarized below, and fulfills the duties under its responsibility.

The committee objectives and principles the "Operating Principles of the Audit Committee" are as follows:

The committee is responsible for proper supervision of financial and operational activities within the company, pursuant to capital market legislation and its relevant principles.

The committee works under Board of Directors; and intends to ensure supervision of company accounting system, public disclosure of financial information, functioning and efficiency of independent audit and internal control system in accordance with article 17 of the company' Articles of Association. The Audit Committee is also responsible for taking preventive measures for satisfactory and transparent conduct of any internal or independent audit.

The operating principles and member information of the Audit Committee are available on the corporate website under Corporate Governance Information.

## Audit Committee

Full Name	Position	Date Elected
Ertan Keleş	Independent Board Member / Chairman of the Committee	April 29, 2014
Veysel Ekmen	Independent Board Member/Committee Member	April 29, 2014
Havvanur Yurtsever	Independent Board Member/Committee Member	December 5, 2014

Following General Assembly Meeting on April 28, 2014, the Corporate Governance Committee was formed, its Duties and Operating Principles were determined and its members were appointed in accordance with legislation by the Board of Directors resolution on May 29, 2014. Aysel Demirel resigned from her position as Independent Member of the Board of Directors on October 24, 2014.

During the Board of Directors Meeting on December 5, 2014, Havvanur Yurtsever, who was qualified per the CMB legislation, was appointed as Independent Board Member and granted first level signing authority. Furthermore, she was appointed to the Audit Committee as a member to fill the position vacated by Aysel Demirel.

# CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

The dates and the main agenda items of the meetings held by the Audit Committee are as follows:

- March 3,2014: Responsibility Statement about financial tables
- March 7, 2014: About funds achieved as a result of capital increase through rights issues
- May 9, 2014: About funds achieved as a result of capital increase through rights issues
- May 23, 2014: About funds achieved as a result of capital increase through rights issues
- August 7, 2014: Responsibility Statement about financial tables
- October 27, 2014: Responsibility Statement about financial tables

The Audit Committee held 6 meetings about the committee functions during 2014.

## **c. Early Detection of Risk and Risk Management Committee**

The Risk Management Committee acts within corporate risk management principles in parallel with legislation and internal regulations, and fulfills its duties.

The committee objectives and principles the "Operating Principles of Early Detection of Risk and Risk Management Committee" are as follows:

The Risk Management Committee is responsible for the early detection and assessment of any strategic, operation, financial and similar risks that may threaten the existence, development and continuity of the company. The committee, calculates the impact and potentiality of said risks, manages them in accordance with the corporate risk-level and reports on them. Furthermore, the committee implements necessary measures against detected risks, ensures their consideration by decision-making entities, and accordingly, advises the Board of Directors with recommendations on setting internal control systems and their integration. The operating principles and member information of the Risk Management Committee are available on the corporate website under Corporate Governance Information.

Following General Assembly Meeting on April 28, 2014, the Risk Management Committee was formed and its members were appointed in accordance with legislation by the Board of Directors resolution on May 29, 2014 as follows:

### **Early Detection of Risk and Risk Management Committee**

<b>Full Name</b>	<b>Position</b>	<b>Date Elected</b>
<b>Ertan Keleş</b>	Independent Board Member/Chairman of the Committee	April 29, 2014
<b>M. Ali Kahraman</b>	Board Member/Committee Member	April 29, 2014
<b>Aliseydi Karaoğlu</b>	Board Member/Committee Member	April 29, 2014

The dates and the main agenda items of the meetings held by the Early Detection of Risk and Risk Management Committee are as follows:

- February 24, 2014: About tender of lands at Kayabaşı
- March 4, 2014: About tender of lands at Hoşdere
- March 14, 2014: About tender of lands at Tekirdağ Çorlu
- April 1, 2014: About Purchasing of various property in Istanbul, Ankara and Kocaeli
- May 22, 2014: About Purchasing of various property in Istanbul, Bursa, Balıkesir, Eskişehir
- July 18, 2014: About the results of Kocaeli Derince Tender
- July 24, 2014: About the results of Ankara Etimesgut Tender
- September 24, 2014: About Buyback of the Company Shares.
- September 26, 2014: About Buyback of the Company Shares.
- December 23, 2014: About the return of Sarphan Finanspark Project and transfer of shares

The Early Detection of Risk and Risk Management Committee held 10 meetings about the committee functions during 2014.

## **5.4. Risk Management and Internal Control Mechanism**

As a capital market institution, Emlak Konut REIC attaches importance to risk management and continues for constant improvement in this aspect. The company intends to render risk management a corporate element, and implement practices total risk management in order to ensure sustainable growth via effective risk management. Formed in 2012, the Early Detection of Risk and Risk Management Committee is actively involved in the management and decision-making mechanism of the company.

Risk management and its efficiency within Emlak Konut REIC can be summarized as follows:

The Committee works to detect the risks early which may jeopardize the existence, development and continuity of the Company, to implement necessary measures against such risks and to manage risks. Management and other relevant party inputs are requested on risk detection plans that identify areas of weaknesses as well as their elimination. Risk management systems are reviewed at least once a year. The committee reviews the complaints are analyzed, provides a resolution and ensures that employees communicate on such issues with management pursuant to confidentiality principles.

Emlak Konut REIC. strives for establishing an optimum relation between risk and income in both financial and non-financial activities. One of the main objectives of the committee is to ensure sustainable growth of the company via effective risk management. The committee intends to provide all stakeholders, and stakeholders with a permanent growth trend through other management means and procedures as well.

The most important basic risk management model implemented by the company is that the related departments with defined duties and authorities detect their risks, and take preventive measures. In constant information

# CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

exchange with all departments and senior management, they strive for effective implementation of ‘total risk management’.

For risk monitoring at macro level, the Board of Directors may require reporting and analysis from departments and duly evaluates the results. Internal control mechanism and Audit Committee also closely monitor risk potentials by monitoring the business developments. In addition, the Early Detection of Risk and Risk Management Committee collects necessary information within the company and assists the Board of directors regarding risk management.

Due to its operations, the company may be subject to risks provided below. However, since Emlak Konut REIC has adopted the principles of Corporate Risk Management, it has put forward efforts to diminish the effects of risk-based changes. The company also employs effective use of the risk-avoidance and risk-transfer methods, which are indispensable tools of risk management,

In accordance with total risk management approach, Emlak Konut REIC focuses on the unpredictability of financial markets and strives to prevent under-performance of the company with its efforts to minimize the effects of market volatility.

Since risk management process requires constant improvement, Emlak Konut REIC continues to work on the development of a risk handbook and a risk platform. The company acts in accordance with the legislations as risk management is a supplementary element of both the new TCC and the new Corporate Governance Principles of the CMB.

Through its total risk management approach, the company intends to define, assess, prioritize, monitor, report and implement preventive measures and corporate strategies against potential risks. In use only for a few years, this approach will evidently lead to a more effective risk management by means of feedbacks and its acceptance as part of the corporate culture.

Emlak Konut REIC also has an Internal Control system that is used effectively. The company carries out internal quality inspections to control proper and active use of the quality system documentation, determine present and possible faults in the system and implement preventive measures, and to ensure that the quality system operates and is developed as planned.

The frequency of the internal quality inspections is provided in the Inspection Plan. Internal quality inspections are carried out by employees who are qualified and duly trained on internal quality inspections. Capable of objective decision making, the Internal Assessor must be independent of the inspection area; that is, he/she cannot inspect his/her department.

By means of Internal Quality Inspection Procedure, Emlak Konut REIC establishes a system for inspecting the effectiveness, efficiency and compliance of the Quality Management System periodically and implementing corrective, and preventive if need, measures for nonconformities.

# CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

The inspection is carried out per the Internal Inspection Plan. The inspection process begins with the review of documents and procedures. Follow-up activities include an evaluation of the actions taken after the previous inspections and value-add inspection activities as requested by department managers.

Throughout the inspection process, the Internal Assessor uses questionnaires, Process Evaluation Cards and other relevant documents to record the findings, which are backed by objective supporting evidence. All audit control lists and notes are kept in the inspection file.

Prior to the scheduled inspection, the Internal Assessor gets ready by reviewing the audit control lists, questionnaires and other documents in the inspection file of the department that will be inspected.

Quality Management Representative regularly collects and analyses Internal Inspection results in order to assess the efficiency of Quality Management System. Recurrent findings and inefficient management actions constitute notable evidence for Quality and Risk Management. Collection of process performance data, confirmation of its compliance or internal inspections that add value all show that the Quality Management System is used actively and effectively. All Internal Inspection data are analyzed and included in management review meetings

Within the Quality Management System, **Preventive Activities Procedure** is followed for planning and implementing corrective actions, monitoring results and preventing recurrence of the nonconformities.

The company simply defines risk as a situation where a new fact emerges and unexpectedly affects present objectives in the course of business activities. The defined and monitored risks are as follows:

## **a. Investment Risk and Capital Management**

Emlak Konut REIC invests in the alternative that provides the most benefits after a thorough assessment of the investment region, and the conditions of the investment property for financial and non-financial risk factors.

Regarding investments and projects, the company generally prefers Ankara, Izmir, and Istanbul together with other cities in the vicinity, such as Izmit and Kırklareli. Emlak Konut REIC has a vast land inventory in Istanbul and Ankara, the two most populous cities of Turkey. Investors and home buyers show additional interest in our project thanks to their locations. Investment risks are notably decreased due the availability of varying projects and plots in the company's portfolio. The variety offered by TOKİ's land inventory is another important factor for minimizing such risks.

Emlak Konut REIC works with the goal of managing its capital with lowest risk through diversification of its portfolio. The company intends to ensure sustainability as a revenue-generating enterprise, protect the interests of its shareholders and corporate partners, and main the most profitable capital structure for minimizing the cost of capital.

In capital management, the company pays regard to sustainability of corporate operations for achieving corporate objectives, providing profit for its shareholders and benefits to stakeholders, and maintaining the most appropriate capital structure to minimize the cost of capital.

The company also analyzes the investment yield ratios based on various scenarios, and approves the investment decisions only under optimum conditions. In addition, throughout the investment process, the company tracks how strictly the plans are implemented regardless of preferred business model.

## **b. Market Risk**

Market risk is one of the most significant systemic risk elements. Therefore Emlak Konut REIC as a capital market institution, meticulously follows up on potential market risks such as Exchange Risk, Interest Rate Risk, Loan Risk and Liquidity Risk as follows.

### **i. Exchange Risk**

The company carefully monitors and assesses all issues about Exchange Risk, namely, any change regarding appreciation or depreciation of foreign currencies against Turkish Lira.

The company is subject to no significant currency risk. Moreover, Emlak Konut REIC has the necessary platform and employees to perform activities to reduce and prevent Exchange Risk.

Since no foreign currency is used in the company's main transactions, Exchange Risk may occur due to minimum deposits. Nevertheless, exchange fluctuations and movements are monitored for direct and indirect effects.

## **ii. Interest Rate Risk:**

The influence of interest rate, an important macro variable, on assets and liabilities is called Interest Rate Risk, which is managed by compensating the assets that are influenced by interest rate changes with similar liabilities.

In this respect, the company tries to ensure that not only the maturity dates, but also interest renewal intervals of the receivables and debts are identical.

Since the company's liability risk is relatively low, it is rather the assets that are more susceptible to Interest Rate Risk. The portfolio is managed via preventive measures for such assets.

Nevertheless, since possible increase in interest rates also enhances cost of funds and affects the demand, it poses a systemic risk on construction and housing sector. Against this type of interest risk, the company carries out contract based legal operations for reducing the risk and minimizing the effects of interest rate fluctuations, without affecting the cash flow.

## **iii. Loan Risk:**

This risk group consists of any activity of receiving and granting credits. Due to its Debt Policy, the company does not use any foreign sources. Since the financing requirements are mostly met via generated projects, there are hardly any needs for such liability.

With respect to supervision of credit risk sensitive to bank balances, Emlak Konut REIC works with the banks that are well-established in Turkey and have long lasting relations with the company. Thereupon, the company keeps a significant amount its balances with the state banks.

Within the scope of Loan Risk Management, the principle of securing receivables at the highest possible rate.

In this respect, the company uses the following:

- Bank Guarantees
- Home Mortgages
- Preservation of legal ownership in order to secure the receivables in TK projects.

The risk control for customers, who do not have guarantees, evaluates the financial position, past experiences and other factors (such as morality). In consideration of such factors, the credit quality of the concerned customer is assessed; the individual credit limit and risk are determined. Until the end of loan process, the customer is monitored for credit limit and risk.

## **iv. Liquidity Risk:**

Liquidity Risk is the risk of incapability of meeting net funding requirements due to company liabilities.

When required, the company management makes projections by analyzing undiscounted estimated cash flows due to commercial payables and financial liabilities.

The company pays other commercial and financial debts by means of its present cash, cash equivalent, and cash provided from sales. Additionally, the company aims at funding flexibility by maintaining credit opportunities.

Thanks to the good standing of liquid assets and cash flow, the company does not require additional liquid assets. The surplus liquidity is invested in low-risk instruments at public banks, in accordance with relevant legislation. The company also uses its liquid resources in potential real estate returns and projects, if the conditions are suitable.

### **c. Counterparty and Concentration Risk:**

Emlak Konut can considerably transfer Counterparty and Concentration Risk that may occur due to business models. The specific provisions, which are added to related contracts, are used in coordination with insurance and construction control-payment systems.

### **d. Operational Risk:**

Operational Risks can be defined as follows:

They comprise risks regarding supply, profitability, pricing, sales, customer satisfaction, product/service development, human resources, information security and business continuity, employee health and security, environmental health and security, data processing and technologies, taxes, legal, brand management, prestige, performance management, external reporting and conformity, internal reporting, monitoring and control, authorization and limits.

Since Operational Risks include many intangible elements, there is an evident need for a corporate effort towards management of this risk group.

As for this type of risks, the related departments monitor the risks within the scope of corporate total risk management, take necessary measures and inform the senior management about the situation.

## **e. Strategic and External Risks:**

Strategic Risks include internal and external risks that have negative effects on strategic objectives of the company (such as Planning, Business Model, Business Portfolio, Investment Analysis, Corporate Governance Risks etc.). Emlak Konut REIC conducts constant supervision and assessment at senior management level in order to minimize such risks via planning within the scope of strategic objectives.

External Risks comprise risks such as economic, political, legal, business continuity, customer trends, industry, advances in technology, shareholder relations etc. There are efforts to implement a total risk management process for reducing and preventing risk-related damages by implementing intra-company regulations and performing external studies to define, measure and transfer risk-related damages.

At present, Emlak Konut REIC possesses an active Internal Control Mechanism that works on not only the "present facts" but also the "possible outcomes". The Internal Control Mechanism fulfills any tasks assigned by the Board of Directors, pursuant to Audit Committee Regulations, especially since the committee was formed.

The main function of Early Detection of Risk and Management Committee is 'Risk Reduction and Prevention'; however, the committee is also in constant contact with the Board of Directors in order to develop a corporate risk management approach. Furthermore, the committee carefully monitors internal and external flow of information about the aforementioned risks, and duly intervenes in cases with early warning signs.

The Board of Directors and senior executives keep their knowledge up-to-date on economic and industrial developments stated in annual reports. In addition to the committees, all employees, and especially senior executives, exercise due diligence to conduct their operations at the "acceptable" risk level. The existence of job descriptions and assigned authorities of the employees brings along a notable advantage for risk management in administrative terms.

On the other hand, the company fulfills its legal liabilities such as occupational health and security of employees at the sites and in administrative offices, and constantly monitors the situation.

## **5.5. Strategic Goals of the Company**

Emlak Konut set 2027 as its target year based on the strategic plan and governance principles it developed in 2007. The fundamental objective is to "creating a national brand with economic and social benefits along our way of becoming one of the prominent real estate investment companies in the world".

The Company develops its short and medium term plans in line with the main objectives, and works towards increasing total benefit. The Board of Directors and other related units monitor, and manage the aforementioned risks and consider their administrative outcomes.

Board of Directors regularly evaluates its short, mid and long-term strategic plans as required; to that end, the Board considers all systemic and non-systemic data, especially financial and non-financial corporate data. In the

short run, a general assessment is conducted every quarter for the qualitative and quantitative elements in achieving the objectives.

The most recent five-year plan on strategic objectives was decided with the Board resolution on December 23, 2014. Short-term changes in the plan, if any, are done annually. The company has set the targets for the five-year period until 2019.

The Board of Directors has identified its vision and mission, and published them in Annual Report, and disclosed it on the corporate website at [www.emlakkonut.com.tr](http://www.emlakkonut.com.tr).

## 5.6. Financial Rights

The salaries of senior executives are determined and paid pursuant to legal liabilities, in consideration of actual economic data in the market, valid salary policies in the market, long-term objectives and policies of the company, as well as the tasks, responsibilities and experiences of the executives. Senior executives are not subject to performance-based salary system.

Pursuant to the Articles of Association, the Company cannot compensate the Board members, employees, shareholders, and third parties except the payments (per diem, remuneration, and dividend payments) as required due to their activities.

Similarly, in the framework of the Company's Articles of Association; the remuneration principles for the Board Members and senior executives are presented in writing to the shareholders at the General Meeting as an agenda item and the shareholder are asked to provide their opinions. Accordingly, the Remuneration Policy is published on the corporate website. Stock options or performance-based payment plans cannot be applied to the salaries of Independent Board Members; besides, the their salaries should be at a level to preserve their independence.

Based on the Corporate Governance Committee report on March 25, 2014, the Board of Directors concluded on March 31, 2014 that: "The Board Members of the company are paid in accordance with the amounts determined by the Supreme Planning Council, and such amounts will be presented to the approval of the shareholders during the Ordinary General Assembly Meeting of the related activity period."

However, following the discussions on a submitted proposal during the Ordinary General Assembly Meeting on April 28, 2014:

It was decided by the majority vote of its shareholders "In accordance with the Remuneration Policy under the Corporate Governance Principles, the Board Members and Senior Managers will be paid a salary of net 5,000.00 Turkish lira and annual bonus in the amount of two salaries."

In this context, article 1(i) of the Remuneration Policy was revised in accordance with the General Assembly resolution no: 8 as follows:

# CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

"The Members of the Board of Directors are paid a salary of net 5,000.00 Turkish lira and annual bonus in the amount of two salaries. The payment amounts are presented to the approval of the shareholders during the Ordinary General Assembly Meeting of the related activity period."

Accordingly, the company also updated the Remuneration Policy that is available on the corporate website.

The salaries of senior executives are disclosed in the company's financial statements as footnotes as well as in the independent audit reports.

Any rights, interests and salaries granted to Board of Directors members and senior executives are discussed at General Assembly as agenda item, and put to vote. The corporate website does not include any other information about these topics. Nonetheless, "Salaries of Board of Directors Members and Senior Executives" in the company's Articles of Association is disclosed on the corporate website under Annual Reports and Articles of Association sections.

In addition, General Assembly Information section on the website includes information about the final situation upon voting on "Salaries of Board of Directors Members and Senior Executives", which is discussed as agenda item at the General Assembly Meeting.

In the Company the president of the Board of Directors, members of Board of Directors, Audit Committee members, General Manager, Assistant General Managers and General Manager consultant and other decision makers who are in charge to manage the operations are assumed as Key management. Short-term benefits given to Key management are stated below:

.000 TL

<b>Remuneration of key management</b>	<b>2014</b>	<b>2013</b>
Salaries and short-term employee benefits	1,308	1,430

In 2014, the company did not issue loans, did not authorize the use of credits to any Board member. In addition, the company did not extend terms of any loans and credits, did not provide loan as individual credit by means of a third party, or did not lend any guarantees on security in their favor.

## EXECUTIVE MANAGEMENT

Executive Managers fulfill their tasks in accordance with corporate vision and mission by exercising the power granted by relevant legislation and internal regulations. The experienced executive management team, collaborates with their staff and other units in the organization, makes administrative decisions to meet the expectations of stakeholders. In line with corporate culture, the executive team is attentive about sustainability and social responsibility.

Within the company, **Murat Kurum** is the **General Manager**, **Hakan Akbulut** is **Vice Manager of Financial and Administrative Affairs**, **Sinan Ayođlu** is **Vice General Manager of Technical Services** and **Metin Tekin** is Vice General Manager of Implementation.

**1. With the Company Circular numbered 345 on February 25, 2014:**

1. The company lawyer İbrahim Keskin was assigned as Legal Counsel within the body of Legal Consultancy department,
2. The company lawyer İsmet Kubilay was assigned as Legal Counsel within the body of Legal Consultancy department.

**2. As a result of the discussions and voting at the first meeting of the Board of Directors elected at the Ordinary General Assembly Meeting held on April 28 2014, it has been agreed that;**

- a. Roles were distributed per article 366 of the TCC and it was decided that: **Ertan Yetim** was selected as the Chairman of the Board, Independent Member **Ertan Keleş** was selected as the Deputy Chairman of the Board, and **Murat Kurum, Mehmet Ali Kahraman, Aliseydi Karaođlu, Veysel Ekmen** and **Aysel Demirel** were selected as Members of the Board.
- b. It was also decided that the first level signing authorities of **Ertan Yetim, Veysel Ekmen, Murat Kurum, Mehmet Ali Kahraman** and **Aliseydi Karaođlu** would continue.
- c. The new members **Ertan Keleş** and **Aysel Demirel** were given first level signing authority.

The Board agreed to register and announce these matters.

**3. There were no changes in the company's senior management during the third quarter 2014.**

**4. Aysel Demirel** resigned from her position as Independent Member of the Board of Directors on October 24, 2014.

**5. With the Board of Directors resolution on November 24, 2014:**

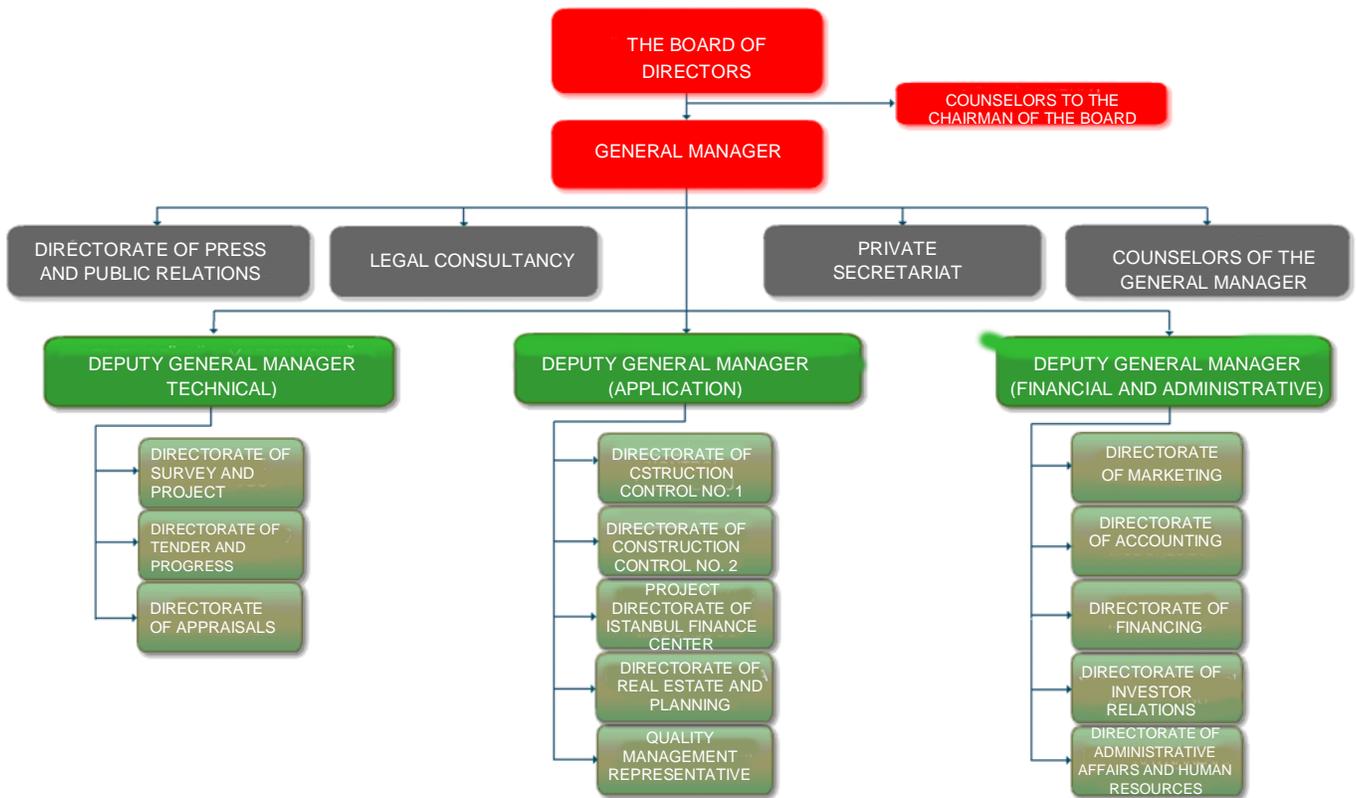
Based on the Corporate Governance Committee (acting as the Nomination Committee pursuant to CMB's Corporate Governance Communique No: II-17.1) report presented to the Board of Directors on November 24, 2014 for the nomination of Havvanur Yurtsever as candidate for independent member to replace the position vacated by **Aysel Demirel**:

- a. **Havvanur Yurtsever's** nomination was accepted and the Corporate Governance Committee report was approved.
- b. **Havvanur Yurtsever** was included in the "Final List of Independent Member Candidates" as an acting Independent Member until the first upcoming General Assembly Meeting.

# EXECUTIVE MANAGEMENT

6. During the Board of Directors on May 12, 2014:

**Havvanur Yurtsever**, who was qualified per the CMB legislation, was appointed as Independent Board Member and granted first level signing authority.



## **Insider Information and Access List**

Insider information is non-public knowledge about a publicly traded company that could provide unfair advantages over other investors when used for trading capital market instruments. Release of such information to the public may be detrimental on the value of the capital market instrument, and will influence the investment decisions of the rational investors.

In case of a material event, the other parties who communicate with Emlak Konut REIC employees with access to insider information will be informed of their obligation to maintain the confidentiality of this information until it is clarified and disclosed on the PDP. Emlak Konut REIC employees will not release any information that may be considered material event with third parties under any circumstances. If the company concludes that the confidentiality of information that is unintentionally disclosed to third parties cannot be maintained, the company will issue a material event disclosure pursuant to the CML. Pursuant to CMB's Communique on the Principles Regarding the Public Disclosure of Material Events, Emlak Konut REIC will prepare a list of natural persons or legal entities, including their subordinates, who work for or on behalf of the company directly or indirectly and have access to insider information. The company departments will provide the names of people with access to insider information to the Administrative Affairs and Human Resources Directorate, where the list will be prepared and updated.

In accordance with the changing project scopes and current issues, Emlak Konut REIC will regularly update the list of individuals with access to insider information. The list will be submitted to the relevant government agencies and organizations upon request. The company will inform in writing the persons on the list of their obligation to protect the confidentiality of the insider information.

In accordance with the provisions of the CMB communique, Real Estate REIC may postpone the disclosure of the list to prevent damage to the legitimate rights and interests of the persons on the list.

# EXECUTIVE MANAGEMENT

## EMLAK KONUT REIC's

### List of Individuals with Access to Insider Information

#### THE BOARD OF DIRECTORS

Full Name	Occupation	Position
Ertan Yetim	Civil Engineer	Chairman of the Board
Ertan Keleş	Civil Engineer	Vice Chairman, Independent Board Member
Murat Kurum	Civil Engineer	Board Member, General Manager
Aliseydi Karaoğlu	Business Administration	Board Member
Mehmet Ali Kahraman	Urban and Regional Planner	Board Member
Veysel Ekmen	Independent Accountant CPA	Independent Board Member
Havvanur Yurtsever	Lawyer	Independent Board Member

#### EXECUTIVE MANAGEMENT

Full Name	Occupation	Position
Sinan Ayoğlu	Civil Engineer	Deputy General Manager
Hakan Akbulut	Public Administration	Assistant General Manager
Metin Tekin	Civil Engineer	Assistant General Manager
Rasim Faruk Kadioğlu	Civil Technician	Consultant to the General Manager
Sadık Soylu	High School Graduate	Consultant to the Chairman of the Board
Nurettin Şam	Lawyer	General Counsel
Hüseyin Turan	Lawyer	Legal Counsel
İbrahim Keskin	Lawyer	Legal Counsel
İsmet Kubilay	Lawyer	Legal Counsel
Halim Ataş	Business Administration	Private Secretariat
Ercan Alioğlu	Business Administration	Accounting Manager
Fatih Kanitoğlu	Civil Engineer	Appraisals Manager
Hakan Gedikli	Survey Engineer	Real Estate and Planning Manager
Halil İbrahim Şahin	Business and Financial Manager	Administrative Affairs and Human Resources Manager
Hasan Saka	Civil Engineer M. Sc.	Manager, Construction Control No. 2
Hasan Vehbi Arslantürk	Civil Engineer, Exports	Investor Relations Manager
Hicran Çakmak	Architect	Etüt Project Manager
İzzet Gani Karakaya	CPA	Financing Manager
Mustafa Aşıkcutlu	Civil Engineer M. Sc.	Manager, Construction Control No. 1
Özlem Hanoğlu Çelik	Economics	Press and Public Relations Manager
Tülay Odakır	Civil Engineer	Tender and Progress Payments Manager
Zeynep Basa	Economics	Head of Department and Marketing Deputy Manager

## OTHER DEVELOPMENTS

### Important Developments in the Reporting Period

#### Buyback Program

The company has completed the repurchasing of the following shares:

1. Regarding the shares of Emlak Konut REIC, purchasing of 10,000,000 lots was carried out at the price interval of 2.11 - 2.13 Turkish lira on January 7, 2014.

**Total Nominal Value of Shares:** 10,000,000.00

**Total Transaction Amount:** 22,000,000.00 Turkish Lira

2. Regarding the shares of Emlak Konut REIC, purchasing of 14,187,318 lots was carried out at the price interval of 2.10 - 2.16 Turkish lira on January 27, 2014.

**Total Nominal Value of Shares:** 14,187,318

**Total Transaction Amount:** 29,821,858.43 Turkish Lira

3. Regarding the shares of Emlak Konut REIC, purchasing of 15,000,000 lots was carried out at the price interval of 2.11 - 2.13 Turkish lira on January 30, 2014.

**Total Nominal Value of Shares:** 15,000,000.00

**Total Transaction Amount:** 31,813,865.83 Turkish Lira

4. Regarding the shares of Emlak Konut REIC, purchasing of 7,000,000 lots was carried out at the price interval of 2.40 - 2.45 Turkish lira on April 29, 2014.

**Total Nominal Value of Shares:** 7,000,000.00

**Total Transaction Amount:** 17,010,000.00 Turkish Lira

According to the current status, the total number of repurchased shares of Emlak Konut Real Estate Investment Company in 2013 and 2014 reached 110.887.318,00 lots within the frame of Buyback Program, the ratio of repurchased shares to the capital of the company reached %2,91809.

#### Donations and Grants

- I. Under the resolution of the General Assembly Meeting on April 28, 2014, the company has made a single donation in the amount of 10,000,000.00 Turkish lira within the year.
- II. The said donation was made to **Istanbul Cami ve Eğitim-Kültür Hizmetleri Yaptırma ve Yaşatma Derneği**. The foundation is currently building a complex in Çamlıca that includes 3,500 parking spaces,

## OTHER DEVELOPMENTS

Turkish and Islamic Arts Museum (10,950 m<sup>2</sup>), an art gallery (3435 m<sup>2</sup>), a library (2,750 m<sup>2</sup>), 8 craft shops (2,400 m<sup>2</sup>), a 1,000-seat conference hall and a mosque.

### **Administrative and Legal Sanctions**

There are no administrative or legal sanctions about company management members due to violations of legislation provisions.

### **2015 Sales Targets**

Emlak Konut REIC disclosed its 2015 sales targets in the PDP on December 15, 2014.

The company's sales forecast per quarter in 2015 is expected to be as follows:

- I. Q1 2015: 1,519 independent units valued at total 1.05 billion Turkish lira
- II. Q2 2015: 2,622 independent units valued at total 1.39 billion Turkish lira
- III. Q3 2015: 3,576 independent units valued at total 1.85 billion Turkish lira
- IV. Q4 2015: 4,299 independent units valued at total 2.47 billion Turkish lira

The quarterly distribution is based on the projected completion of the company's current projects and planned projects during 2015.

By meeting its sales targets, the company will generate 6.76 billion Turkish lira from the sales of 12,016 independent units.

Basing its sales forecast on current market conditions and its expectations on the developments that will shape both the Turkish and global economy in 2015, the company remains confident of meeting its sales targets.

Similarly, Emlak Konut REIC expects to increase the approximately 100,000 independent units in its ongoing tendered projects to 250,000 by the end of the year.

In case of unforeseen circumstances, the company will reassess its sales targets.

### **R&D Activities**

Emlak Konut REIC has no research & development activities.

### **Amended Regulations (2014)**

The company revised the following regulations in 2014:

1. Regulations on Construction Tenders and Contracts
2. Personnel Regulations
3. Regulations on Service Procurement Tenders and Contracts
4. Regulations on Procurement and Renting of Property
5. Regulations on Task Distribution, Authorization, and Responsibilities

## OTHER DEVELOPMENTS

6. Travel Regulations
7. Regulations on Archives
8. Regulations on Legal Counsel
9. Regulations on Information Security Management System Policy
10. Regulations on Registration of Correspondence and Documents

In addition, the Insurance Regulations was repealed in 2014 as its provisions are covered in the Regulations on Service Procurement Tenders and Contracts.

### **Changes in Board Members**

Aysel Demirel resigned from her position as Independent Member of the Board of Directors on October 24, 2014.

During the Board of Directors on May 12, 2014:

Havvanur Yurtsever, who was qualified per the CMB legislation, was appointed as Independent Board Member and granted first level signing authority. Furthermore, she was appointed to the Audit Committee as a member to fill the position vacated by Aysel Demirel.

### **KEY Payments**

During the **calendar year 2014**, total of **11,987.74** transfers (share amount) were made to the accounts of shareholders with KEY (shares against Housing Support).

In the **fourth quarter 2014**, total of **4,167.81** transfers (share amount) were made to the accounts of shareholders with KEY (shares against Housing Support).

### **Lawsuits against Emlak Konut REIC**

#### **MASLAK 1453 PROJECT**

##### **1. Members of the Council of Istanbul Metropolitan Municipality (Serdar Bayraktar and friends)**

The stay of execution of the Application Zoning Plan with the scale of 1/1,000 and Master Development Plan with the scale of 1/5,000 which is published between August 18 and September 17, 2010, regarding the Squatter Prevention Area of Ayazağa neighborhood of Şişli District on file no. 2010/2191 E of the First Administrative Court of Istanbul was requested to be canceled by the Constitutional Court in accordance with the article 4 of Law No: 2985 and article 7 of the Law No: 5793. The company joined the lawsuit as Intervener together with the Defendant. In the report prepared as a result of researches and investigations carried out by the expert witnesses, it is stated that the related zoning plan does not fit in the urbanization and planning principles, so the court decided to cancel the amendments in the related plan. The decision of the Administrative Court was approved by decision no: 2013/4248, 2014/5118 of the Sixth State Council on June 26, 2014. The approval was appealed for correction and results of correction request are expected.

## OTHER DEVELOPMENTS

### 2. Istanbul Büyükkent Branch of UCTAE

The stay of execution of the Application Zoning Plan with the scale of 1/1,000 and Master Development Plan with the scale of 1/5,000 which is published between August 18 and September 17, 2010, regarding the Squatter Prevention Area of Ayazağa neighborhood of Şişli District on file no. 2010/2300 E of the Eighth Administrative Court of Istanbul is requested to be canceled. The company joined the lawsuit as Intervener together with the Defendant. In the report prepared as a result of researches and investigations carried out by the expert witnesses, it is stated that the related zoning plan does not fit in the urbanization and planning principles, so the court decided to cancel the amendments in the related plan. The Administrative Court decision was appealed and the results of the appeal investigation are expected.

### 3. Istanbul Branch of UCTAE Urban Planners

The stay of execution of the Application Zoning Plan with the scale of 1/1,000 and Master Development Plan with the scale of 1/5,000 regarding the Squatter Prevention Area of Ayazağa neighborhood of Şişli District on file no. 2010/2480 E of the Sixth Administrative Court of Istanbul is requested to be canceled. The company joined the lawsuit as Intervener together with the Defendant. The dismissal decision of the Administrative Court was reversed by the decision no: 2013/4255, 2014/2354 of the Sixth State Council on March 26, 2014. An appeal for the reversal of the decision was filed and the results of the appeal is expected.

### 4. Istanbul Branch of UCTAE Urban Planners

The Application Zoning Plan with the scale of 1/1,000 and Master Development Plan with the scale of 1/5,000 which is published between November 29 and December 29, 2011, regarding the Squatter Prevention region of Ayazağa neighborhood of Şişli District on the file no: 2012/401 E of the Fifth Administrative Court of Istanbul is requested to be put on hold and canceled. Although the lawsuit is brought is against TOKİ, the Court decided Ministry of Environment and Urbanization to be considered as adverse party too. On May 10, 2012, the Court rejected the lawsuit in terms of authorization and sent it to Council of State. The file is registered under no: 2012/4412 of Sixth Department of the Council of State and the company joined the lawsuit as Intervener together with the Defendant Institutions. The Court made the decision of stay of execution. The decision of stay of execution is appealed against and the results are due.

### 5. Yusuf Özden,

The construction permit and Application Zoning Plan with the scale of 1/1,000 and Revision Master Development Plan with the scale of 1/5,000 on September 16, 2009, regarding the Squatter Prevention region of Ayazağa neighborhood of Şişli District on the file no: 2012/1913 E of the First Administrative Court of Istanbul is requested to be canceled and put on hold. The company joined the lawsuit as Intervener together with the Defendant Institutions. The appeal against Regional Administrative Court of Istanbul has also been rejected. The Court took the decision of rejecting lawsuit in terms of license on November 25, 2013.

# OTHER DEVELOPMENTS

## **ZEKERİYAKÖY PROJECT**

### **1. Istanbul Branch of UCTAE Urban Planners**

Regarding the lawsuit brought at the Sixth Department of the Council of State with the file no: 2012/3789 E against ministry of Environment and Urbanization and TOKİ with the request of stay of execution and cancellation of the Zekeriyaköy Mass Housing Area Preventive Master Development Plan with the scale of 1/5,000 on March 13, 2012 and no: 1769 prepared for Third Degree Natural Protected Area within the borders of Zekeriyaköy neighborhood of Sarıyer District of Istanbul Province and related Application Zoning Plan with the scale of 1/10,00; by the decision of the Court on May 13, 2013, "it is agreed that the request of stay of execution is accepted according to the conditions and specialties of the case until a new decision is to be taken in accordance with the report to be prepared as a result of research and investigation studies." The research and investigation studies were carried out on January 17, 2014; however, the related report has not yet been prepared or submitted. The company filed a request on August 26, 2014 to join the lawsuit as Intervener together with the Defendant Institutions.

### **2. Istanbul Branch of UCTAE Urban Planners**

Within the scope of the case presented against the Ministry of Environment and Urbanization by the file of the Seventh Administrative Court of Istanbul with the no: 2013/2478 E for the suspension of execution and cancellation of the Protective Master Development Plan with the scale of 1/5,000 and the Protective Application Zoning Plan with the scale of 1/1,000 regarding the Zekeriyaköy Mass Housing Area within Sarıyer District of Istanbul Province approved by the Regulatory Approval of the Ministry of Environment and Urbanization. The company filed a request on June 10, 2014, to join the lawsuit as Intervener together with the Defendant Institutions.

## **KUASAR PROJECT**

### **1. Istanbul Büyükkent Branch of Chamber of UCTAE Architects**

Stay of execution and cancellation of the approved Master Development Plan with the scale of 1/5,000 on February 22, 2011 regarding the property on the parcel no: 230, block no: 1199 and plot no:58 within the borders of Dikilitaş neighborhood of Şişli district is requested by the file no: 2011/920 E of the Sixth Administrative Court of Istanbul. The company joined the lawsuit as Intervener together with the Defendant. In the report prepared as a result of researches and investigations carried out by the expert witnesses, it is stated that the related zoning plan does not fit in the urbanization and planning principles, so the court decided to cancel the amendments in the related plan. The Administrative Court decision was appealed and the results of the appeal investigation are expected.

### **2. Serdar Bayraktar and friends**

Stay of execution and cancellation of Master Development Plan with the scale of 1/5,000 which is accepted by the approval dated June 19, 2013 and no: 6186 and Application Zoning Plan with the scale of 1/1,000 regarding the

## OTHER DEVELOPMENTS

property on the parcel no: 230, block no: 1199 and plot no:58 within the borders of Dikilitaş neighborhood of Şişli district is requested by the file no: 2014/260 E of Fifth Administrative Court of Istanbul. The company joined the lawsuit as Intervener together with the Defendant Institutions. The Court rejected the request of stay of execution by the decision taken on February 11, 2014

### **3. Istanbul Branch of UCTAE Urban Planners**

Stay of execution and cancellation of Master Development Plan with the scale of 1/5,000 which is accepted by the approval dated June 19, 2013 and no: 6186 and Applicational Zoning Plan with the scale of 1/1,000 regarding the property on the parcel no: 230, block no: 1199 and plot no:58 within the borders of Dikilitaş neighbourhood of Şişli district is requested by the file no: 2013/2103 E of Fifth Administrative Court of Istanbul. The Court rejected the request of stay of execution by the decision taken on February 11, 2014.

### **ISTANBUL KAPADIK DISTRICT**

#### **Avcılar Municipality**

Regarding the lawsuit brought at the Sixth Department of the Council of State with the file no: 2013/6332E against the Ministry of Environment and Urbanization for the stay of execution, cancellation of the Application Zoning Plan with the scale of 1/1,000 and Master Development Plan with the scale of 1/5,000 regarding the property within the borders of Kapadik District, Yesilkent Neighborhood, Avcilar, Istanbul approved by the Ministry of Environment and Urbanization with approval no. 4989 on April 1, 2014 and combining thereof with the lawsuit brought at the Sixth Department of the Council of State with the file no: 2012/4041E, a decision was made by the court for notifying the lawsuit to TOKİ. The company filed a request on April 2, 2014 to join the lawsuit as Intervener together with the Defendant Institution. The company's objections were presented against the expert report notified as a result of the survey carried out.

#### **Members of the Council of Istanbul Metropolitan Municipality (Serdar Bayraktar and friends)**

Regarding the lawsuit brought against the Ministry of Environment and Urbanization by the file of the Ninth Administrative Court of Istanbul with the no:2013/2096 E. for the suspension of execution and cancellation of the Revised Application Development Plan with the scale of 1/5,000 and amendment of the Revised Master Development Plan with the scale of 1/1,000 regarding the Zekeriyaköy Mass Housing Area within Kayabasi Mass Housing Area in Basaksehir District of Istanbul approved by the Regulatory Approval of the Ministry of Environment and Urbanization with approval no. 7096 on May 9, 2013, the company filed a request on April 2, 2014 to join the lawsuit as Intervener together with the Defendant Institution.

### **ISTANBUL ZEYTİNBURNU**

#### **Istanbul Branch of UCTAE Urban Planners**

#### **Istanbul Büyükşehir Branch of Chamber of UCTAE Architects**

Regarding the lawsuit brought against the Ministry of Environment and Urbanization by the file of the Fifth Administrative Court of Istanbul with the no: 2014/561 E for the suspension of execution and cancellation of the

## OTHER DEVELOPMENTS

Master Development Plan with the scale of 1/5,000 regarding Block No: 774, Parcel No: 6 and 31 in Kazlıcesme Neighbourhood, Zeytinburnu District in Istanbul approved by the Regulatory Approval No. 17978 November 19, 2013 of the Ministry of Environment and Urbanization, the company filed a request on April 2, 2014 to join the lawsuit as Intervener together with the Defendant Institution.

### **KARTAL PROJECT**

#### **1. S.S. İstanbul Anadolu Yakası Kumcular Üretim ve Paz. Kooperatifi**

Regarding the lawsuit brought against the Ministry of Environment and Urbanization by the file of the Ninth Administrative Court of Istanbul with the no: 2013/2105 E for the suspension of execution and cancellation of the Application Zoning Plan with the scale of 1/1,000 and Master Development Plan with the scale of 1/5,000 regarding Block No: 674, Parcel No: 1, 4, 5, and 6, Block No: 675, Parcel No: 1, 2, and 3, Block No: 676, Parcel No: 108, Block No: 720, Parcel No: 2, 4, 8, 19, and 34 in Kartal, the company filed a request on February 23, 2014 to join the lawsuit as Intervener together with the Defendant Institution.

#### **2. İstanbul Branch of UCTAE Urban Planners**

Regarding the lawsuit brought against the Ministry of Environment and Urbanization by the file of the First Administrative Court of Istanbul with the no: 2013/685 E for the suspension of execution and cancellation of the Application Zoning Plan with the scale of 1/1,000 and Master Development Plan with the scale of 1/5,000 regarding Block No: 674, Parcel No: 1, 4, 5, and 6, Block No: 675, Parcel No: 1, 2, and 3, Block No: 676, Parcel No: 108, Block No: 720, Parcel No: 2, 4, 8, 19, and 34 in Kartal, the company filed a request on February 23, 2014 to join the lawsuit as Intervener together with the Defendant Institution.

### **ISTANBUL FINANCE CENTER PROJECT**

#### **1. İstanbul Branch of UCTAE Urban Planners**

The stay of execution of the Application Zoning Plan with the scale of 1/1,000 and Master Development Plan with the scale of 1/5,000 which is published between June 25 and July 24, 2012 regarding the İstanbul Finance Center Area of Ümraniye and Ataşehir Districts on file no. 2013/621 E of the Seventh Administrative Court of İstanbul was requested to be canceled, the company filed a request on February 23, 2014 to join the lawsuit as Intervener together with the Defendant Institution. The request was accepted and the trial is ongoing.

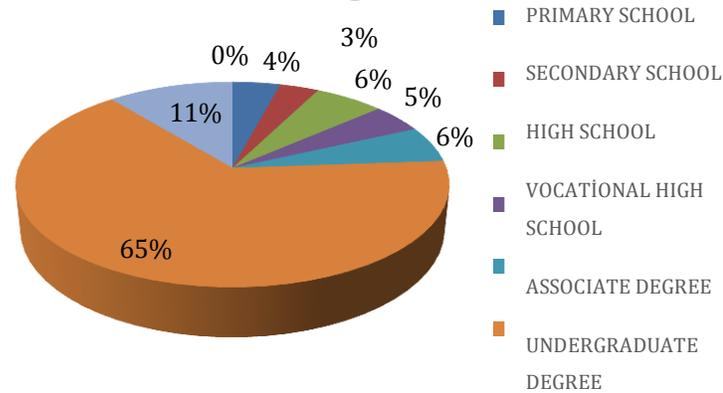
#### **2. Chamber of UCTAE Architects**

The stay of execution of the Application Zoning Plan with the scale of 1/1,000 and Master Development Plan with the scale of 1/5,000 which is published between June 25 and July 24, 2012 regarding the İstanbul Finance Center Area of Ümraniye and Ataşehir Districts on file no. 2012/1672 E of the Eighth Administrative Court of İstanbul was requested to be canceled, the company filed a request on February 23, 2014 to join the lawsuit as Intervener together with the Defendant Institution. Since this case is related to file no: 2013/621 E of the Seventh Administrative Court of İstanbul, the file was closed and sent to the Seventh Administrative Court of İstanbul. The company is following the other relevant legal processes carefully.

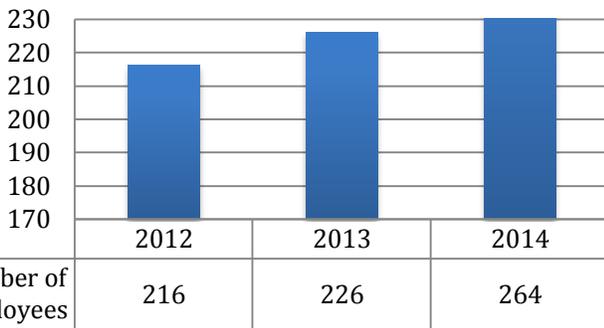
## Personnel Structure

Emlak Konut REIC believes in the power of human capital, emphasizes occupational training and specialized training for its employees. With a meticulous approach to human resources management, the company continues with its improvement and development work on employee management. 82 percent of employees have graduate degrees.

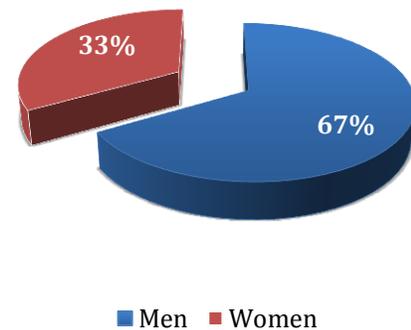
## Employee Educational Background



## Number of Employees



## Employee Distribution



## Assessment of the Relevant Activity Period

We live in a world where many things, from economy to social structure, can change in the wink of an eye. Therefore, Emlak Konut REIC closely observes the “variables” that concerns its operations during the relevant activity period.

Since Emlak Konut REIC adopts a sustainable and innovative management mentality, the risk and income opportunities are analyzed and assessed in this respect. The main objective is reach the strategic goals while paying utmost consideration to the rights of all stakeholders.

The company periodically performs macro- and microeconomic, financial and demographic analyses, and bases its executive decisions on these analyses. Performing special analyses has become a necessity for all stakeholders in the face of rising data and analyses needs in parallel with the fast growth of the construction and housing industry in the past decade.

The economic growth of the real estate industry that interacts with many other industries is especially significant at the macro level. Therefore, due diligence and plans are vital for the real estate businesses as well as institutions or consumers that have economic relations with real estate business.

Pursuant to this responsibility, Emlak Konut REIC provides comprehensive analyses on the "Economy and Housing Industry," particularly in its annual reports but also in interim financial reports. In consideration of the need for “effective analyses”, the company has started publishing quarterly “Real Estate and Housing Industry” reports since August 2014.

In this section, economic and industrial developments of 2014 are briefly summarized.

### 1. Developments in the World Economy

This section analyses the changes in world economy, and their effect on Turkish economy. It is worth noting that globalization gradually becomes more common and leads to diversification of systemic risks via directly impacts the national economies in the process.

The challenges of economic growth and effects (or lack) of preventive polices is the most obvious development in the world economy during the last five years.

Even though it has been nearly six years since the second large global economic crisis, it is still difficult to maintain that socioeconomic sizes have gone back to pre-crises levels. This is especially felt in the economies of emerging countries. Over a period of time, each country may take a separate course regarding its economic program, resulting in implementation of opposing economic policies. In return, this becomes a factor that increases global uncertainty.

Central banks are the most decisive implementers of economic policies. Decisions made by the largest and most influential global central banks have acted as the main guidance for “international fund movements,” and emerging countries' assets have been affected the most by the negative or positive changes in them.

## ASSESSMENT OF THE RELEVANT ACTIVITY PERIOD

Three biggest central banks (the US Federal Reserve (the Fed), the European Central Bank (ECB) and the Bank of Japan (BOJ)) affect and shape global economies. Thus, policies by these banks give rise to implications that need to be followed up closely by the other economies.

Right after the crisis, the Fed began implementing expansionary fiscal policies quite swiftly. Accordingly, a number of methods were applied like interest rate cuts, bond purchases, funding the financial system through asset purchases, and utilizing the loan mechanisms. The goal of such a monetary policy was to come out of depression (crisis) by achieving the ultimate objective of growth through financial stability and stimulation of investment and consumption.

The policies implemented by the Fed to come out of crisis were not only unconventional, they were also essential to be adopted by the other central banks with diverse ways of implementation methods. Although belated, the ECB made an effort to follow in the footsteps of the Fed, which reacted to the crisis swiftly with more dynamic decision-making mechanisms. In East Asia, the BOJ implemented similar policies so as to curtail deflation and recession (a general decline in prices followed by stagnation), a chronic issue for its economy.

In parallel with the relative recovery in the US economy, the Fed initiated "bond buyback tapering" on December 2013 in order to step back from its expansionary monetary policy. An earlier-than-expected start of the process caused a decline in the local denominations of emerging countries (i.e. Brazil, Argentina, Indonesia and India), including Turkey, at first; then, a partial outflow of funds (i.e. Portfolio Movements, Hot Money), which come from financial markets for short-term investments, was observed.

The Fed's "cash inflow into the market through bond purchases" ceased in October 2014. However, the transition to an interest rate hike, which will put an end to monetary expansion, is anticipated towards the end of 2015. US officials set a target of an interest rate increase of 2 percent over the annual inflation and an unemployment rate below 6.5 percent. In the first months of 2014, they revised this objective to cut unemployment as much as possible and to increase buoyancy. This announcement from the Fed, coupled with the fact that data from the US economy do not indicate a fast recovery, has been interpreted as a factor that increases risk appetite in terms of international fund movements.

Rising risk appetite diverted portfolio movements to emerging countries. At first, stock markets of countries such as Brazil, Turkey, Indonesia and India displayed upward trends and an increase in the value of their currencies as of the second half of March. However, important developments in the global conjuncture caused financial assets of emerging countries to fluctuate more.

On the other hand, the BOJ and the ECB, two major central banks that influence the global economy with their decisions, continue with "monetary expansion" policies in an effort to maintain economic boom. The BOJ went one step further and set an inflation goal to raise the general level of prices. Extremely loose monetary policies were implemented in November, following the Japanese economy's plunge into recession after unexpectedly shrinking in October.

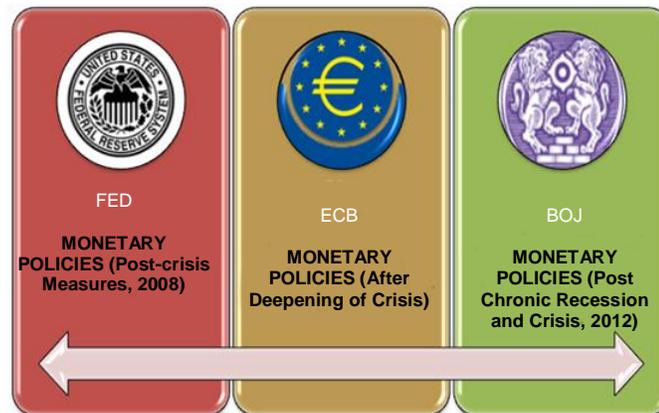
# ASSESSMENT OF THE RELEVANT ACTIVITY PERIOD

In the second half of April, the ECB President Draghi announced a new expansion package in the works to pump life into the economy. The ECB began implementing a new expansionary monetary policy in October with the goal of overcoming the increasingly deep recession in the European Union.

ECB President Draghi explained the new austerity package's objective as expanding the banks' loan mechanism, and by extension, boosting investment and consumption trends. However, he added that price increase and economic recovery would take longer to achieve.<sup>1</sup> However, when the deepening economic distress in the southern wing (Greece, Italy, Portugal, and Spain) began to affect the other EU members, ECB introduced a new stimulus on January 22, 2014. Draghi said that the ECB would purchase "€60 billion worth of bonds a month", as part of its so-called quantitative easing program, which will strengthen demand and support credit growth.<sup>2</sup>

Despite of these developments, short-term recovery is not in sight for the European economy and the Euro, its monetary currency.

**Figure 1. Policy Interaction of the Three Big Central Banks**



Even though the measures taken by the three major central banks are similar, there were significant timing differences. As a result, while the Fed put a stop to its monetary expansion policies, the ECB and the BOJ were reinstating these policies.

Consequently, expectations rose in the global economy that the "familiar" abundance of cash would continue in different channels. It appears insufficient that the US economy is the only one growing among other developed economies. The global economy is under threat from the syndrome of stagnation as highlighted by the ECB, which added a new dimension in monetary expansion, by the BOJ and even by the Central Bank of China.

<sup>1</sup> Draghi, M, <http://www.bloomberght.com/haberler/haber/1673077-draghi-tesvigin-etkileri-icin-zaman-gerekli>, November 27, 2012 p.1

<sup>2</sup> <http://www.trtturk.com/haber/draghi-varlik-alim-programi-baslatacaklarini-soyledi-105783.html>

# ASSESSMENT OF THE RELEVANT ACTIVITY PERIOD

This global issue creates pressure against the Fed's decision to increase interest rates (so as not to increase interest rates in the US) and keeps "risk perception" of the financial markets alive. It appears that ending the stimulus monetary policies, which the Fed initiated swiftly and effectively, got caught in the issue of global growth with the ECB, the BOJ and the Bank of China. This situation raised expectations of continuing positive outlook for fund inflows to countries such as Turkey, South Africa, Brazil, India and Indonesia.

As of 2014, recovery in the global economic activity remains slow with varying dynamics among countries. While the US economy is recovering, economic growth in the Eurozone and Japan looks quite fragile and weak. The growth rate in emerging countries is losing steam. Recent downtrend in commodity prices is expected to adversely affect the growth dynamics of commodity exporting emerging countries.<sup>3</sup>

Sustainability of economic growth is another concept that is becoming increasingly important for the new central banking approach. Meanwhile, achieving and maintaining economic growth is among the most closely-watched risk elements. As such, it is a variable that needs to be closely watched in terms of the global economy.

## **i. Growth in the World Economy and Related Macroeconomic Developments**

Growth was the macroeconomic variable that took the brunt of the global crisis of 2008 the fastest. Post-crisis "shrinkage" in developed countries peaked, causing the most severe stagnation since 1929.

Developed countries were faced with ever-increasing risks of negative economic growth, deflation and unemployment, whereas emerging countries had a rather satisfactory period between 2009-2011. A good example of this is the high rate of growth and economic boom particularly in the countries known as the BRICs (Brazil, Russia, India and China). Consequently, these countries' role in the positive growth of the world economy has increased.<sup>4</sup>

After 2012, issues (current account deficit, inflationary pressure, upsurge in asset prices) began to arise due to fast growth in emerging countries, prompting them to make sacrifices and take measures to curtail their growth rates. A group of countries, including Turkey, Brazil and Indonesia, took the lead in these measures.

Throughout 2014, recovery in global economic activities remained slow and differences in countries' growth trends drew attention. A low trend of inflation is tied to weak outlook in economic activities and drop in oil prices. Even though monetary policies of developed countries still support growth, monetary policies of the Fed and the ECB differ from each other. Nevertheless, loose monetary policies that are implemented to boost recovery also cause certain financial risks for developed countries. In these countries, banking industry fails to give enough support to economic recovery, and risks concentrate especially on the non-bank financial industry. Global risk

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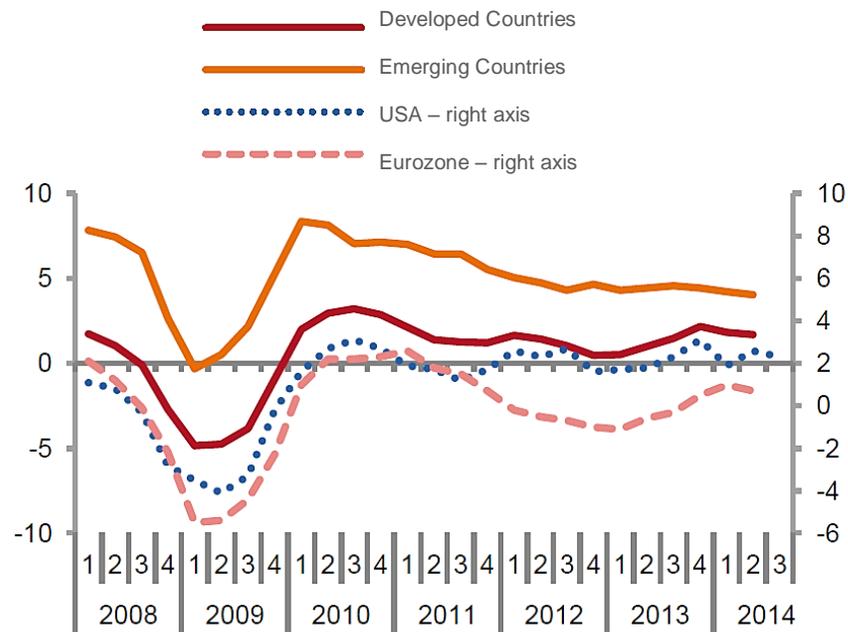
<sup>3</sup> Report on Financial Stability, CBT, Ankara, November 2014, issue.19, p.5

<sup>4</sup> Emlak Konut GMYO A.Ş. Quarterly Report, [http://www.emlakkonut.com.tr/\\_Assets/Upload/Images/file/Faaliyet-Raporu-2014-9-ayl%C4%B1k.pdf](http://www.emlakkonut.com.tr/_Assets/Upload/Images/file/Faaliyet-Raporu-2014-9-ayl%C4%B1k.pdf), İstanbul, Ekim, 2014.s.50

# ASSESSMENT OF THE RELEVANT ACTIVITY PERIOD

appetite and capital inflow to emerging countries fluctuate due to expectations regarding the Fed's likely decision to increase interest rates and geopolitical risks<sup>5</sup>

Figure 1. Global and Developed-Emerging Countries' Growth Trends (Annual %)



Aggregates based on country shares in global GDP.

Source: Bloomberg CBT

Due to the reasons explained above, global growth projections and risk forecasts are revised often. There have been downward revisions in global and country-based growth projections in 2014 and 2015.

<sup>5</sup> Report on Financial Stability, CBT, p.5

## ASSESSMENT OF THE RELEVANT ACTIVITY PERIOD

Table 2. Growth Projections for Certain Countries

Growth Estimates of certain Countries -- Country Groups (%) <sup>6</sup>									
		World <sup>7</sup>	Turkey <sup>7</sup>	Eurozone <sup>7</sup>	USA <sup>7</sup>	Brazil <sup>7</sup>	Russia <sup>7</sup>	India <sup>7</sup>	PRC <sup>7</sup>
IMF <sup>6</sup>	2014 <sup>6</sup>	3.3 <sup>6</sup>	3.0 <sup>6</sup>	0.8 <sup>6</sup>	2.2 <sup>6</sup>	0.3 <sup>6</sup>	0.2 <sup>6</sup>	5.6 <sup>6</sup>	7.4 <sup>6</sup>
	2015 <sup>6</sup>	3.8 <sup>6</sup>	3.0 <sup>6</sup>	1.3 <sup>6</sup>	3.1 <sup>6</sup>	1.4 <sup>6</sup>	0.5 <sup>6</sup>	6.4 <sup>6</sup>	7.1 <sup>6</sup>
OECD <sup>6</sup>	2014 <sup>6</sup>	3.4 <sup>6</sup>	2.8 <sup>6</sup>	0.8 <sup>6</sup>	2.1 <sup>6</sup>	0.3 <sup>6</sup>	0.5 <sup>6</sup>	5.7 <sup>6</sup>	7.4 <sup>6</sup>
	2015 <sup>6</sup>	3.9 <sup>6</sup>	4.0 <sup>6</sup>	1.1 <sup>6</sup>	3.1 <sup>6</sup>	1.4 <sup>6</sup>	1.8 <sup>6</sup>	5.9 <sup>6</sup>	7.3 <sup>6</sup>
World Bank (WB) <sup>7</sup>	2014 <sup>7</sup>	3.4 <sup>7</sup>	3.5 <sup>7</sup>	1.8 <sup>7</sup>	3.0 <sup>7</sup>	2.7 <sup>7</sup>	0.5 <sup>7</sup>	5.6 <sup>7</sup>	7.5 <sup>7</sup>
	2015 <sup>7</sup>	3.5 <sup>7</sup>	3.9 <sup>7</sup>	1.9 <sup>7</sup>	3.0 <sup>7</sup>	3.1 <sup>7</sup>	1.5 <sup>7</sup>	5.6 <sup>7</sup>	7.4 <sup>7</sup>

Source: IMF, OECD, World Bank<sup>6</sup>

The International Monetary Fund (IMF) projected a global growth rate of 3.6 percent in April and later revised it down to 3.3 percent in October<sup>6</sup>. The World Bank (WB) projected a global growth rate of 2.8 percent, but in January 2015, it revised it up to 3 percent. Whereas the same report projected the growth in developing countries as 4.8 percent for 2015 and 5.3 percent for 2016, the growth estimation of Turkey was announced as 3.5 percent for 2015 and 3.7 percent for 2016.<sup>7</sup>

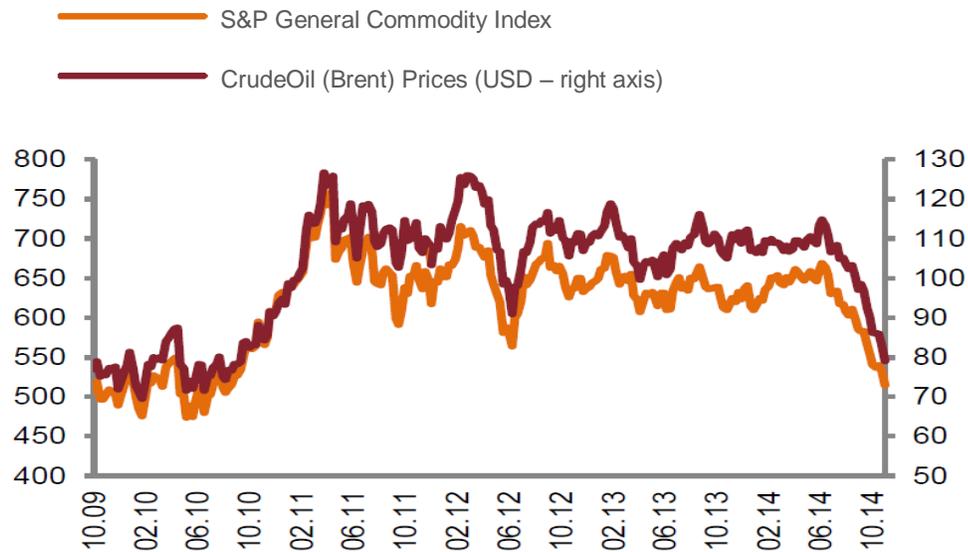
The most unexpected development that affected growth levels and prices was the almost 50 percent drop in oil and gas prices. Such development in oil and gas prices, which is a very significant economic input for growth, tipped the balance in favor of countries that import energy by creating foreign exchange gains and cost reduction. Turkey also benefited from the drop in oil and gas prices. With savings of about \$10 billion US dollars annually, Turkey stands to enjoy an extremely positive value in terms of the current account balance and overall level of prices. In the meantime, this development resulted in significant downward revisions in the growth projections in exporters of oil and gas (such as Russia, Venezuela, Brazil, and Saudi Arabia) due to revenue loss.

<sup>6</sup> IMF, WEO, <http://www.imf.org/external/ns/cs.aspx?id=29>, October 2014

<sup>7</sup> The World Bank, Global Economic Prospects, Washington D.C., January 2015, p.4

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Graphic 2. S&P Commodity Index and Brent Oil Price Index



Source: Bloomberg (Latest Data: 11.14.2014)

Although the fall in oil prices has a positive impact for countries like Turkey, the main reason for the drop in energy prices is the low global growth projections.

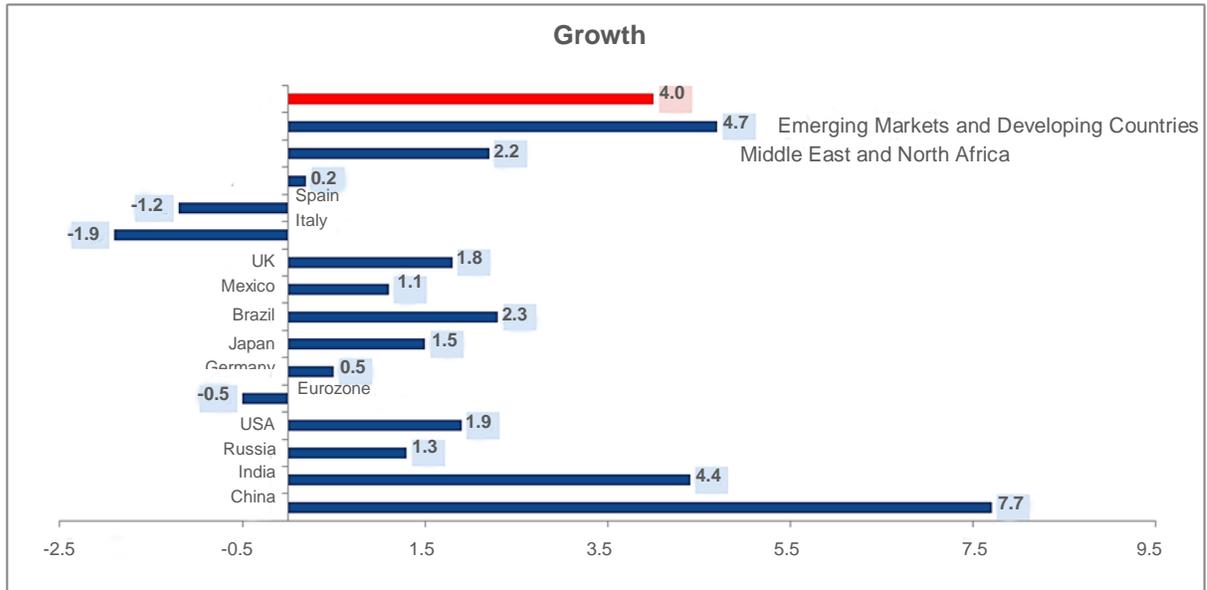
Decline in commodity prices above projections has not only revealed the global problem of growth once again, it has also put off track the inflation (rise in general level of desired affordable prices) targets set by the economies of developed countries in an effort to get rid of deflation (decline in general price levels). Weak outlook in global economic activity and downward trend in commodity prices cause global inflation rates to remain low.

## ii. Review of Emerging Countries' Economies

Between 2008 and 2012, emerging countries' economies were among the group that came out of the crisis the quickest. Rising growth rates during this period breathed life into the global economy. Post-crisis performances of countries like China, India, Turkey and Indonesia were especially impressive. Despite their relatively higher dynamism compared to developed countries, emerging countries still experience structural economic problems. (i.e., current account deficit, lack of savings, problems with demand, technological deficiencies, fluctuations in general price levels and exchange rates)

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Figure 3. GDP Developments in Countries and Regions (2013)



Source: TurkStat and IMF

A different case that could be named the "new normal" arises when we look at the situation in terms of global financial markets and fund movements. Under the circumstances, "monetary and fiscal expansion" will continue in developed countries' economies as their economies falter, and as a result, funds with diminished risk perception will continue to flow towards countries. Even though this particular situation creates a boosting effect in "asset prices," with occasional shifts in the risk perception, fluctuation arises both in asset prices and in local currencies.

Measures to boost the supply and use of money are the most important methods used in the world to come out of crisis. Rather than encouraging consumption and production in developed countries, these measures bring in capital gains through financial markets in emerging countries.

Most critical issues emerging countries experience are usually structural problems, which can be alleviated through decisive measures in the medium term. While structural problems vary from country to country, major ones are lack of savings, issues related to general level of prices, changing import and export items, and achieving balance of foreign currency.

As a result of lack of savings, an issue experienced in many developed countries, funds have been sought so that investment and consumption functions can be carried out. Our country's need for public borrowing has been reduced thanks to the measures taken during the 2001 crisis. Although this has built economic resilience, it has also increased the industry's need for external resources. After an examination of the household, public sector and real economy in terms of banking in the same country groups, countries appear to be performing relatively well in some fields. Even though the discipline accomplished in Turkish economy following the 2001 crisis brought with it successful results in topics like public debt, banking rates and budget balance, there is still work to be done regarding inflation, current account deficit and value-added exports.

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Table 3. Selected Key Indicators of Emerging Countries

**Table 1.1.1**

Selected Economic Indicators of Developing Countries

	Brazil	Hungary	India	Indonesia	Mexico	Poland	Russia	S. Africa	Turkey
Growth <sup>1</sup>	0.3	2.8	5.6	5.2	2.4	3.2	0.2	1.4	3.3
Inflation 1	6.2	1.8	7.6	5.2	4.0	0.0	8.3	6.3	8.9
Budget Balance/GDP <sup>1</sup>	-3.9	-2.9	-7.2	-2.5	-4.2	-3.2	-0.9	-4.9	-1.4
Current Account Balance/GDP <sup>1</sup>	-3.5	2.5	-2.1	-3.2	•1.9	-1.5	2.7	-5.7	-5.7
Public Debt/GDP <sup>1</sup>	65.8	79.1	60.5	26.2	48.0	49.4	15.7	47.9	33.1
Real Growth in Loans <sup>2,5</sup>	6.4	-6.0	5.0	110	5.3	4.2	10.6	1.9	10.1
Foreign Debt/GDP <sup>3</sup>	23.5	155.2	22.0	33.3	34.2	70.5	35.5	41.6	49.4
Short Term External Debt/Reserves <sup>3</sup>	11.3	54.5	27.8	44.7	53.4	45.6	19.0	75.4	98.6
Household Debt/GDP 4	-	28.1	8.1	16.3	14.2	34.6	81.2	37.9	19.2
Non-Financial Firm Debt/GDP <sup>4</sup>	-	87.5	45.9	20.3	11.4	41.8	31.0	31.7	45.1
Capital Adequacy Ratio <sup>5</sup>	15.5	16.6	12.6	18.9	15.9	15.7	12.8	14.6	15.9
Equity/Asset <sup>5</sup>	9.3	10.7	7.0	12.7	10.3	9.1	iu	7.7	11.4
Non-performing Loans Ratio <sup>5</sup>	2.9	16.3	4.0	2.1	3.2	5.0	6.5	3.4	2.9
Loans/Deposits <sup>5</sup>	85.0	110.0	89.5	110.2	111.1	115.7	152.9	187.6	119.9

\*Data on Turkey is based on CBT year-end inflation forecast, MTP and BRSA monthly newsletters.

<sup>1</sup> Reflects IMF year-end 2014 forecast.

<sup>2</sup> Calculated based on BIS Q1 2014 loan growth data and IMF year-end inflation forecast.

<sup>3</sup> External debt includes IMF Q2 2014 data. Calculations of short-term foreign debt considers original maturities.

<sup>4</sup> Calculated by dividing BIS Q1 2014 debt data with IMF year-end 2014 GDP forecast

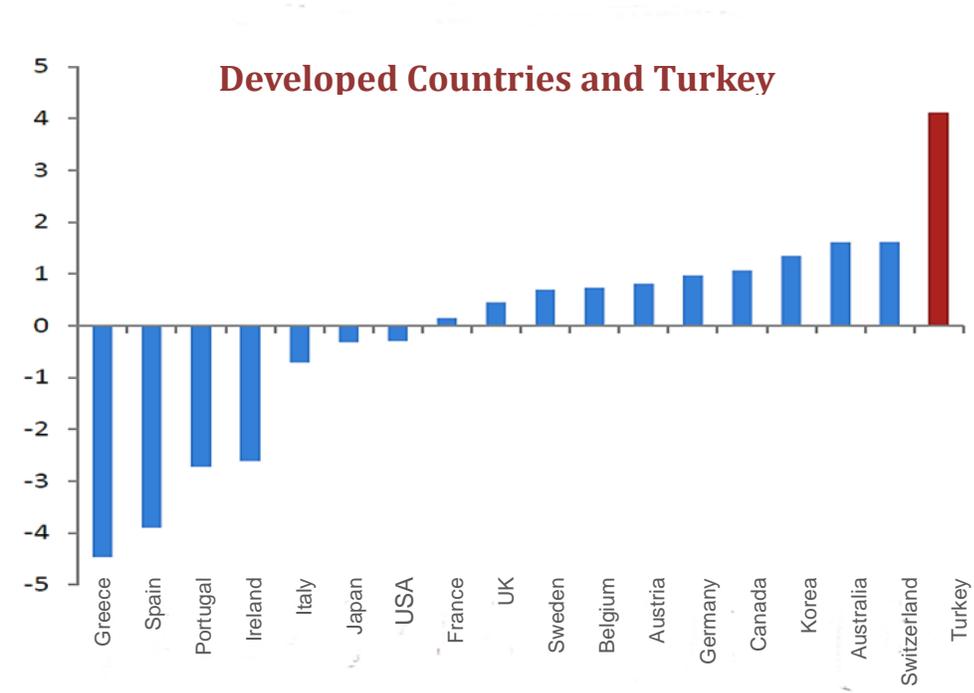
<sup>5</sup> Reflects Q2 2014 banking data. All data from Poland and loan/deposit ratio from Hungary are based on year-end 2013 data. Turkish data is based on Q3 2013 data.

Source: BIS, Country Authorities, IMF

Increasing employment one of the most significant problems faced both by developed and emerging countries especially in the past decade. With the onset of global crisis, this has turned into a social problem that needs to be resolved immediately. Turkey has accomplished considerable success in reducing unemployment when compared to developed and emerging countries.

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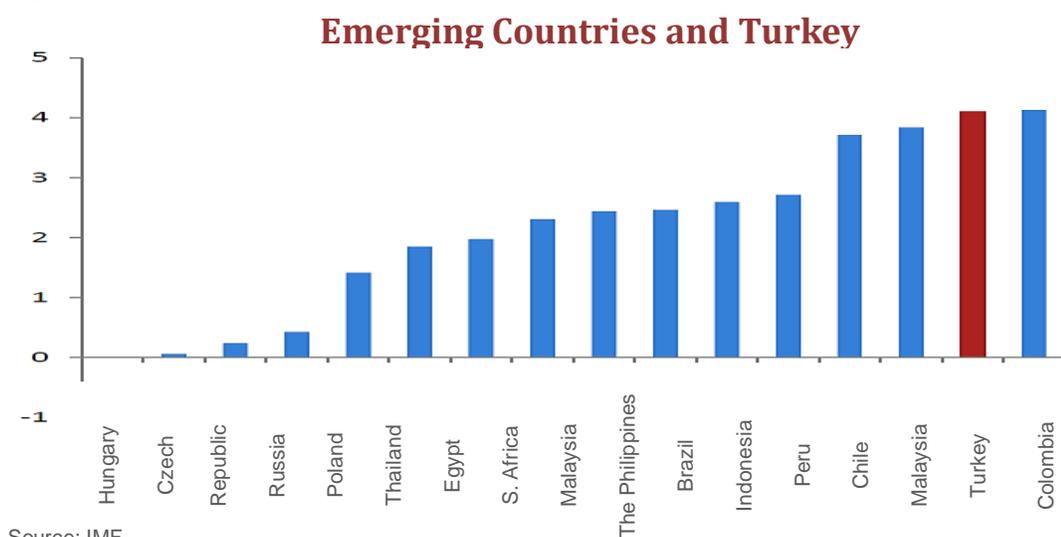
Figure 4. Average Annual Employment Increase Rates (% ,2007-2013 Period)



Source: IMF

The ability to overhaul and recover the economy is faster in emerging countries in comparison to developed economies. The issue these types of economies experience is the failure to preserve stability and the gains made. Among this group of countries, Turkish economy appears stable in terms of increases in employment.

Figure 5. Average Annual Employment Increase Rates (% ,2007-2013 Period)

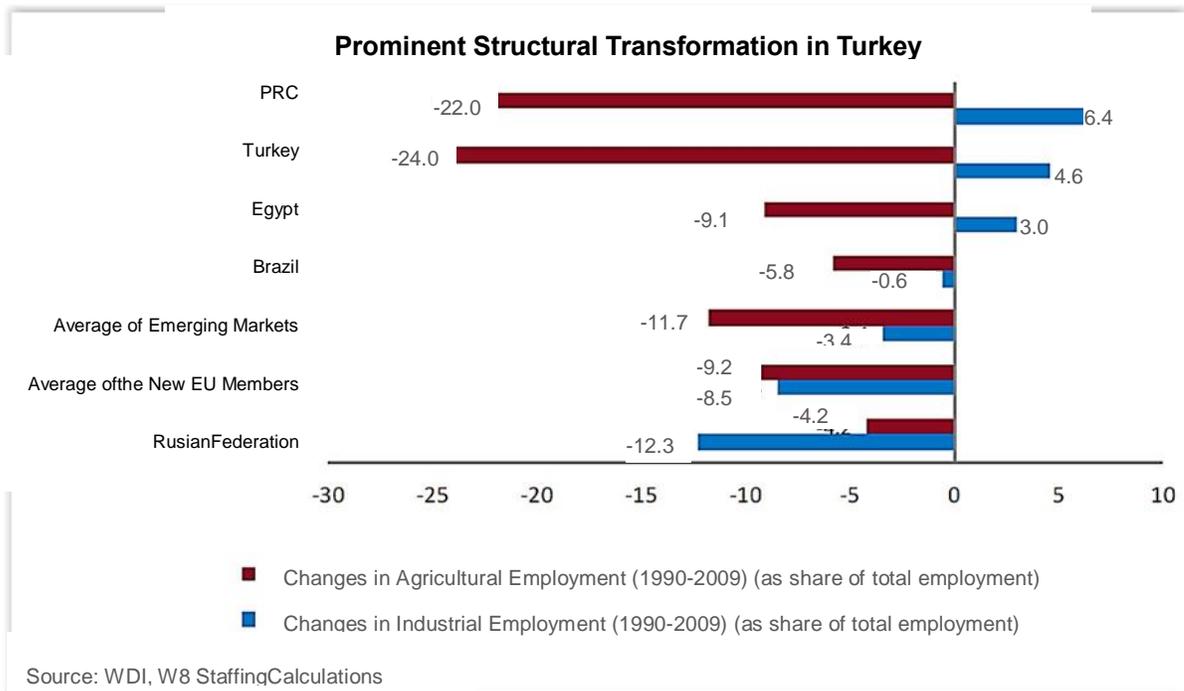


Source: IMF

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Considerable transformation has taken place in employment, not only in terms of ratio and labor force, but also structurally. Industry and services industry replaced the agriculture industry, which accounts for a major portion of employment. Transformation in the industry is especially striking.

Figure 6. Prominent Structural Transformation in Turkey



## 2. Developments Regarding Turkish Economy

In this part, particularly recent developments in Turkish economy as well as projections for 2014 year-end and 2015 will be analyzed in light of important macro variables. The approach that was used was a location-time related method, which is one of the most crucial elements to take into consideration when analyzing economic developments.

The 2001 crisis was a milestone for the Turkish economy. The country had fallen into a deep crisis as a result of decades-long structural problems such as high inflation, unemployment, low growth, high interest and public debt. During a rapid recovery period, the effects of the crisis were significantly removed in a relatively short time, thanks to the post-crisis legal regulations and administrative measures. Improvements were accomplished in debt management especially through public spending and a borrowing discipline, and the results were observed in the shape of growth and a decline in risk premiums.

Fluctuations in the global economy have changed perceptions, which in return has affected the Turkish economy tremendously. Fluctuations in the global economy have changed perceptions, which in return has affected the

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Turkish economy tremendously. Turkey's general economic outlook and indicators have reached a much better state compared to those of many other countries. Much like the economies of similar risk groups, Turkey's economy is also affected by developing trends in the global economy. Proactive actions had to be taken using monetary, economic and fiscal policies in the face of fluctuations and changes, which occurred at different stages of the crisis, in global economies.<sup>8</sup>

As stated in part one, central banks carried out these types of rapid interventions. Just as the central banks of other countries, the CBT, too, follows global developments carefully and uses the tool of monetary policy. Until the Fed's likely decision to leave the monetary expansion policy occurred, the Treasury's annual interest rates were decreased through reduced public debt following budget principles and a balanced growth strategy, and therefore eliminating the cumbersome interest obligation.

Interest (annual nominal) rates peaked at 80 percent right after the crisis and remained steady at times, only to drop to 7.70 percent on December 31, 2014. In May 2013, benchmark interest rate slumped to 4.99 percent, the lowest rate in the history of the republic, and started to rise again following the Fed's announcement of loosening of the monetary expansion. Fluctuation trend continued while losing steam throughout the world in the second half of 2013 and the first half of 2014.

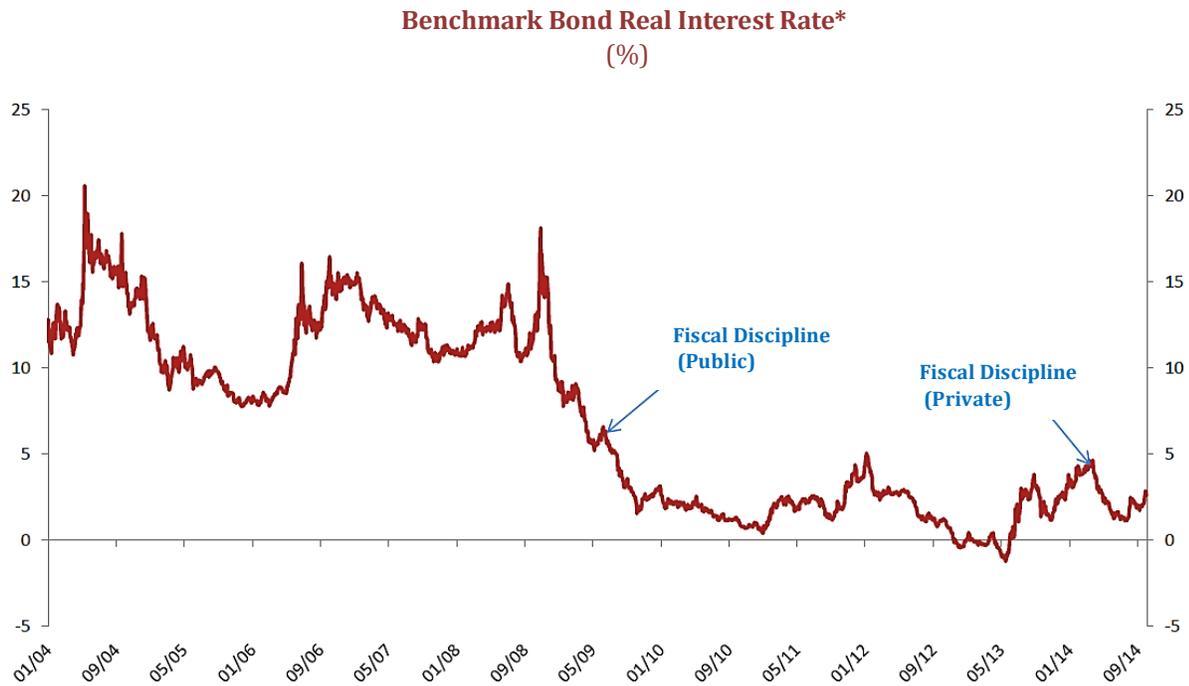
With the objective of mitigating the effects of structural problems, the CBT took a series of steps in the first quarter of 2014, implementing measures, especially regarding foreign currency vulnerability and fast borrowing. The BRSA took part in the process by introducing new regulations on bank loans and credit card spending. In the last quarter of 2014, a downturn began as a result of the measures taken and with the onset of positive developments for the Turkish economy in foreign affairs (i.e. lowering energy costs)

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<sup>8</sup> 2013 Annual Report of Emlak Konut - 2014.p.101

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Figure 7. Change in Benchmark Interest Rates (2004-2014 Period)



\*Real interest rates have been calculated by deducting inflation projections from benchmark bond yields. Inflation projections have been calculated as average expectations over 24 months by using the inflation projections for the 12 months leading to April 2006. For the next period, inflation projections after 12 and 24 months were used. An appropriate average has been used for the inflation projections.

Source: BIST, CBT.

Calculated management of the decline in interest rates is a positive development as it helps demand to reasonably recover and costs to drop. It is safe to say that a similar trend will continue in the first six months of 2015 (barring unexpected developments in internal and external conditions). As a result, a growth rate of a little over targets become more likely.

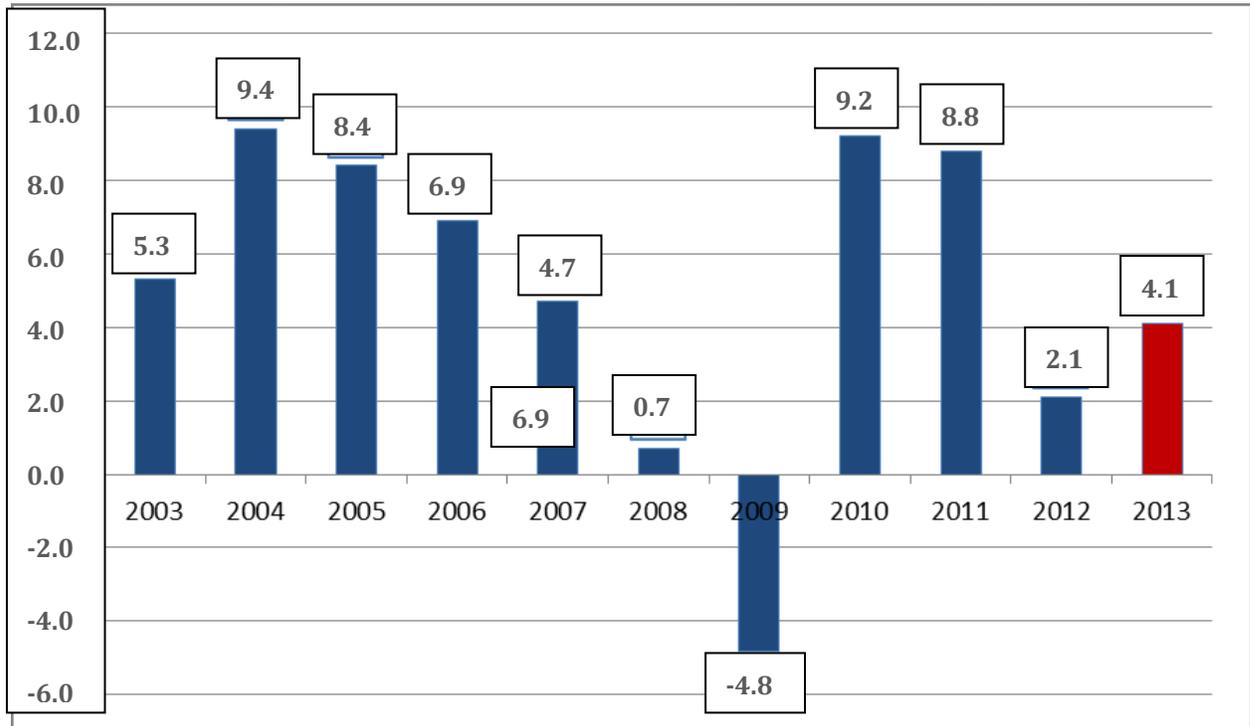
## i. Growth and National Income

The success in sustainable growth is one of the biggest achievements in the Turkish economy. One of the most critical problems in the world is insufficient growth of countries' economies.

Following the crisis, "growth at reasonable levels" has become the most critical issue. Our country is now closely watched in this regard. Up until the 2001 crisis, the Turkish economy had failed to record growth for four consecutive years. Then, it accomplished a great feat by achieving positive growth for six consecutive years from 2002 to 2008. During the 2008 global crisis, it registered negative growth only in 2009, and then managed to recover quickly.

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Figure 8. Turkey's Annual Growth Rates According to TurkStat Data (GDP, %)



Source: Ministry of Economy

Even though Turkey's growth rate has surpassed that of the rest of the world, our country is now gradually restraining the growth momentum through monetary and fiscal policies so as to offset fast growth-related issues and to counterbalance changes in global events. A controlled growth policy is implemented due to growth-related issues such as need for funds, likely rise in general price levels and current account deficit. It is safe to say that a similar phase will continue throughout 2014 and 2015.

Turkey is among the countries that have recovered the fastest from the global economic crisis and that have been affected the least from the recent economic uncertainty. Average annual growth rate for the 2003–2013 period was 5.1 percent. Gross domestic product projection with production method was 33.53 billion Turkish lira with a 1.7 percent rise at fixed prices year-on-year in the third quarter of 2014. Gross domestic product at fixed prices was 93.73 billion Turkish lira with a 2.8 percent increase year-on-year in the first nine months of 2014.<sup>9</sup> GDP has grown by 3.6 times in 12 years (2001-2003). Whereas the Turkish economy ranked 21 among the largest economies in the world at current prices in 2002, it moved up four spots to number 17 in 2013.<sup>10</sup> The expected growth rate for the 2014 year-end has been defined as 3.3 percent in the Medium Term Plan.

<sup>9</sup> TurkStat, 'Gross Domestic Product, III. 3rd Quarter: July-September, 2014' Issue: 16194, December 10, 2014

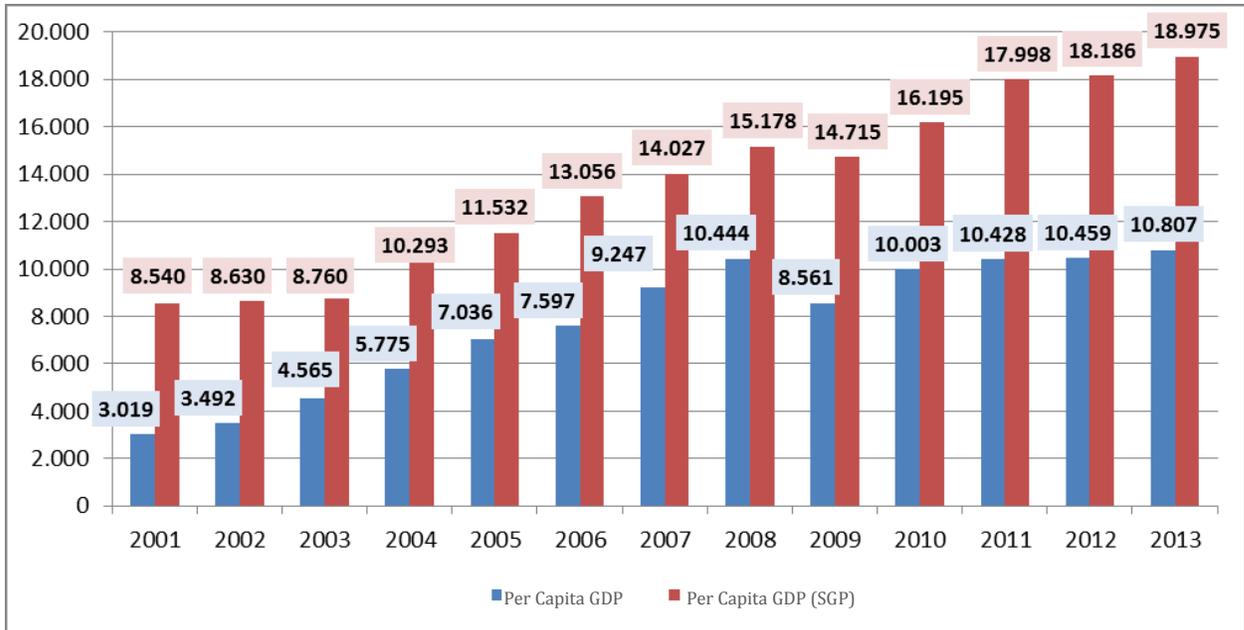
<sup>10</sup>

[http://www.ekonomi.gov.tr/portal/faces/eko/ekonomiInline2?\\_afLoop=456626931730916&\\_afWindowMode=0&\\_afWi](http://www.ekonomi.gov.tr/portal/faces/eko/ekonomiInline2?_afLoop=456626931730916&_afWindowMode=0&_afWi)

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In parallel with growth rates, per capita income and purchasing power parity also improved considerably. Fast growth rate of per capita income between 2003-2008 fluctuated within a narrower margin after 2010. Nevertheless, it did not fall. Rising per capita income boosted consumption and related activities. The rate remained stable between 2010-2013. Efforts to advance per capita income include reshaping the employment structure and tools, and innovation-based production structuring.

Figure 9. Per Capita GDP and Purchasing Power



Source: Value of US Dollar based on TurkStat data, PPP value in US Dollar based on World Bank data

The most decisive issues that will affect the growth-related variables in the second half of 2014 can be summarized as follows. Domestic demand can be boosted somewhat by reducing interest rate cuts and political uncertainty. Despite this recovery projection in domestic demand, there are signs that foreign demand may take a negative turn and in the remaining part of the year, net exports may not be able to support growth as much as they did in the first half of the year. This is due to the fact that European Union economies, Turkey's biggest export market, began to lose momentum once again and that there are ongoing problems in Iraq, Turkey's second biggest export market. At the same time, Turkey's export performance may get a boost since Russia imposes an embargo on the US, the EU, Canada, Norway and Australia for agricultural and food products, and therefore prefers to deal with alternative countries like Turkey. Furthermore, global liquidity conditions and demand from the Eurozone in the coming term are expected to revive following the ECB's move to cut policy interest rates and announcement of a new asset purchase program beginning in October. Accordingly, these key indicators show

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that Turkish economy will close 2014 with a growth rate of over 3 percent after a 3.3 percent growth performance in the first half of the year.

On October 8, 2014, the government, in consideration of global changes and risk elements, announced a revision of the Medium Term Program (MTP) with the objective of mitigating risks related to Turkey and achieving sustainable growth.<sup>11</sup> The latest revision in the MTP aims to balance certain structural risks through a more prudent growth.

Graphic 10. Table 4. Medium Term Plan (Previous and Revised)

Years/Percent (%)	October 2013 MEDIUM-TERM			October 2014 MEDIUM-TERM			
	2014	2015	2016	2014	2015	2016	2017
Growth	4	5	5	3.3	4	5	5
Inflation	5.3	5	5	9.4	6.3	5	5
Current Account Deficit/GDP	6.4	5.9	5.5	5.7	5.4	5.4	5.2
Primary Balance Surplus/GDP	1	1.2	1.3	1.5	1.7	1.8	2
Budget Deficit/GDP	1.9	1.6	1.1	1.4	1.1	0.7	0.3
EU Debt Stock/GDP	33	31	30	33	32	30	28.5

Source: [http://www.kalkinma.gov.tr/Lists/Duyun%20ve%20Haberler/Attachments/628/Orta%20Program%20\(2015-2017\).pdf](http://www.kalkinma.gov.tr/Lists/Duyun%20ve%20Haberler/Attachments/628/Orta%20Program%20(2015-2017).pdf)

## ii. Developments in General Price Levels

The most important indicator that can explain the change in prices is the fluctuations in supply and demand levels. Any variation in the supply and demand relationship either increases or decreases the overall prices. Even though the rise in general price levels (one of the critical structural problems of our country) have largely been taken under control, inflation has increased in the past 24 months as a result of consumption and foreign currency volatility. Key inputs and unprocessed food prices rose considerably due to mediocre harvest in agricultural production caused by drought.

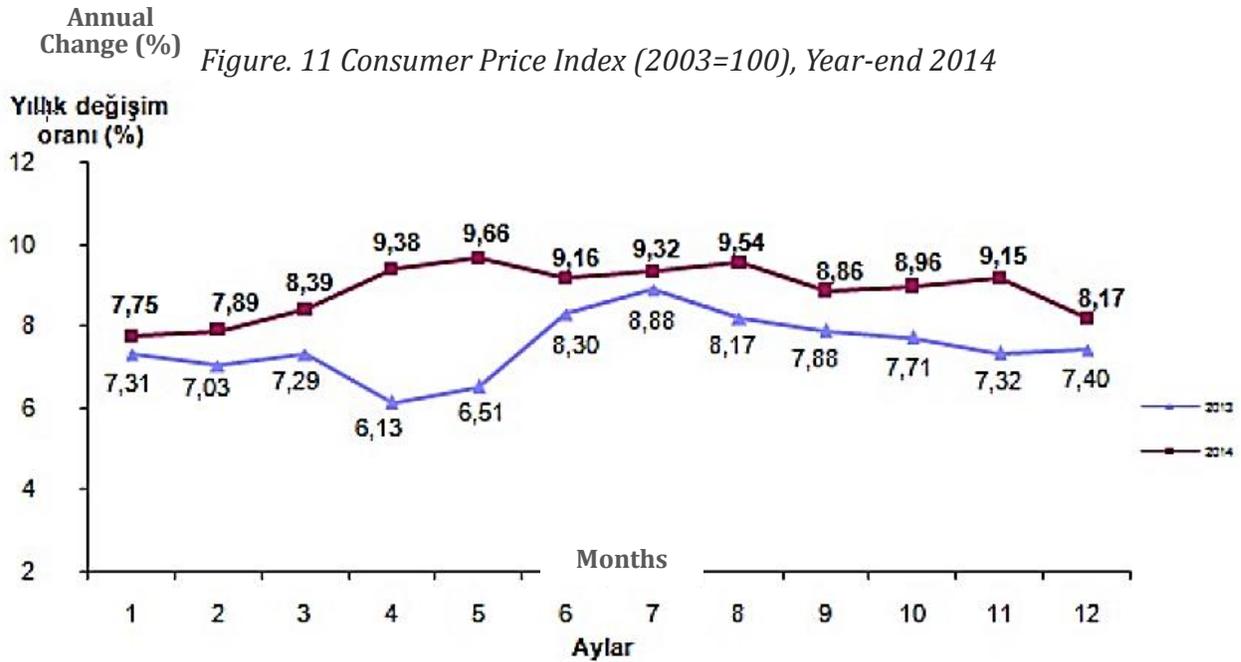
In terms of production in 2014, the decrease in agricultural output due to adverse weather conditions became the main factor in the weakened growth of the GDP. From the spending perspective, moderate domestic demand and reduced exports added to the slow growth of the economic activity. With the adverse effects of the European recession and the geopolitical developments in the neighboring countries on exports, coupled with the decline in

<sup>11</sup> Ali Babacan, October 8, 2014 Press Conference

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imports, it is clear that exports were the largest contributor to the slowdown in the growth rate. The change in the composition of domestic demand has actually increased its contribution to growth.

According to Consumer Price Index (CPI) data announced on January 5, 2015; CPI decreased by 0.44 percent in December 2014 compared to the previous month, by 8.17 percent compared to December 2013 and increase by 8.85 percent on average in 12 months.<sup>12</sup>



Source: TurkStat

Table 5. CPI Rate of Change  
Consumer Price Index Change (2003=100), December 2014

	December 2014	December 2013
Change from previous month (%)	-0.44	0.46
Monthly change at Year End (year-on-year) (%)	8.17	7.40
Monthly change (year-on-year) (%)	8.17	7.40
Change in 12-month Averages (%)	8.85	7.49

Source: TurkStat

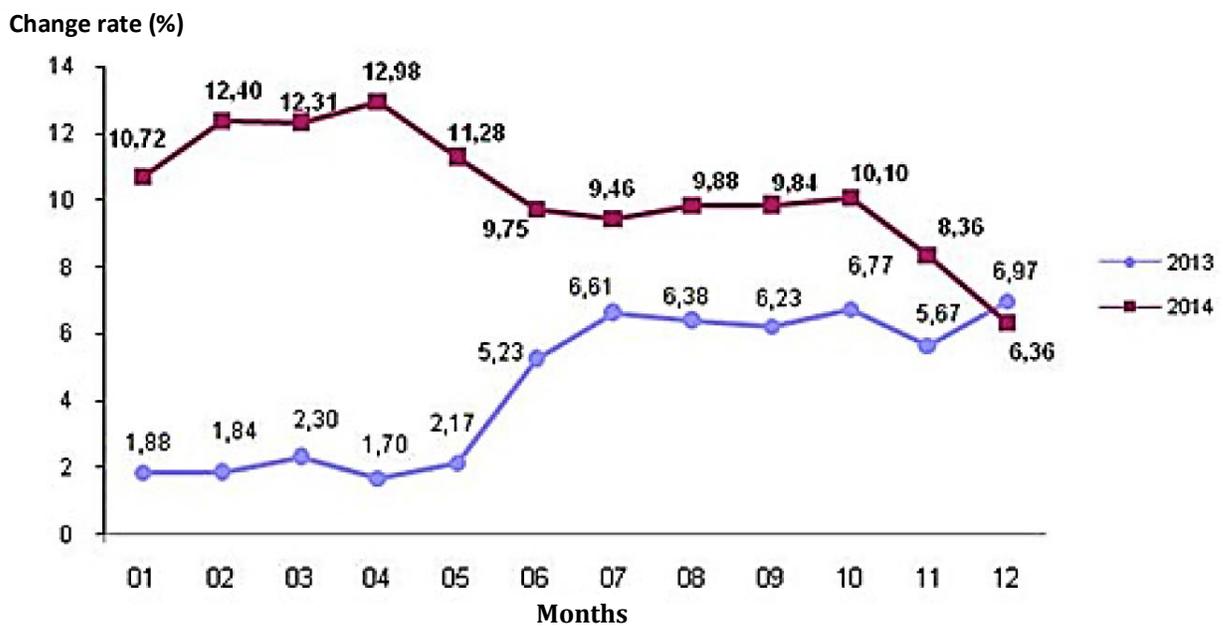
<sup>12</sup> TurkStat 'Bulletin,' 'CPI' Issue: 18527, January 5, 2015, p. 1.

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In our assessment of the Domestic Producer Price Index (D-PPI) in 2014, we can state that the increase in foreign exchange value in year-end 2013, has affected cost. Thanks to the preventive measures implemented in the middle year and the volatility in foreign exchange, the PPI showed favorable results. The cost-reducing effects of the change in oil and gas prices are the main factor that contributed to better producer prices.

The Domestic Producer Price Index (D-PPI) fell by 0.76 percent in December 2014 compared to the previous month, increased by 6.36 percent compared to December 2013, by 10.25 percent on average in 12 months.<sup>13</sup>

Figure 12. D-PPI: Domestic Producer Price Index  
(2003=100), 2013-2014 (Monthly change rates year-on-year)



Source: TurkStat

During several Monetary Policy Committee meetings throughout 2014, the CBT designated reducing the rate of inflation as a priority. The findings it provides below are noteworthy and should be followed up by the investors as well.

November 2014 MPC meeting and final declaration can be summarized with: "In the second half of the year, more support to growth from domestic demand and a modest recovery in economic activity is expected. There is a risk of a downward trend in economic activity resulting from uncertainty in global monetary policies, continuing fluctuations – albeit losing steam – in financial markets and a weak outlook in consumer trust. With this outlook, demand conditions are expected to continue limiting the upward pressure on inflation."<sup>14</sup>

<sup>13</sup> TurkStat 'Bulletin,' 'D-PPI' Issue: 18648, January, 2015, p.1.

<sup>14</sup><http://www.tcmb.gov.tr/wps/wcm/connect/TCMB+TR/TCMB+TR/Main+Menu/Duyurular/Basin/2014/DUY2014-78>

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The MPC meeting, held in January 2015 for the evaluation of 2014, stressed that the seasonally adjusted data pointed to continued improvement in the trend of core inflation. The highlights of the meeting included the following points. Whereas a significant slowdown can be observed in services inflation, the improvement in the trend of goods inflation was limited. Data on the spending indicated that the private sector demand has increased in the last quarter of the year. While the production of consumer goods increased in October and November, their imports have decreased. The manufacturing of machinery and equipment, as an investment indicator, remained stable, but its imports increased. The second half of the year showed strong growth in the sales of cars and light commercial vehicles in the domestic market. The production of minerals, which is related to construction investments, and construction employment observed moderate growth rates. Credit continues to grow modestly. In this context, recovery in domestic demand is expected to continue in the fourth quarter. Whereas the improve in the investment trend points to investment growth in the next period, the weak confidence of the consumers create the downward risk.<sup>15</sup>

While continuing to slacken in durable consumer goods with easing foreign currency pressures, annual inflation maintained an uptrend in other main commodities, in which the effects of volatility is felt slower. Food prices remained as the sub-group with the highest contribution to inflation due to adverse weather conditions and accumulated depreciation in Turkish lira. The main trend in the services industry looked negative with the annual rate of inflation rising in the sub-groups in general, particularly in items with strong ties to food prices.<sup>16</sup>

Aside from the negative outlook in food inflation; especially international oil prices, as well as a mild trend in import prices and the loss of momentum in economic activity reduce the pressure on inflation.

It is expected that the domestic demand will remain stronger than external demand in 2015 as well. The 2014 macro prudential measures that limited consumption are not expected to impose additional limitations in 2015. Furthermore, the continuing improvement in financial conditions and the decrease in inflation, particularly due to decline in oil prices, will have a positive impact on consumer spending in 2015. Not to mention, the moderate recovery in investment trends observed in the last quarter of 2014 indicates that there will be a considerable increase in investment spending in 2015. Based on all these developments, it is projected that the growth in economic activity will be significantly higher compared to the previous year. From the production perspective, the base effects of agricultural production will contribute to growth more in 2015. However, it is expected that exports will remain weak in 2015 due to weak growth of European markets, ongoing geopolitical risks, and reduced revenues in oil exporting counties.<sup>17</sup>

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<sup>15</sup> <http://www.tcmb.gov.tr/wps/wcm/connect/tcmb+tr/tcmb+tr/main+menu/duyurular/basin/2015/duy2015-06>

<sup>16</sup> Report on Financial Stability, CBT, Ankara, November 2014, issue. 19, p. 23

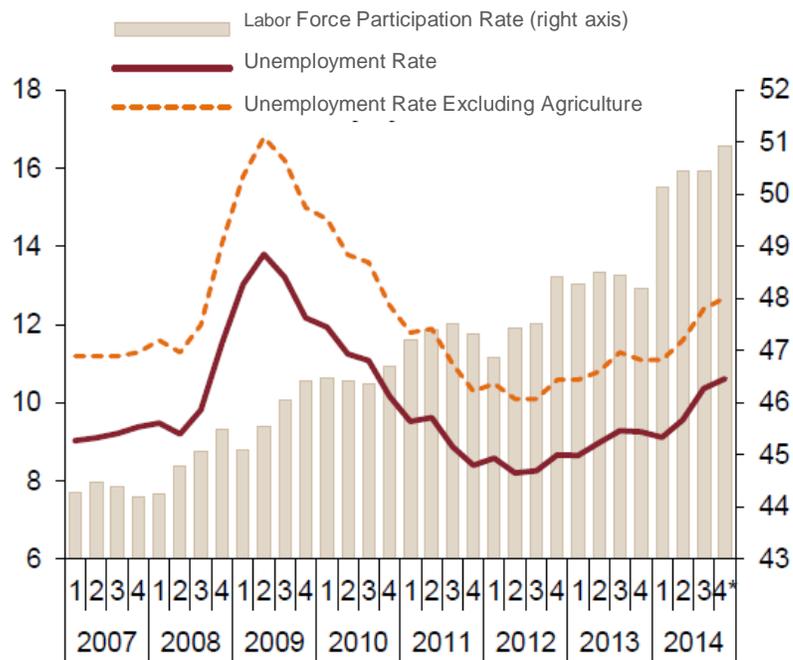
<sup>17</sup> TurkStat, 'Inflation Report 2015-I'. January 2015, p. 41

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## iii. Developments in Employment Market

Creating more jobs and decreasing unemployment are among the most critical issues faced throughout the world. In a number of Western countries, along with growth, employment related problems stand as the major issue in the post-crises period. Our country appears to have made significant gains in the issue of unemployment through employment incentive policies. Still, there may be differentiations in unemployment levels, depending on growth rate fluctuations and future projections.

*Graphic 13. Unemployment Rate*  
(Not Seasonally-Adjusted %)



\*October period

Source: TurkStat

The significant improvement of the Turkish economy between 2002 and 2013 also shows itself in the growth indicators of employment and labor force participation rate.

The economy has created additional employment for about 6 million people since 2009. In one year alone (August 2013-2014) the economy created 1.4 million jobs. In May 2014, there were 26.6 million people employed, breaking the record in country's history. In October 2014, the unemployment rate registered at 10.4 percent, an increase of 1.3 points from the previous year. The labor force was 29,181,000 people with a participation rate of 50 percent in October 2014. The employment rate for the same period was 45.7 percent.<sup>18</sup>

<sup>18</sup> www.ekonomi.gov.tr

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Table 6. Labor Force Statistics

	October 2013	October 2014	Change
<b>Employment (Thousand People)</b>	24.8	26.1	5.5
<b>Labor Force Participation Rate (%)</b>	48.4	51.0	26
<b>Employment Rate (%)</b>	44.0	45.7	1.7
<b>Unemployment Rate (%)</b>	9.1	10.4	1.3

Source: Ministry of Economy

Striking results are revealed when comparing Turkish economy's ability to create jobs to those of the European economies. Accordingly, the seasonally-adjusted unemployment was 11.5 percent in the Eurozone and 10.1 percent in the 28 EU countries in September. Current data puts Turkey in a better position than 12 EU countries. Turkey has the 5th largest workforce in Europe behind Russia, Germany, England and France<sup>19</sup>.

#### iv. Structural Changes in Turkish Economy

Improvements are beginning to show their effects as a result of the measures taken to curb the current account deficit, a problem with the tendency to turn chronic in Turkish economy. A relative drop is seen in susceptibility towards foreign currency vulnerability and foreign fund inflows and outflows.

Table 7. Change in Current Account

	2013	November 2014	January-November 2014
Balance (million \$)	-65,110	-6	-38.7
Annual Change (%)	34.2	33.7	-31.7
Balance Excluding Energy (million \$)	-15,918	-1.7	6.1
Balance/GDP (%)	-7.94	-	-

Source: Ministry of Economy

<sup>19</sup> World Bank (WB) 2012 Data

# ASSESSMENT OF THE RELEVANT ACTIVITY PERIOD

In the first three quarters of 2014, the current account deficit was \$38.7 billion US dollars, less 31.7 percent compared to the previous year. It is expected that the current account deficit to GDP ratio will be less than six percent.

The global drop in the oil and gas prices, which is the main input for raw materials, is the most important edge the current account deficit has. Controlled growth and associated fiscal/monetary policies support the economy in terms of reducing current account deficit and improving the balance of payments.

Another important development occurred in the public finances. By regulating the policy, which was the source of high public debt and budget deficit prior the 2001 crisis, significant gains were made.

*Table 8. Central Administration Budget Deficit*

June - December 2014		
	Million TL	Annual %
Budget Balance	-22,666	22.2
Primary Balance	27,242	-13.4

Source: Ministry of Economy

Countries in strong financial positions have increased stability against fluctuations and crises and higher economic stability. A Maastricht criterion is one of the adopted EU norms in this context.<sup>20</sup>

Based on 2013 data, the budget deficit/GDP ratio of 1.2 percent puts Turkey much ahead of the 21 EU members.

In the light of the basic variables summarized above, the Turkish economy promises high growth potential as a country that has solved its structural problems considerably, especially when taking into account the developments in the global conjuncture. Occasional fluctuations that have been experienced and that may be repeated in the future are not expected to cause changes in the main trend in the long-term. Nevertheless, risk management will become ever more crucial both in macro- and micro-based approaches. It must be remembered that global fluctuations in particular can affect the country's economy, albeit in various levels.

### 3. Impact of Developments on the Industry and Emlak Konut REIC

This section reviews the effects of the aforementioned macro changes on construction and real estate industries, as well as Emlak Konut REIC. The construction industry holds a special place in most countries' economies as it acts as a leverage with the added value and employment opportunities it creates. Today, the concept of "construction" comprises building and related activities, such as maintenance, repair and operations. Nowadays,

<sup>20</sup> Budget deficit/GDP ratio must not be more than 3 percent.

## ASSESSMENT OF THE RELEVANT ACTIVITY PERIOD

construction production is defined not only by building a structure but also by creating environmentally-friendly, socially-responsible, transparent and sustainable production that has a direct effect on society.<sup>21</sup>

Even though Turkish construction industry and its components (sub-sectors) have achieved fast growth in the past 30 years, they have benefited the most from the economic stability following the 2001 crisis. The construction industry accelerated its institutionalization process with the structural transformation it has gone through during that time.

Construction production has made substantial gains not only in the housing industry, which we use daily in our lives, but also in areas that require technical know-how and expertise (i.e. dams, bridges, tunnels) over the years.

Turkish construction and contracting businesses displayed a competitive attitude with sound financial resources and have turned into an industry, bringing in foreign currency into the country with the work they carry out abroad.

The Ministry of Economy data show 42 Turkish companies among the biggest construction companies of the world in 2014. Turkey comes second after China in this area.<sup>22</sup>

Contracting services abroad have created added value through foreign currency inflow, employment, support for exports, technology transfer, machinery and overseas expansion. This becomes even more evident in the Balance of Payments Services Items.

*Table 9. Balance of Payments - Services Balance - Construction Services*

Million US Dollar	2009	2010	2011	2012	2013	January- November 2013	January- November 2014	Change (%)
<b>Construction Services Income</b>	1,090	859	838	1,029	672	629	986	56.7
<b>Construction Services Expenses</b>	0	0	0	0	0	0	0	

Source: CBT

<sup>21</sup> Ergül, Nuray, 'İnşaat Sektöründe Globalleşmenin Etkileri' (Effects of Globalization on the Construction Industry), Vergi Sorunları Dergisi (Tax Issues Magazine), Issue: 227, August 2007

<sup>22</sup> Ministry of Economy, "Economic Outlook" November 2014, p. 39

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Construction and other supporting industries have high levels of interaction not only with each other but also with macro-economic parameters. Therefore, it is important that the analyses should be based on total interactions in the industry with socio-economic elements.

## i. Turkish Construction Industry's Impact on Growth

The construction industry and sub-sector components are among the sectors that are greatly affected by general economic conditions. The industry is susceptible to the economy at varying levels in every country throughout the world. Turkey's construction industry, which is dependent on the national capital to a large extent, has a significant impact on employment and production as it concerns many occupational fields. The industry boasts huge domestic and international experience and potential, functioning as a "locomotive industry" due to its capacity to put in motion over 200 sub-sectors that rely on it and as an "unemployment absorber" due to its ability to provide a high number of jobs.

The construction industry plays an important role in economic growth, and there is a significant correlation between the construction industry and GDP (growth) rates. The fast decline experienced after the 2001 crisis in Turkey significantly affected both the industry and GDP. A similar situation was true during the aftermath of the 2008 global crisis. Nevertheless, it must be noted that along with the GDP, a very swift and sharp recovery occurred. The strength of the incline shrunk during the improvement period following the fast recovery of 2010 as a result of balancing policies that were implemented for 2013 and later.

*Graphic 14. Share of Construction in GDP*  
(2013–2014 Third Quarter)



Source: TurkStat

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The third quarter 2014 decline of the share of construction industry in GDP is the typical result of the slowdown of home sales in the first half of 2014 (compared to 2013) and the stagnation of investments in the construction industry. However, with the increased demand in homes since August 2014 and the increase in sales due to heightened interest of the foreign investors, it will not be a surprise to see the construction industry's share in the GDP will be five percent or more the last quarter of 2014.<sup>23</sup>

*Graphic 15. Share of Construction in GDP at Current Prices  
(2013–2014 Third Quarter)*



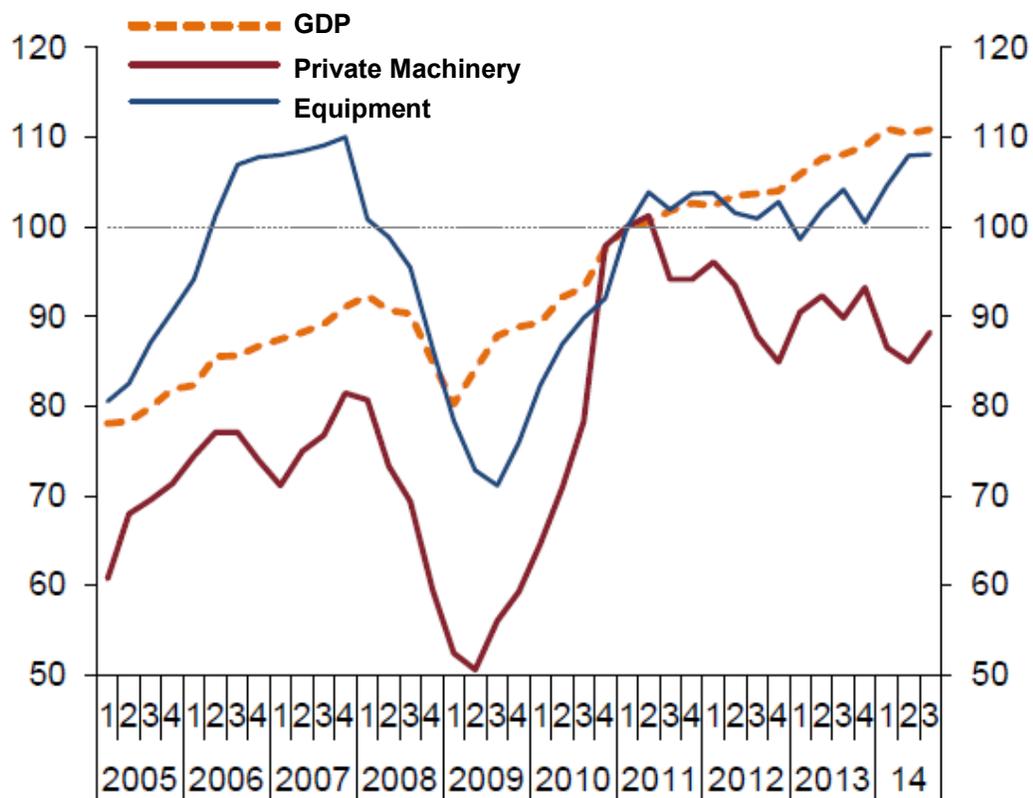
Source: TurkStat

Private sector investments, which have been considerably weak for some time, have started showing signs of recovery. Indeed, special machinery and equipment investments increased in the third quarter while construction investments remained flat. In addition to the recovery in the private sector in the third quarter, public sector also showed an increase in consumption-based spending. Thus, the domestic demand components registered growth in the third quarter.

<sup>23</sup> TurkStat will disclose the official GDP and industry-specific growth rates on March 31, 2015.

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Graphic 16. Private Sector Investments and GDP



Source: TurkStat

The fourth quarter data indicates that the domestic demand is recovering moderately. While the production of consumer goods increased in October and November,

their imports have decreased. The increase in construction employment and central management budget regulations are indicators of the growth in construction investments and public consumption in the last quarter. In conclusion, recovery in domestic demand is expected to continue in the fourth quarter.<sup>24</sup>

## ii. Turkish Construction Industry's Impact on Employment

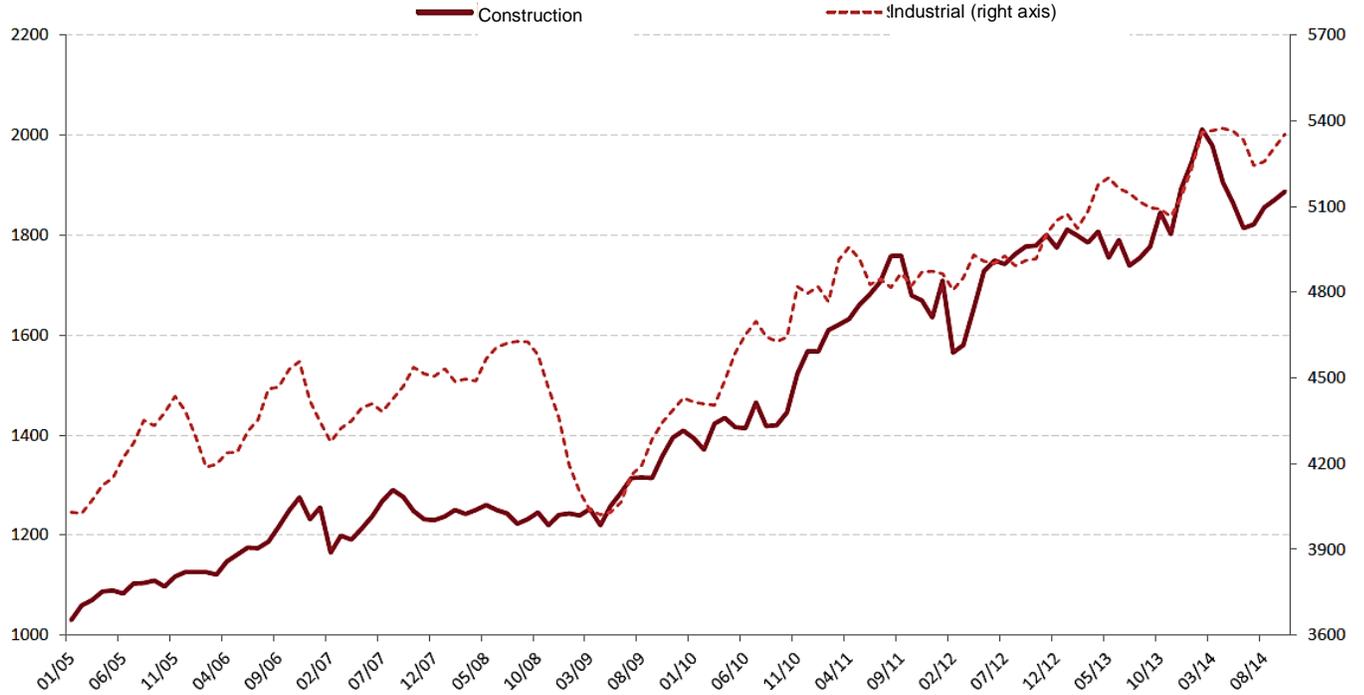
Rate of unemployment went up as a result of declining economic growth between 2012-2013. In parallel with positive developments in demand, falling energy costs and an upturn, especially in the construction industry as of the second half of 2014, there is a higher possibility of a decrease in unemployment compared to previous periods. The construction industry and its sub-component will continue to be the most important elements of employment. The industrial industry displays a similar trend to that of the construction industry, and it can be said their makeup benefits each other.

<sup>24</sup> TurkStat, 'Inflation Report 2015-I'. January 2015, p. 45

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Graphic 17. Employment in the Construction and Industrial Industries  
(August 2005-2014)

(Thousand Persons)



Source: TurkStat Household Labor Force Survey, CBT.

Latest Data: October 2014

A one billion-Turkish lira spending increase in the construction industry will create jobs for nearly 48,000 people. Of this figure, over 60 percent will be allocated directly to the construction industry. Other sectors benefiting will be: commerce (11 percent), other non-metal manufacturing industry, metal products (4.5 percent), agriculture (2.9 percent) and transportation (2.3 percent).<sup>25</sup>

In fact, industrial and construction industries are complementary business lines that interact and influence each other with similar processes such as employment and growth. Based on TurkStat data, the construction industry contributed 5.8 percent to the economy's growth rate between 2011 and 2013. Also in 2013, the construction industry accounted for seven percent of employment – a significant contribution to reducing unemployment.

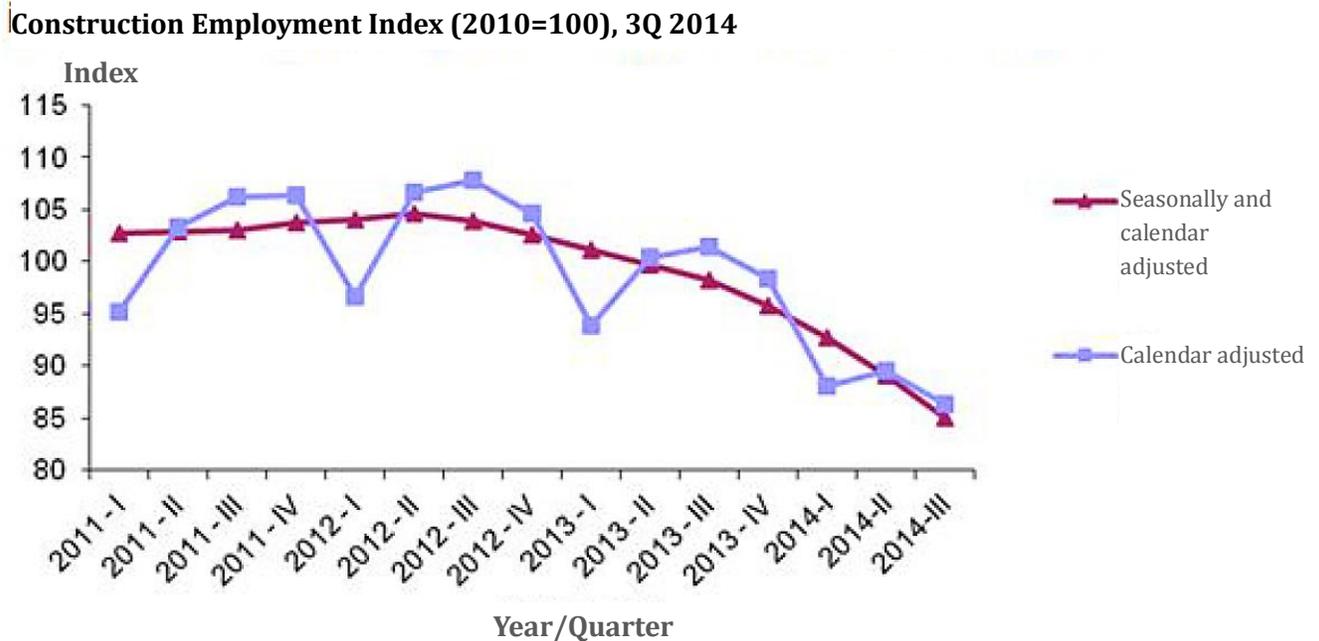
The industry-specific dynamics can be understood better by analyzing the construction industry's employment characteristics and related developments. It must be remembered that the industry's certain operations involve specific work conditions, and therefore require technologically more advanced equipment, but with less number of technical workers.

<sup>25</sup> Günlük (Diary). G-Şenesen, Kaya.T, Şenesen. Ü, 'Ekonomi Dergisi', Vol. 2 No. 3 - September 2013. p. 33.

# ASSESSMENT OF THE RELEVANT ACTIVITY PERIOD

According to the "Construction Labor Force Turnover Index" data published by TurkStat<sup>26</sup>, seasonally and calendar adjusted Construction Hours Worked Index fell by 4.5 percent in the third quarter of 2014 year-on-year. Meanwhile, calendar adjusted Construction Production Index fell by 14.9 percent when compared to the same quarter of the previous year.

*Graphic 18. Construction Industry Employment Index*



Source: TurkStat

It is expected that the increase in homes sales and the dynamism of the last quarter of 2014 will be reflected in employment rates.<sup>27</sup>

### iii. Analysis in Terms of Population and Components (Such as Urbanization)

A population's composition and resulting migration, urbanization and shares obtained from factor incomes (i.e. agriculture, industry and services) create conditions that hinge on change; these socially-critical factors have an immense effect on the economy. Furthermore, these types of issues need to be analyzed from "the process of making an investment decision" to the "feasibility" stages.

Economies are directly affected by the compositional characteristics of their populations. Turkey's young and dynamic demographic can have a positive effect on the economy. Demographic characteristics are vitally

<sup>26</sup> TurkStat, "Construction Labor Turnover Index, Quarter: July-September 2014, Issue: 16047, November 28, 2014

<sup>27</sup> The fourth quarter data will be released at the end of February 2015.

## ASSESSMENT OF THE RELEVANT ACTIVITY PERIOD

important especially for consumption-based sectors, and they are among the most critical elements in increasing sales in the real estate, white and brown goods sectors.

These characteristics have an effect on the decision-making processes of investors in the real estate industry, and Turkey's potential is apparent in this regard.

As of December 31, 2014, Turkey's population was 77,695,904. The population of Turkey increased by 1,028,040 on a year-on-year basis in 2014. Whereas the male population (38,984,302) accounted for 50.2 percent of the population, the female population (38,711,602) came in at 49.8 percent.<sup>28</sup>

In addition to the population growth, the continued migration from rural areas to major cities is contributing to the urban population increase. The ratio of the city (province and district centers) dwellers increased to 91.8 percent in 2014, from 91.3 percent in 2013. The ratio of people living in towns and villages was as 8.2 percent. The resident population of Istanbul increased 1.5 percent from the previous year. Istanbul, where 18.5 percent of Turkey's population lives, maintained its status as the most populated province (pop. 14,377,018). This is followed by Ankara with 6.6 percent (pop. 5,150,072), Izmir with 5.3 percent (pop. 4,113,072), Bursa with 3.6 percent (pop. 2,787,539) and Antalya with 2.9 percent (pop. 2,222,562).

The population density (number of people per square kilometer) also increased by one to 101 persons. With 2,767 people, Istanbul has the highest population density. It is followed by Kocaeli with 477 people, Izmir with 342 people, Gaziantep with 277 people and Bursa (including Yalova) with 267 people.

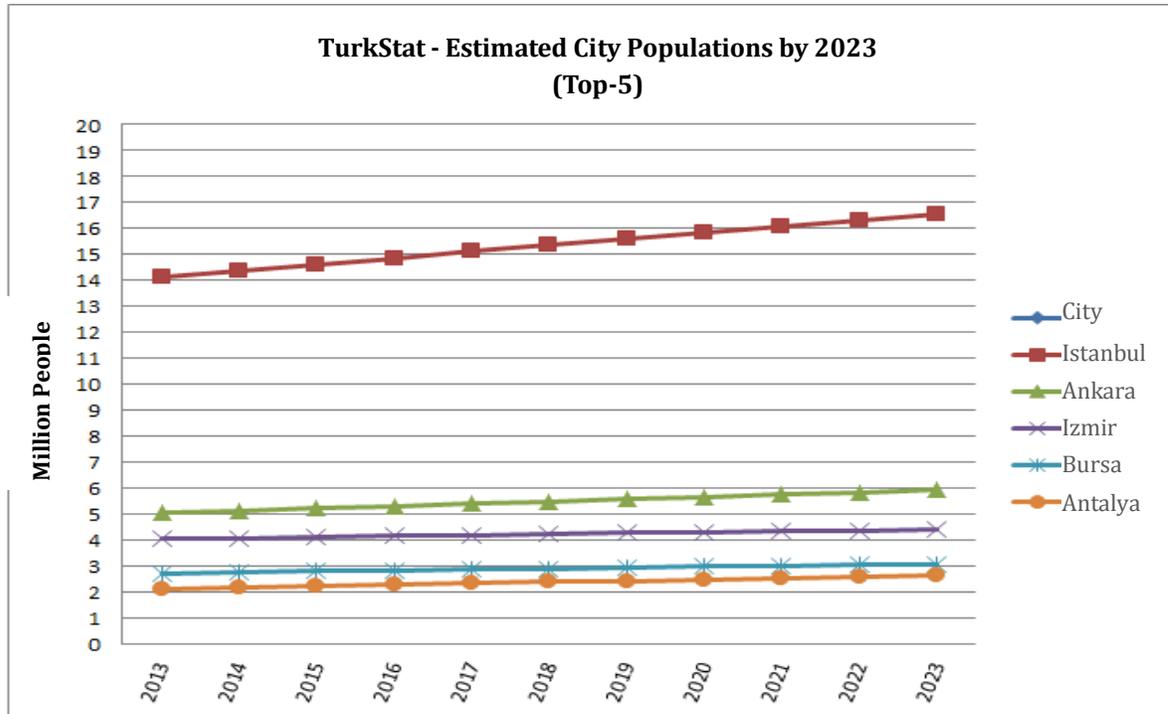
Population growth rate, rural-urban migration, increased population density and young demographics are important variables for the economy. From the construction and housing perspective, these variables form a "natural" demand, which is especially evident in the five major cities (Istanbul, Ankara, Izmir, Bursa, and Antalya).

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<sup>28</sup> TurkStat, "Address-Based Population Registration System Results", Issue: 18616, January 28, 2015

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Graphic 19. Population Projection in the Five Big Cities (Istanbul-Ankara-Izmir-Bursa-Antalya) (TurkStat)



## iv. Construction Industry and Housing Sales Indicators

This section analyzes the important indicators of the construction industry and home sale trends. In Turkey, construction turnover index is an indicator that provides information about the trends and tendencies in homes sales.

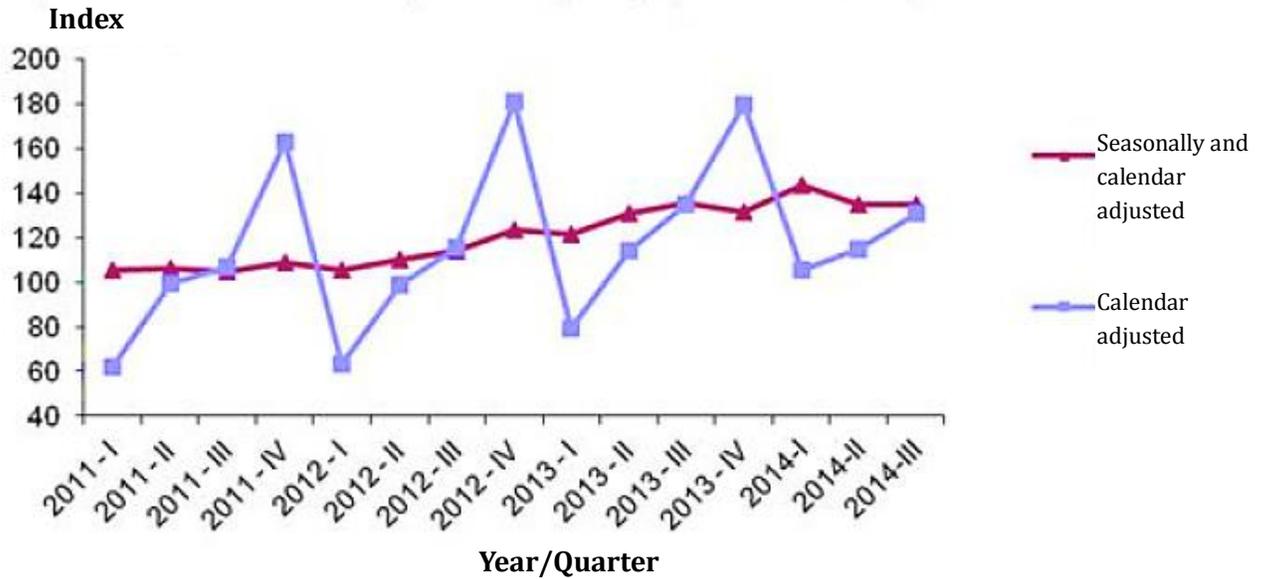
TurkStat data shows that the seasonally- and calendar-adjusted Construction Turnover Index remained the same in the third quarter 2014. Meanwhile, the seasonally-adjusted Construction Turnover Index decreased by 2.7 percent when compared to the same quarter of the previous year.<sup>29</sup>

<sup>29</sup> TurkStat, 'News Bulletin - Construction Turnover and Production Indices', Issue: 16043, December 16, 2014

# ASSESSMENT OF THE RELEVANT ACTIVITY PERIOD

Graphic 20. Construction Industry Turnover Index  
(Third Quarter 2014)

## Construction Turnover Index (2010=100), 3Q 2014



Source: TurkStat

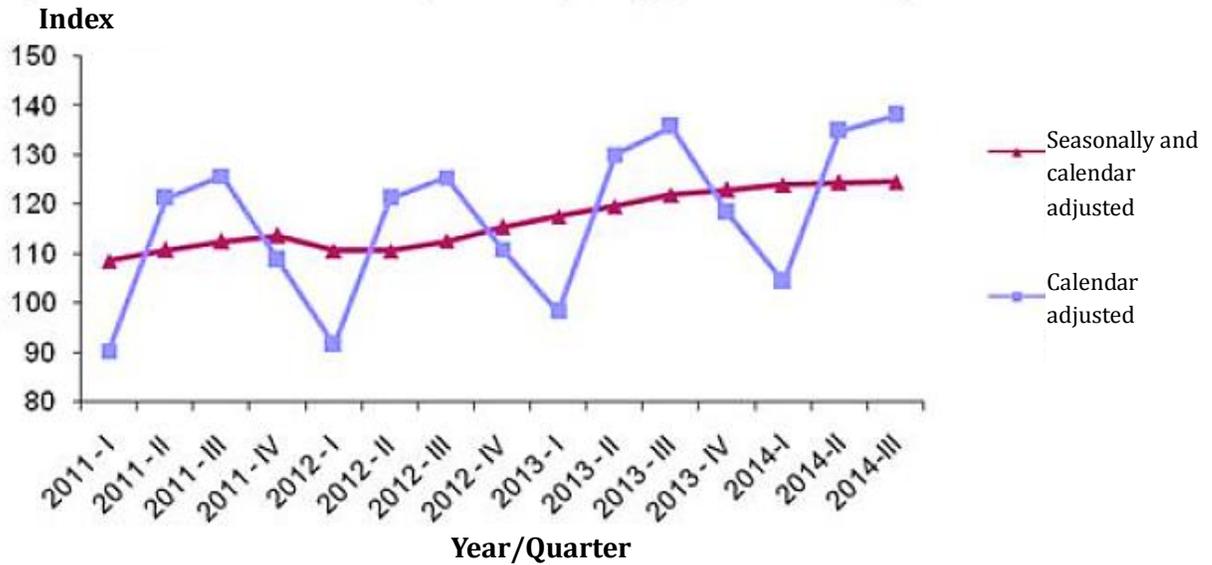
TurkStat data shows that the seasonally- and calendar-adjusted Construction Production Index rose by 0.1 percent in the third quarter 2014. Meanwhile, the seasonally-adjusted Construction Production Index increased by 1.7 percent when compared to the same quarter of the previous year.

The construction production index is another indicator. The index explains trends in construction production and is critical in terms of reflecting the producers' views and expectations regarding the market. Producers will cut production if they feel they will not be able to sell their items. However, the construction industry has its own dynamics - it isn't possible to stop production once it has begun. Therefore, in some regions the production process may continue despite lagging sales.

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Graphic 21. Construction Industry Production Index  
(Third Quarter 2014)

## Construction Production Index (2010=100), 3Q 2014



Source: TurkStat

Since the turnover and production indices's do not reflect the home sales, and their results, of the fourth quarter, the next TurkStat analyses will show the recovery and the improvement much better.<sup>30</sup>

With a 0.7 percent increase from 2013, a record 1,165,381 homes were sold in across Turkey in 2014.

Istanbul took the biggest share in home sales with 225,454 (19.3 percent) houses sold in 2014. Ankara and Izmir followed with home sales of 131,825 (11.3%) and 71,779 (6.2%), respectively. <sup>31</sup> Of the total sales in Turkey, 389,689 homes were sold by mortgage and the remaining 775,692 by other means.

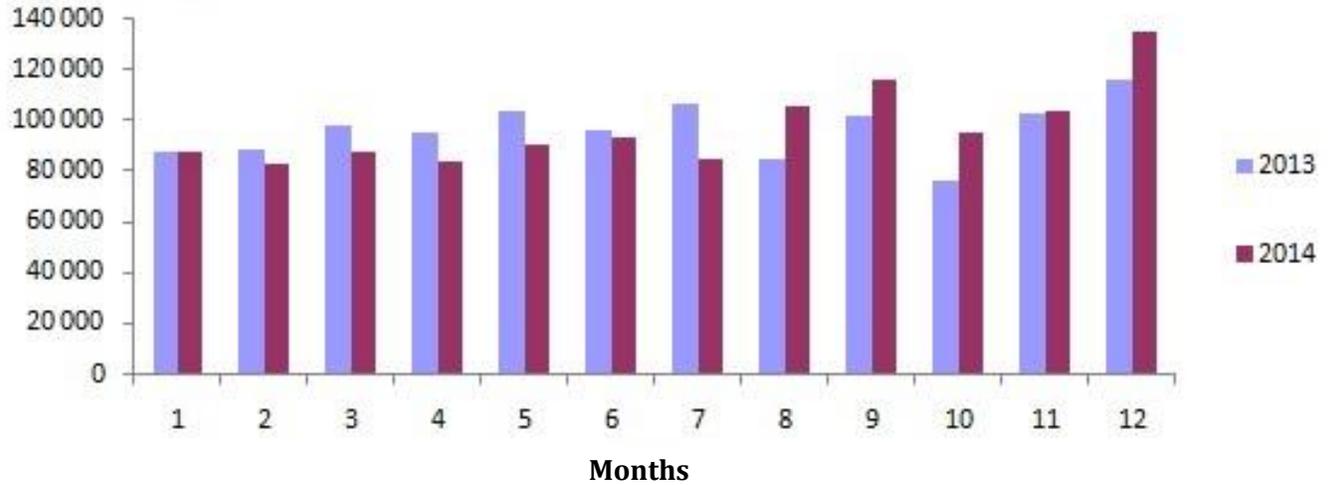
<sup>30</sup> TurkStat will release the turnover and production indices that include fourth quarter 2014 data on April 6, 2015.

<sup>31</sup> TurkStat, 'News Bulletin - Home Sales Statistics' Issue: 18551, Hanuary 23, 2015

# ASSESSMENT OF THE RELEVANT ACTIVITY PERIOD

Graphic 22. Number of Homes Sold  
(2013-2104)

## Number of home sales



Source: TurkStat

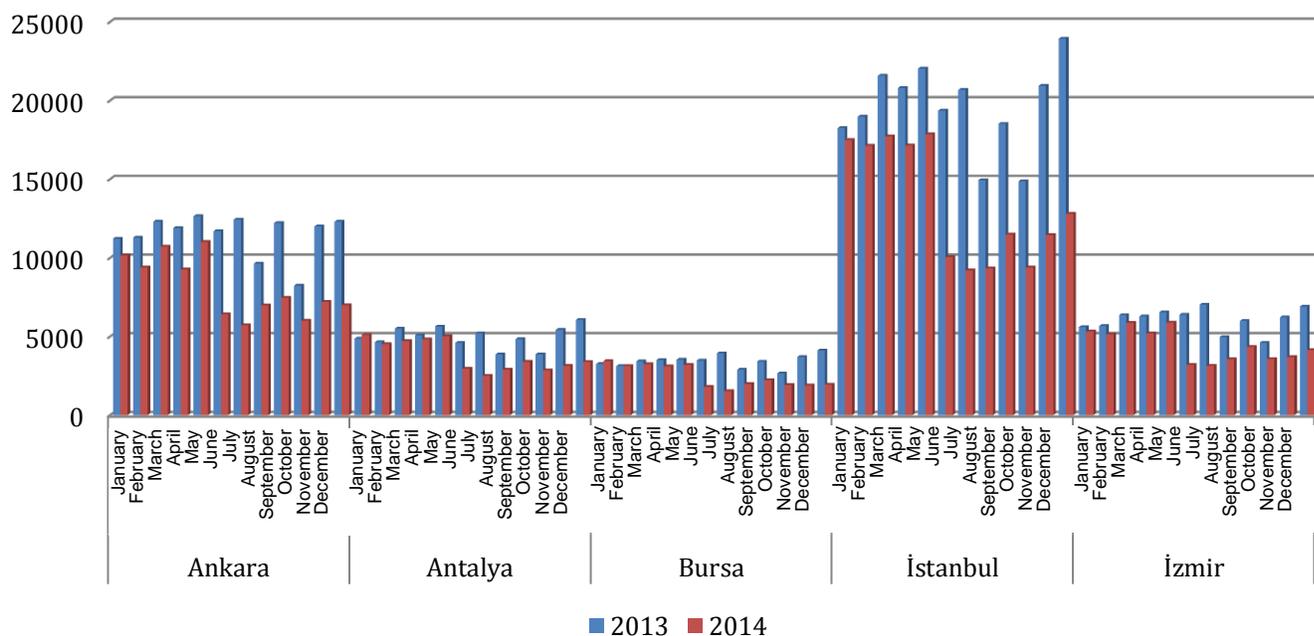
Due to global fluctuations and the two domestic elections in Turkey in 2014, the total sales figure in the first eight months of the year remained less than the 2013 sales figures. The decline in uncertainties released the deferred demand, which boosted the sales. It is important to note that as of August 2014, the company has sold more homes than in all of 2013. In addition, it is quite remarkable that the 2014 year-end total number of sales will surpass that of 2013.

Pre-owned home sales are another crucial indicator in home sales. It must be remembered that demand is better in housing markets with high liquidity in pre-owned home sales.

A review of the first seven months of 2014 demonstrates that home sales in the five big cities are maintaining sufficient vitality (even though a slight decline was experienced). However, as of August home sales showed a very rapid growth that also exceeded market expectations.

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Graphic 23. Pre-Owned Home Sales in Five Big Cities



Source: TurkStat

Sales types are also important elements of the Housing Market. Mortgagee sales must be monitored for the relevance of the financial system and its effects on homes sales. Other sales are those in which real estate investment trusts, construction companies and contractors sell homes via their own financing systems. The top two factors that change the balance between the two sales methods are interest rates and a strong demand.

In 2013, 1,157,190 homes were sold in Turkey. Of these, 460,112 were mortgage sales and the remaining 697,078 were other sales.

In 2014, 1,165,381 homes were sold in Turkey. Of these, 389,689 were mortgage sales and the remaining 775,69 were other sales. The reason for decrease in mortgage sales and increase in other type of sales is the fluctuations in home loan interest rates and foreign exchange. The similar situation is also valid for the three cities where the housing and real estate markets are intensely active.

Table 10. Housing Unit Sales in Three Big Cities Based on the Type of Sale

	Sales Total 2013	Mortgage	Other	Sales Total 2014	Mortgage	Other
<b>Istanbul</b>	234,789	106,977	127,812	225,454	87,757	137,697
<b>Ankara</b>	137,773	61,994	75,779	131,825	49,915	81,910
<b>Izmir</b>	72,421	32,207	40,214	71,779	26,648	45,131

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Source: TurkStat

With the amendment to Land Registry and Cadastre Law No. 6302 in May 2012, foreign nationals were given the right to purchase and own property in Turkey. Following the first tangible result in 2013, the foreign national interests in properties in Turkey have increased over the past year.

Based on TurkStat data; in 2014, 18,959 homes were sold to foreign nationals across Turkey. The top four cities where foreign nationals bought homes the most are Antalya (6,542 homes), Istanbul (5,880 homes), Aydın (1,191 homes) and Muğla (1,051homes).

*Table 11. Number of Homes Sold to Foreign Nationals*

	January- December 2013	January- December 2014
<b>Total</b>	<b>12,181</b>	<b>18,959</b>
<b>Istanbul</b>	2,447	5,580
<b>Antalya</b>	5,548	6,542
<b>Yalova</b>	284	765
<b>Bursa</b>	375	954
<b>Mersin</b>	545	783
<b>Sakarya</b>	103	512
<b>Aydın</b>	1,112	1,191
<b>Muğla</b>	1,053	1,051
<b>Ankara</b>	175	369
<b>Trabzon</b>	56	225
<b>Other</b>	483	987

Source: TurkStat

## **v. Interest Rate Effect on Construction and Housing Industries**

The real estate industry in Turkey continues to perform the task of providing "housing at certain standards" as well as functioning as an "investment tool." Bank loans and related interest rates are the crucial external sources that enable home purchases with a certain maturity date.

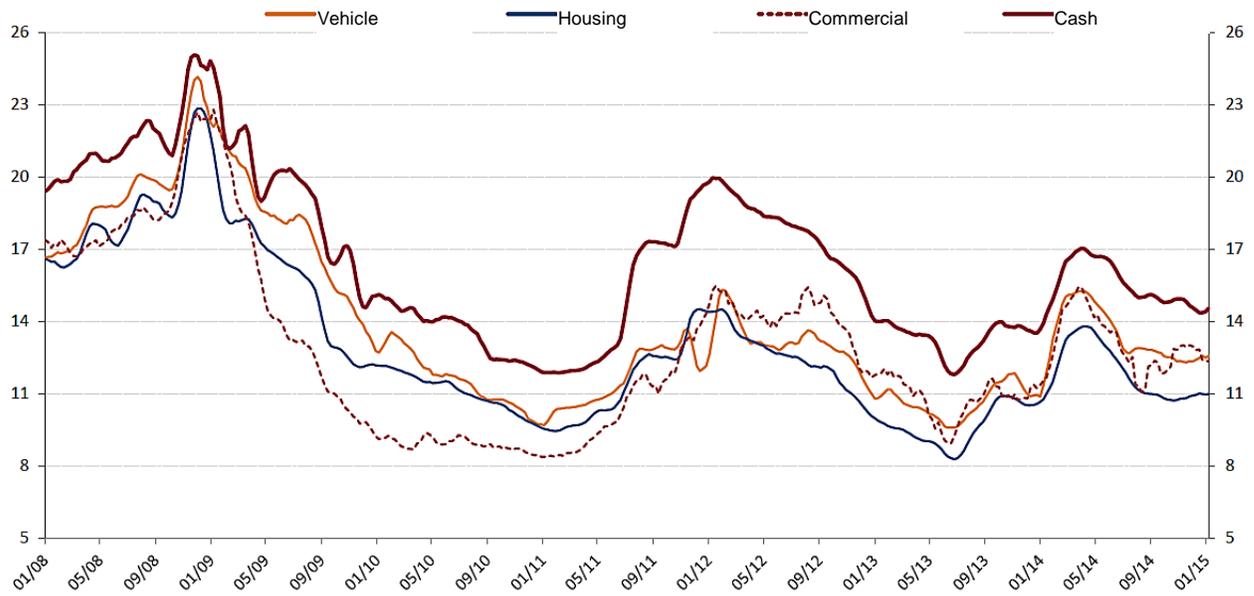
The "interest variable" is a factor that affects the resource costs of construction companies by creating as much, or even more, demand fluctuations as it does in all sectors. This variable is critical in terms of sales and all related parameters.

Following the 2001 crisis, a rapid decline in interest rates created significant growth in demand and brought down operating costs.

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Changes in mortgage rates determine the demand to buy homes: for example, a drop in mortgage rates would spur demand. A positive relationship exists between mortgage rates, the home ownership growth rate, and the number of homes sold.<sup>32</sup>

*Graphic 24. Home Loan Rates*  
**(Trend Data, Annual Interest Rates, Percentage  
 4-Week Moving Average)**



Source: CBT.

Latest Data: January 9, 2015

A growth trend was experienced in parallel with the Fed announcements and rising domestic risk perception. This followed the May 2002-2013 period, in which both real and nominal interest rates plummeted in Turkey. This process caused loan interest rates and all other interest types to increase (in Turkish lira). Then with the US dollar gaining value fast, the central banks around the world used more stimulus measures as stopgaps against their fragilities over foreign exchange. In particular, they rapidly raised the interest rates. Trying to protect balances such as interest, exchange, growth and employment, the CBT also kept the interest rates high until the last quarter of 2014. Then, it rolled out a gradual interest rate reduction based on internal factors as well as global trends.

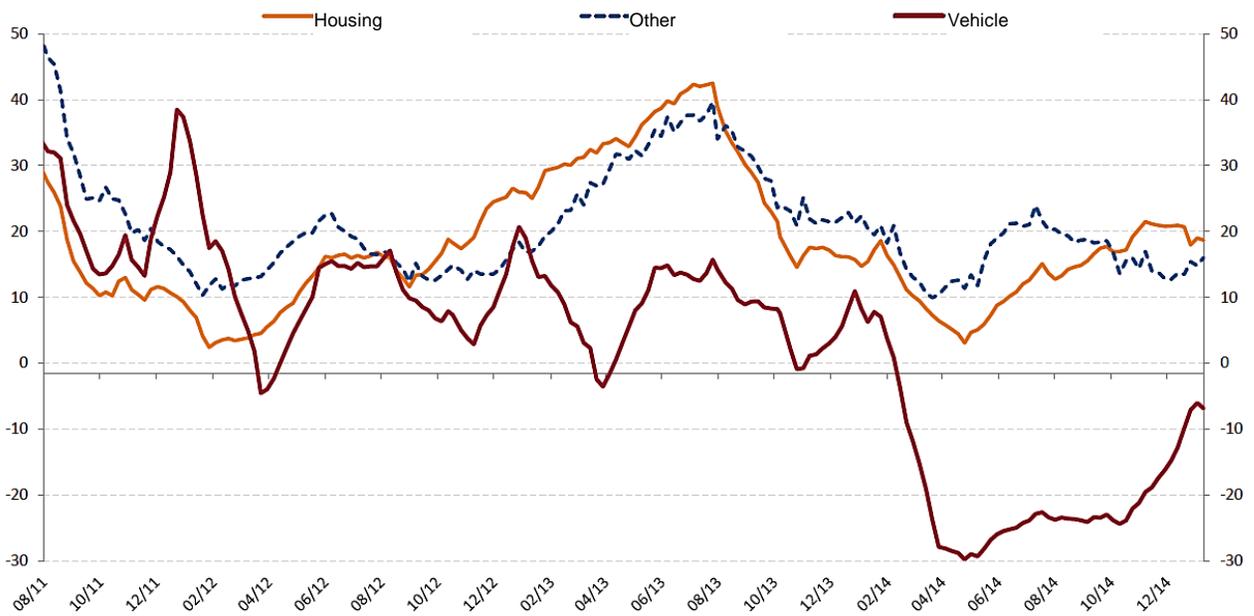
The most critical extension of the change in interest rates are households' saving and spending trends. In 2014, after a long interval, household liabilities climbed moderately in comparison to their financial assets, and the liability/asset balance improved gradually to decrease to 2012 levels.

<sup>32</sup> Kaya, Asli.a.g.e. p.16

# ASSESSMENT OF THE RELEVANT ACTIVITY PERIOD

In the second half of 2014, the declining interest rates and improvements on expectations in general led the increase in credit demand, primarily for home and vehicle loans. On the other hand, the relative decline in consumer loans may be considered as the result of macroprudential measures. With the expectation that the interest rates will be lowered during the first half of 2015 and the gradual rate cuts by the CBT is very crucial to the construction industry.

*Graphic 25. Changes in Consumer Loans  
(13-Week Annual Moving Average<sup>+</sup>, Percent)*



Source: CBT.

\*Weekly growth rate is calculated from credit stock values. 13-Week moving average of these rates is multiplied with 52 to annualize the moving average.

\*Total banking industry (Including participation banks, Excluding TGA)

Latest Data: January 16, 2015

## vi. Changes in Home Prices

A home is not only a factor of wealth: it is also one of the most significant determinants in the cost of living for the household. The price of a home represents a different value than simply the total of the housing services it provides.<sup>33</sup>

The construction industry, and in its core, the housing sector, acts as a barometer of the economy. As a result, price-related changes can be crucial with regards to macroeconomic decision-making processes.

<sup>33</sup> Büyükduman, Ahmet, "Bir Kent Efsanesi, Konut Balonu" (An Urban Myth, Housing Balloon), Scala Publishing, Istanbul. 2014, p.102

# ASSESSMENT OF THE RELEVANT ACTIVITY PERIOD

Moreover, a home continues to be a traditional, reliable and sound investment tool in Turkey. Housing demand from many middle-income people can be maintained by achieving increased national income, more improvement in income distribution, good management of expectations and effective general risk management.

Price is the first aspect considered by those in the housing business. Indexing is one of the best methods for monitoring price changes in housing, or more precisely, asset prices.

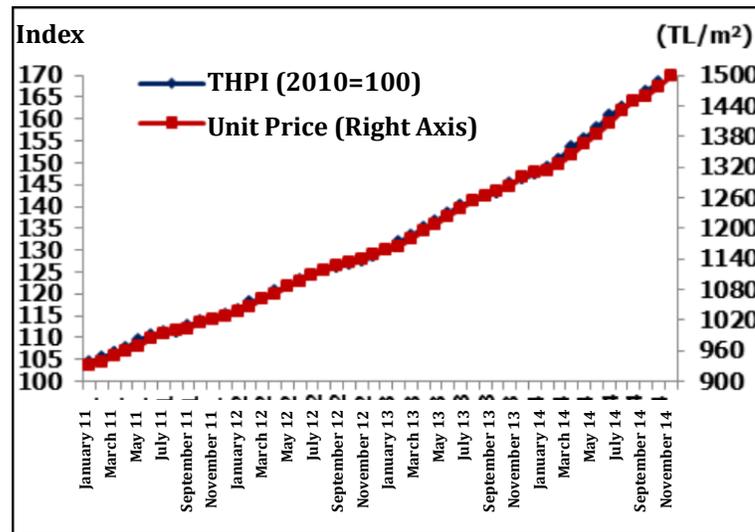
In our country, data on housing pricing or changes is unfortunately not at the desired level. A growing market, and as a consequence, rising interest in the market make it necessary to keep track of more pricing data.

Since 2010, the CBT filled a crucial gap by establishing two indexes regarding housing prices in Turkey. These are the "Turkey Housing Price Index" and the "Turkey New Housing Price Index."<sup>34</sup>

Since houses are not a "homogeneous" asset, one of the most significant problems in their pricing or appraisals is that homes with similar features may have greatly varying prices depending on their locations. Furthermore, prices may vary depending on features such having a sea view, facing south, or being near a park. Therefore, the CBT uses a method to reduce price variances when making calculations for Turkey in general.<sup>35</sup>

Following are the results of an analysis of the housing price index announced by the CBT on January 29, 2015<sup>36</sup>

*Graphic 26. Turkey Housing Price Index and Unit Usage Price*



Source: CBT

<sup>34</sup> While making the index calculations, the CBT makes an effort to establish more realistic prices by taking into account home appraisal reports.

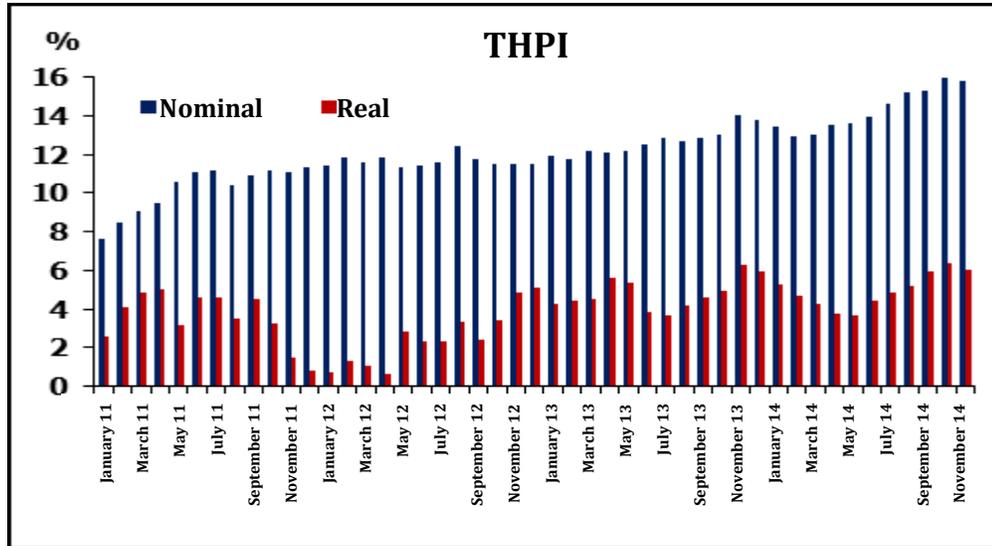
<sup>35</sup> The CBT applies the "weighted average price" method to minimize price variances.

<sup>36</sup> CBT "Turkey House Price Index", January 29, 2015 - The House Price Index is calculated quarterly, and the last index published was for the October-December period.

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The Turkey House Price Index (THPI) rose to a level of 168.29 in October 2014 (October-December period), up 1.35% from the previous month (August-October period). The THPI climbed by 15.78% year-on-year, with a real growth rate of 6.07 in the same period. Unit prices, which are calculated as the value of the house per square meter, surged to 1,497.74 TL/m<sup>2</sup> in October 2014, up from 1,299.95 TL/m<sup>2</sup> in the previous year.

Figure 27. Annual Change in Turkey New House Price Index (%)

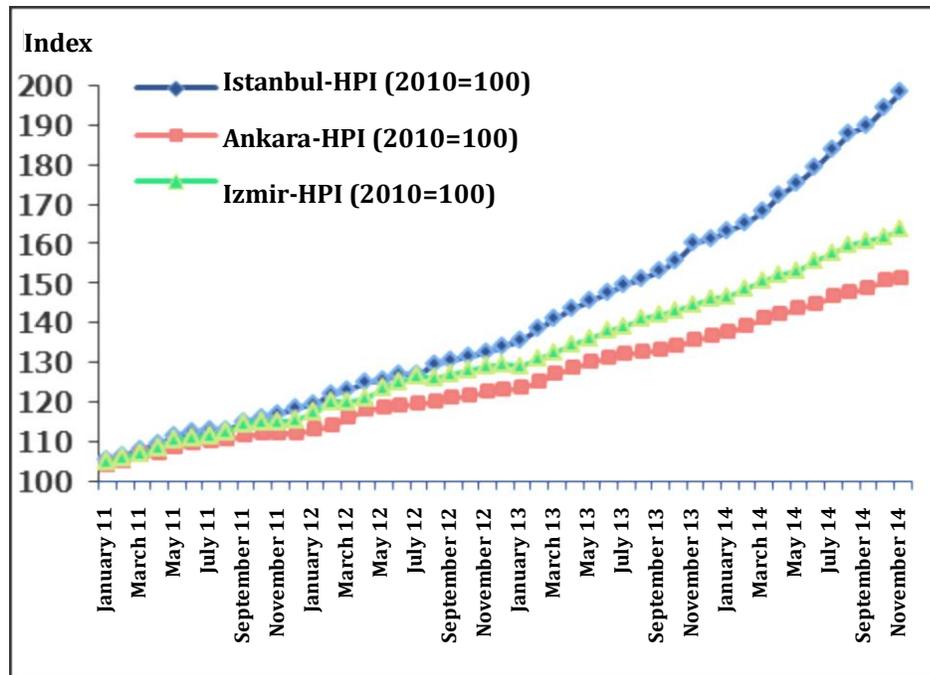


Source: CBT

A close tab must be kept on price changes in our country's housing market and also on three big cities (Istanbul, Ankara, and Izmir) as an economic indicator. During the fourth quarter in 2014 the housing price index in the three big cities increased by 2.19 percent, 0.56 percent, and 1.21 percent in Istanbul, Ankara, and Izmir, respectively, compared to the third quarter. The index rose by 23.98 percent, 11.48 percent, and 12.95 percent year-on-year in Istanbul, Ankara, and Izmir, respectively.

# ASSESSMENT OF THE RELEVANT ACTIVITY PERIOD

Graphic 28. House Price Index of Three Big Cities  
(2010=100)



Source: CBT

During the fourth quarter in 2014 the new housing price index in the three big cities increased by 1.51 percent in Istanbul and 0.65 percent in Ankara compared to the third quarter. There was no change in Izmir. The index rose by 22.27 percent, 13.35 percent, and 10.98 percent year-on-year in Istanbul, Ankara, and Izmir, respectively.

In Turkey, it is safe to say that there is no price bubble that is based on real price increases. Similar, the same can be said for when the prices are compared to global home prices. A strong demand should be expected in Turkey pursuant to regulations on the economy, demographics (young population and demand for housing) and legal requirements (Urban Renewal).<sup>37</sup>

In conclusion, it is evident that the below mentioned factors are monitored closely for the related period and beyond.

Turkish economy has a specific dynamic structure and it displays a behavior that achieves quick recovery after crisis and fluctuations. The same characteristic applies to Turkish Construction and Housing industries as well. The most typical example of this situation is the swift growth achieved in 2010 and 2011 following the 2008 crisis.

<sup>37</sup> Please click the link to access the detailed analysis; Real Estate & Housing Industry Report - December 2014, Section V, p. 113-138. [http://www.emlakkonut.com.tr/\\_Assets/Upload/Images/file/EKGYO-Aral%C4%B1k-Konut-Raporu-Final.pdf](http://www.emlakkonut.com.tr/_Assets/Upload/Images/file/EKGYO-Aral%C4%B1k-Konut-Raporu-Final.pdf)

# ASSESSMENT OF THE RELEVANT ACTIVITY PERIOD

Turkish housing sector is capable of implementing relatively flexible policies as a result of the accumulated past experiences and institutionalization at corporate levels. With respect to developments related with the demand, we see that consumers or investors are wiser and selective. This process is positive in medium-term efficiency of the Turkish housing market.

Other important topics for the industry are:

- Demand of the young and dynamic population of the country for qualitative housing and construction projects
- Istanbul becoming more significant business center as a global metropolis and attracting foreign investors
- Infrastructure and superstructure projects carried out for Istanbul to become an International Finance Center
- Investor interest due to such projects as 3rd Bosphorus Bridge, 3rd Airport and Sub-sea Tunnel in Istanbul
- Construction projects with both residential and commercial aspects at other metropolitan municipalities and tourism centers as well as the continued demand for such projects
- Increased popularity of Urban Transformation projects, which began as measures against earthquakes and unhealthy living conditions
- Technological advances in construction techniques, tools, and methods that enable faster and more efficient working conditions
- Contributions of international construction experiences and achievements
- Increase in the predictability of macro-economic conditions
- Being less affected by fluctuations that stem from risk perception
- In its 2014 Global Metro Monitor Report, the US think tank Brookings Institution listed the world's 300 largest metropolitan economies and compared their growth patterns based on GDP and rate of employment. Five Chinese and four Turkish cities made it to the top-ten. Izmir ranked second, Istanbul third, Bursa fourth and Ankara ninth among the 300 cities. Per the report, China and Turkey are important in terms of rapid economic growth.<sup>38</sup> Increased importance of Turkish cities from the perspective of foreign investors with expectations of economic growth
- And finally, the "Down-payment Assistance for Buying a Home:" as announced by the Prime Minister Mr. Ahmet Davutoğlu<sup>39</sup>

Such topics are extremely important for the construction industry, and its affiliates or business partners, to follow diligently.

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<sup>38</sup> <http://www.dunya.com/izmir-istanbul-bursa-ve-ankara-ilk-10a-girdi-251251h.htm>

<sup>39</sup> <http://www.milliyet.com.tr/ilk-defa-ev-alacaklara-devlet-konut-2005200/> 28.Ocak.2015

## Post-Balance Sheet Events

- I. Under the Protocol signed with TOKİ on May 23, 2014, Emlak Konut REIC purchased five plots (block no: 2222, parcel no: 208, 209, 211, 226, and 228) on 41,736.64 square meters land in Orhantepe neighborhood of Kartal District in Istanbul. On January 7, 2015, the company returned the plots, which will be offset against other land purchases from TOKİ.
- II. Regarding the action of debt lawsuit brought against the Emlak Konut REIC and Bozođlu İnşaat Taahhüt Ltd. Şti. by Türkiye Vakıflar Bankası T.A.O, by file no: 2014/2510E of the Anadolu Fifth Commercial Court of First Instance of Istanbul, Türkiye Vakıflar Bankası T.A.O claimed that it received four transfer agreements (for total; 75,000,000.00 Turkish lira) from Bozođlu İnşaat Taahhüt Ltd. Şti. against the progress, payments it would receive from Emlak Konut REIC based on the Izmir Mavişehir Upper North Side Stage 2 Revenue Sharing Model Based Project in Return For Land Sale. Türkiye Vakıflar Bankası T.A.O further claimed that it did not receive 46,489,970.71 Turkish lira in transfer payment due to Emlak Konut REIC's termination of the contract with from Bozođlu İnşaat Taahhüt Ltd. Şti. Türkiye Vakıflar Bankası T.A.O requested the collection of the said amount from Emlak Konut REIC and Bozođlu İnşaat Taahhüt Ltd. Şti. In order to respond to the claims, Emlak Konut REIC requested one-month extension from the court.
- III. The company disclosed on PDP that the first session of the Tender for the Istanbul Sariyer Istinye Revenue Sharing Model Based Project in Return For Land Sale is scheduled to take place on March 3, 2015 at 2:30 p.m.
- IV. The company disclosed on PDP that the first session of the Tender for the Istanbul Başakşehir Kayabaşı Stage 5 Revenue Sharing Model Based Project in Return For Land Sale is scheduled to take place on March 3, 2015 at 2:30 p.m.
- V. Per the Board resolution, it was decided to purchase appraisal services from "Atak Gayrimenkul Deđerleme A.Ş." and "Peritus Gayrimenkul Deđer. ve Danıř. A.Ş." for the appraisal of every asset currently in the company's portfolio and will be added to the portfolio in 2015. The Board Resolutions was made in accordance with article 35 with the title "Determining Real Estate Appraisal Company" of the CMB Communique on Principles of Real Estate Investment Companies (III-48.1a).

# SHARE PRICE PERFORMANCE

## SHARE PRICE PERFORMANCE

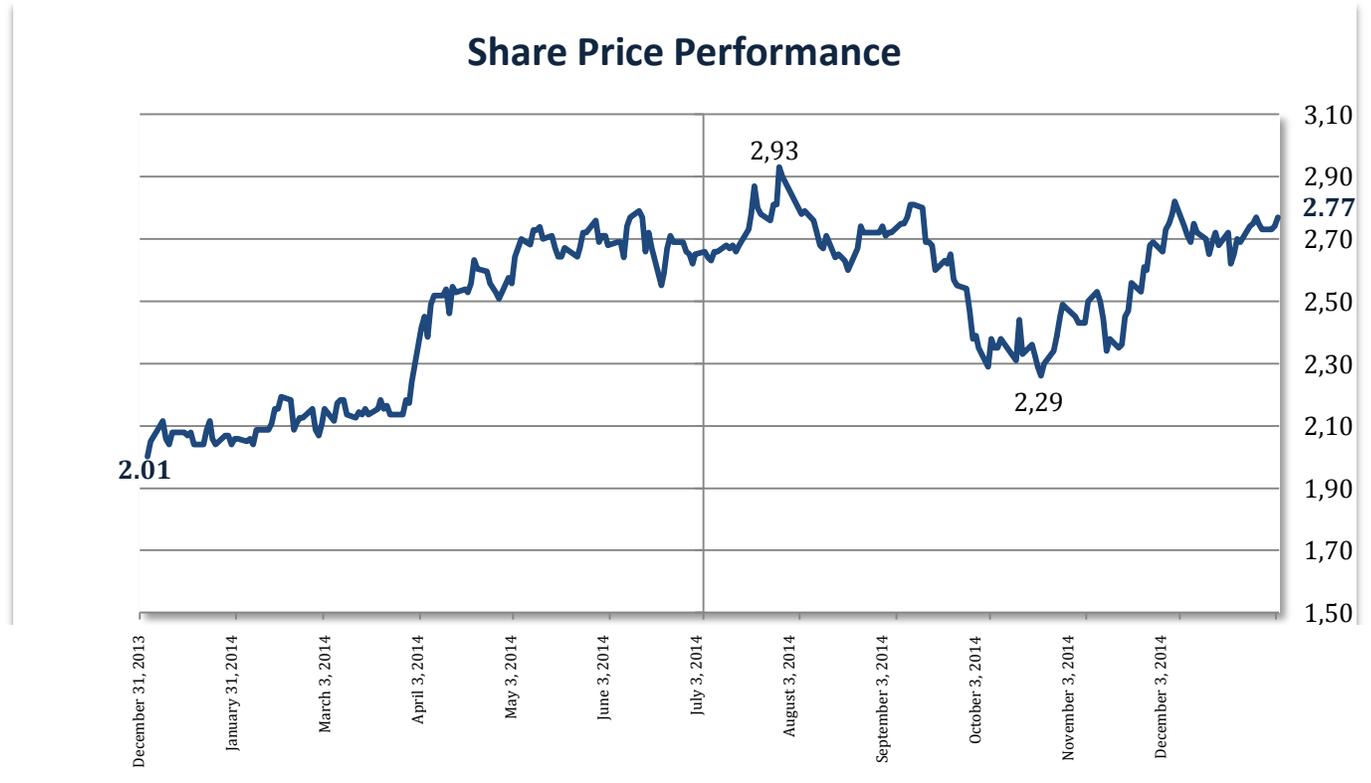
### Traded Market - Index - Group

The company's Group A share stocks are traded on the Borsa Istanbul National Market. The shares are not traded on BIST GAYRİMENKUL YAT. ORT, BIST MALİ, BIST TÜM, BIST 100, BIST 30, BIST 50 indices. The symbol tickers are as follows:

**BIST KODU: EKGYO, BLOOMBERG CODE: EKGYO.TI, REUTERS CODE: EKGYO.IS**

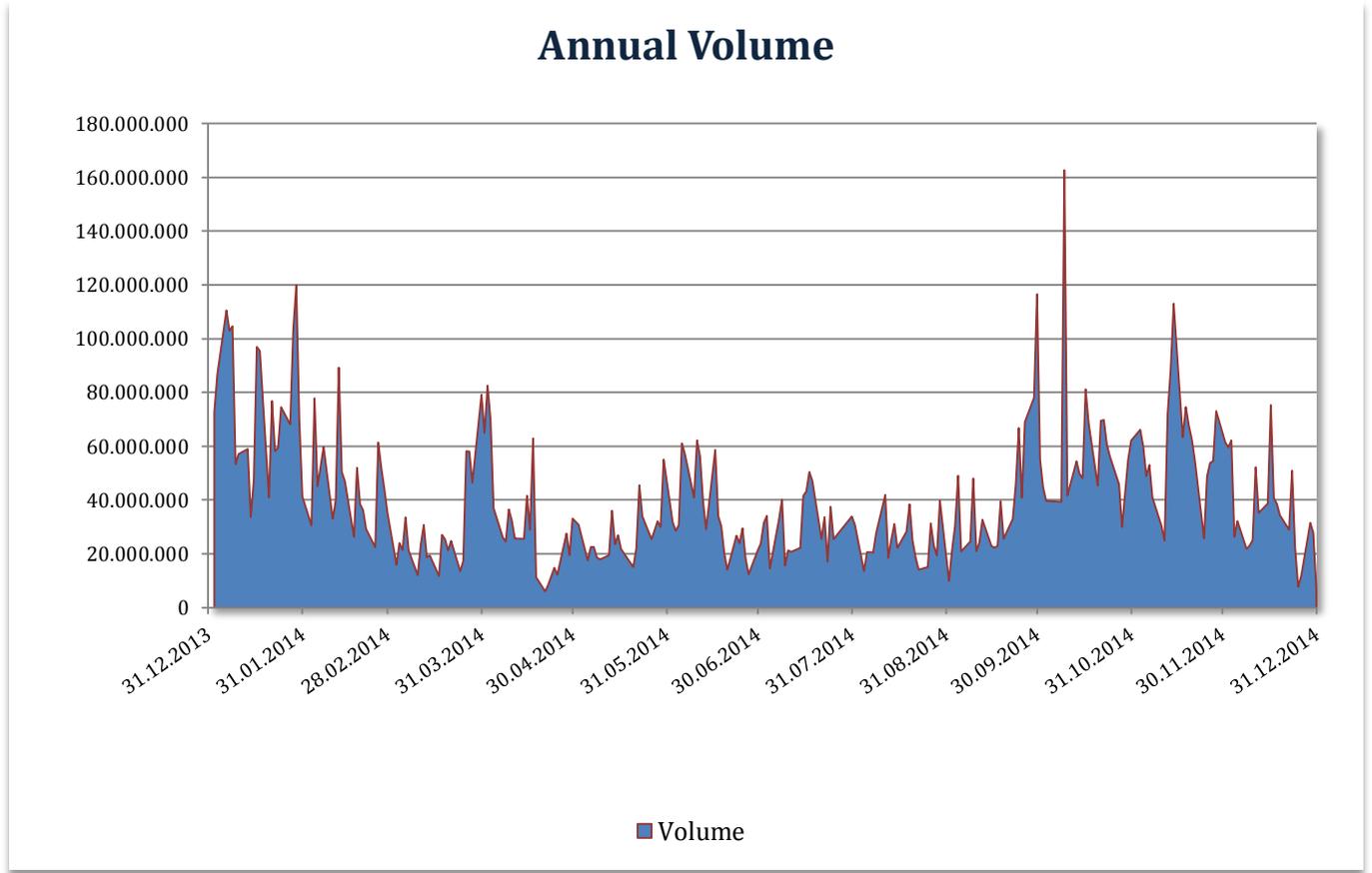
### Stock Prices and Volume Change Charts

*Annual Share Performance*



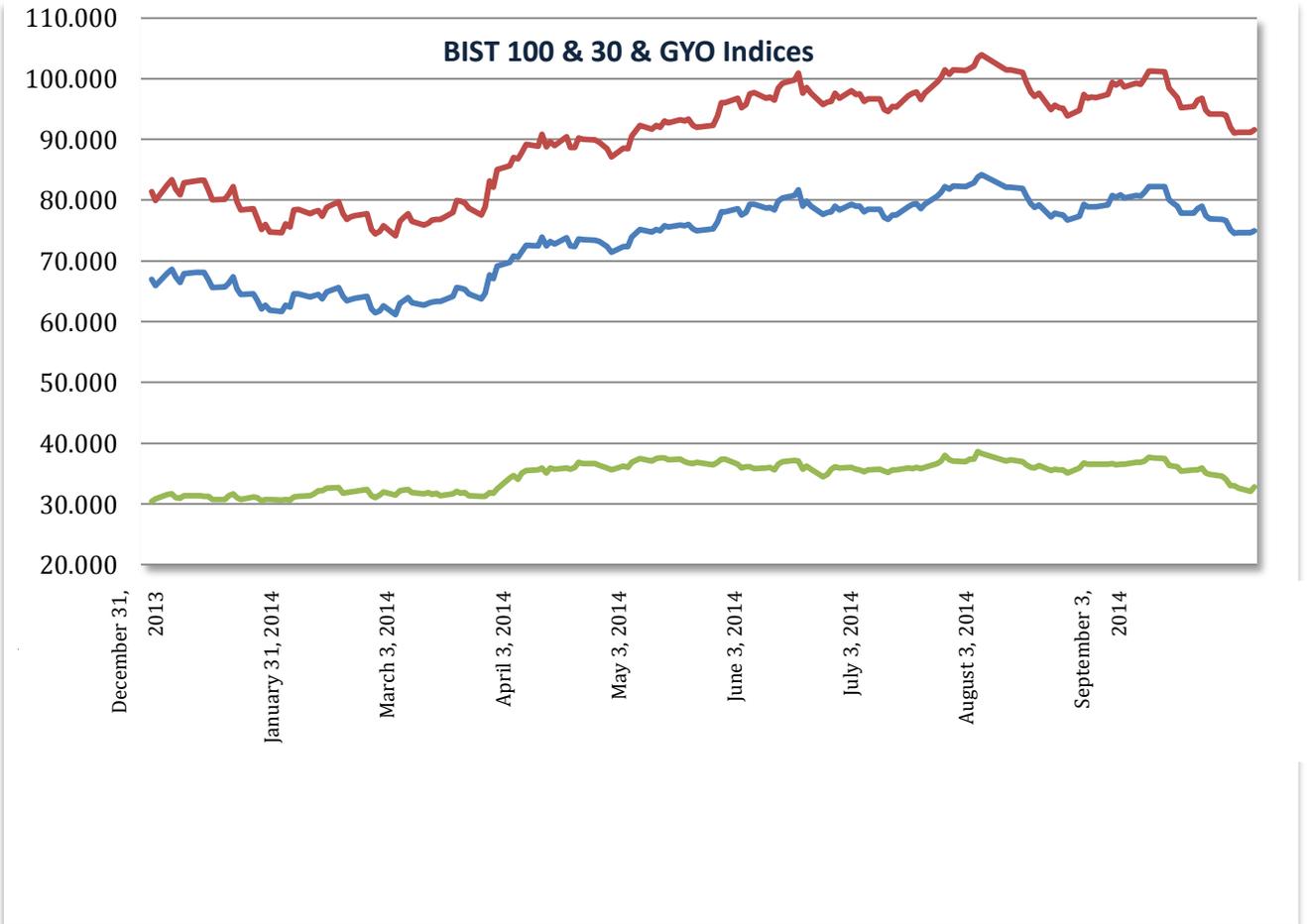
# SHARE PRICE PERFORMANCE

Annual Share Volume



# SHARE PRICE PERFORMANCE

*Comparison of BIST and GYO Indices*



### SERVICE PROVIDERS

#### Independent Audit Company

Per the Board of Directors resolution no:22-049 on April 1, 2014, it was decided to submit to the approval by the General Assembly the proposal for the selection of **BAŞARAN NAS BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.** (Pricewaterhousecoopers) as the Independent Audit Company and for executing a service contract for the 2014 accounting period.

#### Appraisal Companies

Per the Board resolution no: 07-015 on January 30, 2014, it was decided to purchase appraisal services from “**Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.**” and “**Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.**” for the appraisal of every asset currently in the company’s portfolio and will be added to the portfolio in 2014. The Board Resolutions was made in accordance with article 35 with the title “Determining Real Estate Appraisal Company” of the CMB Communique on Principles of Real Estate Investment Companies (III-48.1a).

#### Investor Relations Consultant Firm

It was mutually agreed that **Dalfin Finansal Kurumsal İletişim ve Danışmanlık Hizmetleri Ltd. Şti** will provide consulting services on topics such as structuring investor relations and training throughout the project duration.

#### Certified Public Accountant

It was decided to receive the services of CPA **Şükrü AYDIN** under contract from January 1, 2014 to December 31, 2014.

The company has not been subjected to any additional audits.

#### Press and Public Relations PR Agency

It was decided to receive creative and media-related services of **F5 Görsel Sanatlar Merkezi Tic. Ltd. Şti.** under contract from September 12,2014 to September 12, 2015.

- 1. Independent Audit Report and Consolidated Financial Statements**
- 2. Summary Reports on Asset Appraisals**
- 3. Construction Progress Phases**
- 4. Summary Table of Tendered Land Plots**
- 5. Summary Table of Building Inventory**
- 6. Summary Table of Vacant Land Plots**
- 7. Table of Construction Completion Dates**
- 8. List of Appraisal Companies**
- 9. General Assembly Resolution on 2013 Dividend Distribution**

## LEGAL NOTICE

This Annual Report includes the Board of Directors Report, the Auditor's Report, Consolidated Financial Statements, and Independent Auditor's Report, which provide information about the company's 2014 operations and accounts. Prepared in accordance with the legislation, aforementioned reports will be presented to the 2015 Ordinary General Assembly Meeting, which will be held at the address Atatürk Cad. Çitlenbik Sokak No:4 Ataşehir, Istanbul.

The report is elaborated for informing shareholders, and does not constitute basis for any investment decision. The prospective views and estimated figures in the report reflect the opinions of company management about future; however, their actualization may differ due to certain variables and assumptions that constitute prospective estimated figures. Accordingly, Emlak Konut REIC or Board of Directors members, advisors or employees are not responsible in any manner whatsoever for any direct or indirect loss or damage suffered by any person due to any information or communication notified or grounded by hereby report.

As of the report date, the members believe in the correctness of all provided information; Emlak Konut REIC assumes no responsibility with respect to possible errors or mistakes at typing and printing stages.

**APPENDIX - 1**

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

**CONVENIENCE TRANSLATION OF  
THE FINANCIAL STATEMENTS AT 31 DECEMBER 2014  
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT**

**(ORIGINALLY ISSUED IN TURKISH)**



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

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.;

**Report on the Financial Statements**

1. We have audited the accompanying financial statements of Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş. (the "Company") which comprise the statement of financial position as at 31 December 2014 and statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended and a summary of significant accounting policies and other explanatory notes.

*Management's Responsibility for the Financial Statements*

2. The Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with Turkish Accounting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Independent Auditor's Responsibility*

3. Our responsibility is to express an opinion on these financial statements based on our audit. Our audit was conducted in accordance with standards on auditing issued by the Capital Markets Board of Turkey and Independent Auditing Standards that part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority. Those standards require that ethical requirements are complied with and that the audit is planned and performed to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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



*Opinion*

4. In our opinion, the financial statements present fairly, in all material respects, the financial position of Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş. as at 31 December 2014 and their financial performance and cash flows for the period then ended in accordance with Turkish Accounting Standards.

*Other Responsibilities Arising From Regulatory Requirements*

5. In accordance with subparagraph 4 of Article 398 of the Turkish Commercial Code ("TCC") No: 6102; auditor's report on the early risk identification system and committee has been submitted to the Company's Board of Directors on 27 February 2015.
6. In accordance with subparagraph 4 of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2014 is not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.
7. In accordance with subparagraph 4 of Article 402 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

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

A handwritten signature in blue ink, appearing to read "B. Özpoyraz", is written over a faint, larger version of the same signature.

Burak Özpoyraz, SMMM  
Partner

İstanbul, 27 February 2015

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## FINANCIAL STATEMENTS AT 31 DECEMBER 2014 AND 2013

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# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Notes	Audited 31 December 2014	Audited(*) 31 December 2013
<b>ASSETS</b>			
<b>Current assets</b>		<b>5,450,071</b>	<b>7,213,078</b>
Cash and cash equivalents	3	2,606,132	4,803,784
Financial assets	4	236,798	644,605
Trade receivables	6	1,133,473	661,101
<i>Due from related parties</i>	26	-	57
<i>Trade Receivables from third parties</i>		1,133,473	661,044
Other receivables	7	469,559	504,137
<i>Other receivables from related parties</i>	26	26,499	6,575
<i>Other receivables from third parties</i>		443,060	497,562
Land and residential unit inventories	8	740,200	440,266
Prepaid expenses		11,544	6,644
Other current assets	14	252,365	152,541
<b>Non-current assets</b>		<b>9,503,414</b>	<b>6,257,904</b>
Trade receivables	6	1,220,622	1,080,313
<i>Trade receivables from third parties</i>		1,220,622	1,080,313
Other receivables	7	166	171
Land and residential unit inventories	8	8,243,895	5,162,913
Investment property	9	847	1,169
Property, plant and equipment	10	35,897	11,268
Intangible assets	11	1,987	2,070
<b>Total assets</b>		<b>14,953,485</b>	<b>13,470,982</b>

(\*) See Note 2.3.

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

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Notes	Audited 31 December 2014	Audited 31 December 2013
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>		<b>5,711,879</b>	<b>4,512,022</b>
Short term borrowings		515	-
Short term portion of long term borrowings	5	171,757	175,635
Trade payables	6	1,376,240	607,765
<i>Trade payables to related parties</i>	26	558,203	-
<i>Trade payables to third parties</i>		818,037	607,765
Other payables	7	515,425	570,379
<i>Other payables to related parties</i>		-	18
<i>Other payables to third parties</i>		515,425	570,361
Deferred income	15	3,527,704	3,038,081
Short term provisions		120,238	94,629
<i>Short-term provision for     employee benefits</i>	13	3,609	2,693
<i>Other short term provisions</i>	12	116,629	91,936
Other current liabilities	14	-	25,533
<b>Non-current liabilities</b>		<b>490,322</b>	<b>605,352</b>
Long term borrowings	5	434,000	594,000
Trade payables		36,192	-
<i>Trade payables to third parties</i>		36,192	-
Other payables		15,130	7,204
<i>Other payables to third parties</i>		15,130	7,204
Deferred income	15	1,952	1,797
Long term provision for employee benefits	13	3,048	2,351
<b>Shareholders' equity</b>		<b>8,751,284</b>	<b>8,353,608</b>
Paid-in capital	16	3,800,000	3,800,000
Treasury shares (-)		(240,687)	(139,307)
Share premium	16	2,366,895	2,366,895
Other comprehensive income/expense not to be reclassified to profit or loss		(203)	147
<i>-Gain/(loss) on revaluation and remeasurement</i>		(203)	147
Restricted reserves		292,674	203,386
Retained earnings		1,578,208	1,061,950
Net profit for the period		954,397	1,060,537
<b>Total liabilities and equity</b>		<b>14,953,485</b>	<b>13,470,982</b>

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

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2014, AND 2013

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

	Notes	Audited 31 December 2014	Audited 31 December 2013
Revenue	17	1,804,523	2,331,138
Cost of sales (-)	17	(1,032,812)	(1,311,319)
<b>Gross profit</b>		<b>771,711</b>	<b>1,019,819</b>
General administrative expenses (-)	18	(89,653)	(68,175)
Marketing expenses (-)	18	(22,581)	(44,117)
Other operating income	20	170,957	138,240
Other operating expenses (-)	20	(81,387)	(41,377)
<b>Operating profit</b>		<b>749,047</b>	<b>1,004,390</b>
Income from investing activities	21	15,825	36,741
<b>Operating profit before financial income and expense</b>		<b>764,872</b>	<b>1,041,131</b>
Financial income	22	253,658	84,094
Financial expenses (-)	23	(64,133)	(64,688)
<b>Profit before tax from continued operations</b>		<b>954,397</b>	<b>1,060,537</b>
Tax expense from continued operations	24	-	-
<b>Profit for the period from continued operations</b>		<b>954,397</b>	<b>1,060,537</b>
<b>Discontinued operations:</b>			
Profit from discontinued operations		-	-
<b>Profit for the period</b>		<b>954,397</b>	<b>1,060,537</b>
<b>Other comprehensive income</b>			
Remeasurement of employee termination benefits		(350)	147
<b>Total comprehensive income for the period</b>		<b>954,047</b>	<b>1,060,684</b>
<b>Earnings per share (in full TL)</b>	<b>25</b>	<b>0,0025</b>	<b>0,0039</b>

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

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

	Paid-in capital	to share capital	Share premium	Restricted reserves	Other Comprehensive Income and Expense not to be reclassified to		Total equity	
					Profit or Loss	Retained Earnings		
					Actuarial gain/(loss)	Retained earnings	Net income for the period	
<b>1 January 2013</b>	<b>2,500,000</b>	<b>-</b>	<b>426,989</b>	<b>171,440</b>	<b>-</b>	<b>770,494</b>	<b>523,402</b>	<b>4,392,325</b>
Transfers	-	-	-	31,946	-	491,456	(523,402)	-
Dividend payments	-	-	-	-	-	(200,000)	-	(200,000)
Capital increase	1,300,000	-	-	-	-	-	-	1,300,000
Acquisition of treasury shares	-	(139,307)	-	-	-	-	-	(139,307)
Increase due to the share transactions	-	-	1,950,000	-	-	-	-	1,950,000
Costs incurred during the share increase	-	-	(10,094)	-	-	-	-	(10,094)
Total comprehensive income	-	-	-	-	147	-	1,060,537	1,060,684
<b>31 December 2013</b>	<b>3,800,000</b>	<b>(139,307)</b>	<b>2,366,895</b>	<b>203,386</b>	<b>147</b>	<b>1,061,950</b>	<b>1,060,537</b>	<b>8,353,608</b>
<b>1 January 2014</b>	<b>3,800,000</b>	<b>(139,307)</b>	<b>2,366,895</b>	<b>203,386</b>	<b>147</b>	<b>1,061,950</b>	<b>1,060,537</b>	<b>8,353,608</b>
Transfers	-	-	-	89,288	-	971,249	(1,060,537)	-
Dividend payment (*)	-	-	-	-	-	(454,991)	-	(454,991)
Acquisition of treasury shares	-	(101,380)	-	-	-	-	-	(101,380)
Total comprehensive income	-	-	-	-	(350)	-	954,397	954,047
<b>31 December 2014</b>	<b>3,800,000</b>	<b>(240,687)</b>	<b>2,366,895</b>	<b>292,674</b>	<b>(203)</b>	<b>1,578,208</b>	<b>954,397</b>	<b>8,751,284</b>

(\*) See Note 16.

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

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## STATEMENTS OF CASH FLOWS AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Notes	1 January - 31 December 2014	1 January - 31 December 2013(*)
<b>Cash flows from operating activities</b>			
Profit for the period		954,397	1,060,537
<b>Adjustments to reconcile net profit/ (loss) to net cash provided by operating activities:</b>			
Depreciation and amortization	19	1,743	1,373
Adjustments for impairments		(24,322)	(5,820)
Changes in provisions		26,474	32,525
Adjustments for interest income and expenses		(283,701)	(152,519)
Gain on property, plant and equipment sales		42	-
Unrealized exchange losses on cash and cash equivalents		69	101
<b>Net cash before changes in assets and liabilities</b>		<b>674,702</b>	<b>936,197</b>
<b>Changes in net working capital</b>			
Change in land and residential unit inventories		(3,355,630)	(308,716)
Change in trade receivables		(660,565)	(376,288)
Change in trade payables		804,667	78,622
Change in other receivables		23,151	49,178
Change in other payables		441,105	1,027,960
Change in project deposits		(650,445)	(7,955)
<b>Net cash flow from operating activities</b>			
Interest received		15,280	7,433
Tax payments		(20,433)	(45,417)
Other cash outflow		(168)	(10)
<b>Net cash flow from operating activities</b>		<b>(2,728,336)</b>	<b>1,361,004</b>
<b>Proceeds from sale of tangible and intangible assets</b>			
Proceeds from sale of tangible and intangible assets		60	-
<b>Purchases of tangible and intangible assets</b>			
Purchases of tangible and intangible assets		(27,033)	(9,068)
<b>Interest received</b>			
Interest received		29,381	20,206
<b>Purchase of financial assets</b>			
Purchase of financial assets		1,225,228	(1,140,522)
<b>Return of financial assets</b>			
Return of financial assets		(817,421)	655,844
<b>Cash flow from investing activities</b>		<b>410,215</b>	<b>(473,540)</b>
<b>Proceeds from initial public offering</b>			
Proceeds from initial public offering	16	-	3,250,000
<b>Payments for acquisition of treasury shares</b>			
Payments for acquisition of treasury shares	16	(101,380)	(139,307)
<b>Proceeds from financial liabilities</b>			
Proceeds from financial liabilities		515	-
<b>Repayments of financial liabilities</b>			
Repayments of financial liabilities		(160,000)	(162,179)
<b>Interest received</b>			
Interest received		259,357	71,133
<b>Interest paid</b>			
Interest paid		(66,305)	(57,420)
<b>Dividend payment</b>			
Dividend payment		(454,991)	(200,000)
<b>Decrease in payables to HAS beneficiaries</b>			
Decrease in payables to HAS beneficiaries	7	22,014	38,873
<b>Increase in payables to HAS beneficiaries</b>			
Increase in payables to HAS beneficiaries	7	(25,780)	(55,120)
<b>Cash flow from financing activities</b>		<b>(526,570)</b>	<b>2,745,980</b>
<b>Net increase/ (decrease) in cash and cash equivalents before currency translation differences</b>			
		<b>(2,844,691)</b>	<b>3,633,444</b>
<b>Effects of unrealized gain/(loss) on cash and cash equivalents</b>			
		(6)	4
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(2,844,697)</b>	<b>3,633,448</b>
<b>Cash and cash equivalents at the beginning of the year</b>			
	3	4,298,097	664,649
<b>Cash and cash equivalents at the end of the year</b>	<b>3</b>	<b>1,453,400</b>	<b>4,298,097</b>

(\*) See Note 2.3.

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

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS

### AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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#### NOTE 1 - GENERAL INFORMATION

Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş., (“Emlak Konut GYO” or the “Company”) was established on 26 December 1990 as a subsidiary of Türkiye Emlak Bankası A.Ş. The Company is governed by its articles of association, and is also subject to the terms of the decree law about Public Finances Enterprises No. 233, in accordance with the statute of Türkiye Emlak Bankası A.Ş. The Company has been registered and started its activities on 6 March 1991. The Company’s articles of association were revised on 19 May 2001 and it became an entity subject to the Turkish Commercial Code No. 4603.

The Company was transformed into a Real Estate Investment Company with Senior Planning Committee Decree No. 99/T-29, dated 4 August 1999, and according to Statutory Decree No. 588, dated 29 December 1999. According to Permission No. 298, dated 20 June 2002, granted by the Capital Markets Board (“CMB”) regarding transformation of the Company into a Real Estate Investment Company and permission No. 5320, dated 25 June 2002, from the Republic of Turkey Ministry of Industry and Trade and amendment draft for the articles of association of the Company was submitted for the approval of the Board and the amendment draft was approved at the Ordinary General Shareholders Committee meeting of the Company convened on 22 July 2002, changing the articles of association accordingly.

The articles of association of the Company were certified by Istanbul Trade Registry Office on 29 July 2002 and entered into force after being published in Trade Registry Gazette dated 1 August 2002. As the result of the General Shareholders committee meeting of the Company convened on 28 February 2006, the title of the Company Emlak Gayrimenkul Yatırım Ortaklığı A.Ş. was changed to Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.

By the decision of the Board of Directors of Istanbul Stock Exchange Market on 26 November 2010, 25% portion of the Company’s class B shares with a nominal value of TL 625,000 has been trading on the stock exchange since 2 December 2010. (Note 16)

The registered address of the Company is as follows:

Atatürk Mahallesi Çitlenbik Caddesi No:4 Kat:1-8 Ataşehir / İstanbul.

The objective and operating activity of the Company is coordinating and executing Real Estate Property Projects mostly housing, besides, commercial units, educational units, social facilities, and all related aspects, controlling and building audit services of the ongoing projects, marketing and selling the finished housing. Due to statutory obligation to be in compliance with the Real Estate Investment Companies decrees and related CMB communiqués, The Company can not be a part of construction business, but only can organize it by auctioning between the contractors.

The financial statements at 31 December 2014 have been approved by the Board of Directors on 27 February 2015. The General Assembly of the Company has the power to amend these financial statements.

The ultimate parent and ultimate controlling party of the company is T.C. Başbakanlık Toplu Konut İdaresi Başkanlığı (the Housing Development Administration of Turkey, “TOKİ”), TOKİ is a State institution under the control of Republic of Turkey Prime Ministry.

# **EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **AT 31 DECEMBER 2014 AND 2013**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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#### **NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **2.1 Basis of preparation**

###### **Financial reporting standards**

The financial statements of the Company have been prepared in accordance with the communiqué numbered II-14,1 “Communiqué on the Principles of Financial Reporting In Capital Markets” (“the Communiqué”) announced by the Capital Markets Board (“CMB”) (hereinafter will be referred to as “the CMB Accounting Standards”) on 13 June 2013 which is published on Official Gazette numbered 28676. In accordance with article 5th of the CMB Accounting Standards, companies should apply Turkish Accounting Standards/Turkish Financial Reporting Standards (“TAS/TFRS”) and interpretations regarding these standards as adopted by the Public Oversight Accounting and Auditing Standards Authority (“POA”).

The financial statements of the Company is prepared as per the CMB announcement of 7 June 2013 relating to financial statements presentations. Comparative figures are reclassified, where necessary, to conform to changes in presentation of the current year’s consolidated financial statements.

In accordance with the CMB resolution issued on 17 March 2005, listed companies operating in Turkey are not subject to inflation accounting effective from 1 January 2005. Therefore, the financial statements of the Company have been prepared accordingly.

The Company maintains its books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code (“TCC”), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance and principles issued by CMB. These financial statements have been prepared under historical cost conventions. The financial statements are based on the statutory records, which are maintained under historical cost conventions, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with TAS.

###### **Accounting for the effects of hyperinflation**

With the decision taken on 17 March 2005, the CMB has announced that, effective from 1 January 2005, for companies operating in Turkey and preparing their financial statements in accordance with CMB Financial Reporting Standards the application of inflation accounting is no longer required. Accordingly, the Company did not apply IAS 29 “Financial Reporting in Hyperinflationary Economies” issued by IASB in its financial statements for the accounting periods starting 1 January 2005.

###### **Functional and presentation currency**

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

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS

### AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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

##### Offsetting

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

##### Going concern

The Company’s financial statements are prepared under the going concern assumption.

#### 2.2 Changes in accounting policies, accounting estimates and errors

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

No changes have been occurred at the accounting estimates for the regarding reporting period.

#### 2.3 Comparative Figures and the Restatement to the Financial Statements of the Prior Period

The Company's financial statements are prepared comparatively to enable identifying the financial position and performance trends. The Company reclassified its construction in progress to tangible assets from long term inventories amounting to TL5,783 since the regarding costs are attributable to the head office building which has been constructing for the own use of the Company. With regards to this reclassification, the Company also made necessary reclassifications in cash flows statement between the cash out flows due to the purchases of tangible and intangible assets and change in land and residential unit inventories.

#### 2.4 Changes in standarts and interpretations

The company applied the revised standarts and interpretations that are relevant to its operations, published by International Accounting Standards Board (IASB) and International Accounting Standarts Committee (IASC) and effective from 1 January 2014.

##### *Standards and amendments applicable to 31 December 2014 year ends*

- Amendment to TAS 32, ‘Financial instruments: Presentation’, on offsetting financial assets and financial liabilities, effective from annual periods beginning on or after 1 January 2014. This amendment updates the application guidance in TAS 32, ‘Financial instruments: Presentation’, to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet
- Amendments to TAS 36, ‘Impairment of assets’, effective from annual periods beginning on or after 1 January 2014. These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.
- Amendment to TAS 39 ‘Financial instruments: Recognition and measurement’, on novation of derivatives and hedge accounting, effective from annual periods beginning on or after 1 January 2014. These narrow-scope amendments allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met.

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS

### AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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

- TFRIC 21, ‘Levies’, effective from annual periods beginning on or after 1 January 2014. This interpretation is on TAS 37, ‘Provisions, contingent liabilities and contingent assets’. TAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.
- Amendments to TFRS 10, ‘Consolidated financial statements’, TFRS 12 and TAS 27 for investment entities, effective from annual periods beginning on or after 1 January 2014. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an ‘investment entity’ definition and which display particular characteristics. Changes have also been made TFRS 12 to introduce disclosures that an investment entity needs to make.

#### *New TFRS standards, amendments and TFRICs effective after 1 January 2015*

- Annual improvements 2012; effective from annual periods beginning on or after 1 July 2014. These amendments include changes from the 2010-12 cycle of the annual improvements project, that affect 7 standards:
  - TFRS 2, ‘Share-based payment’
  - TFRS 3, ‘Business Combinations’
  - TFRS 8, ‘Operating segments’
  - TFRS 13, ‘Fair value measurement’
  - TAS 16, ‘Property, plant and equipment’ and TAS 38, ‘Intangible assets’
  - Consequential amendments to IFRS 9, ‘Financial instruments’, IAS 37, ‘Provisions, contingent liabilities and contingent assets’, and
  - TAS 39, Financial instruments – Recognition and measurement’
- Annual improvements 2013; effective from annual periods beginning on or after 1 July 2014. These amendments include changes from the 2011-12-13 cycle of the annual improvements project, that affect 4 standards:
  - TFRS 1, ‘First time adoption’
  - TFRS 3, ‘Business combinations’
  - TFRS 13, ‘Fair value measurement’ and
  - TAS 40, ‘Investment property’.
- TFRS 14 ‘Regulatory deferral accounts’, effective from annual periods beginning on or after 1 January 2016. TFRS 14, ‘Regulatory deferral accounts’ permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt TFRS. However, to enhance comparability with entities that already apply TFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS

### AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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

- Amendment to TFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation, effective from annual periods beginning on or after 1 January 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.
- Amendment to TAS 16, 'Property, plant and equipment' and TAS 38, 'Intangible assets', on depreciation and amortisation, effective from annual periods beginning on or after 1 January 2016. In this amendment the it has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It is also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.
- Amendments to TAS 27, ‘Separate financial statements’ on the equity method, effective from annual periods beginning on or after 1 January 2016. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.
- Amendments to TFRS 10, ‘Consolidated financial statements’ and TAS 28, ‘Investments in associates and joint ventures’, effective from annual periods beginning on or after 1 January 2016. These amendments address an inconsistency between the requirements in TFRS 10 and those in TAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.
- TFRS 15 ‘Revenue from contracts with customers’, effective from annual periods beginning on or after 1 January 2017. TFRS 15, ‘Revenue from contracts with customers’ is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.
- TFRS 9 ‘Financial instruments’, effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in TAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.
- Amendments to TAS 16 ‘Property, plant and equipment’, and TAS 41, ‘Agriculture’, regarding bearer plants, effective from annual periods beginning on or after 1 January 2016. These amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. It has been decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of TAS 16, instead of TAS 41. The produce growing on bearer plants will remain within the scope of TAS 41.

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS

### AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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

- Amendment to TAS 19 regarding defined benefit plans, effective from annual periods beginning on or after 1 July 2014. These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.
- Annual improvements 2014, effective from annual periods beginning on or after 1 January 2016. These set of amendments impacts 4 standards:
  - TFRS 5, ‘Non-current assets held for sale and discontinued operations’ regarding methods of disposal.
  - TFRS 7, ‘Financial instruments: Disclosures’, (with consequential amendments to TFRS 1) regarding servicing contracts.
  - TAS 19, ‘Employee benefits’ regarding discount rates.
  - TAS 34, ‘Interim financial reporting’ regarding disclosure of information.

The company assess the affect of the regarding changes mentioned above and will apply accordingly from beginning of the 1 January 2015 if relevant.

#### 2.5 Summary of significant accounting policies

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

##### Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank deposits and highly liquid investments, whose maturity at the time of purchase is less than three months and conversion risk on value at the date of sale is immaterial. For Land Subject to Revenue Sharing Agreements (“LSRSA”) projects, advances received from customers by construction entities, are deposited in bank accounts which are under the name of the Company. Since such cash balances are restricted, they are not treated as cash or cash equivalents in the cash flow statement (Note 3).

##### Related party transactions

Shareholders, key management personnel, Board of Directors, close family members, and companies which are controlled by those are regarded as related party for the purpose of preparation of these financial statements. In accordance with TAS 24 – Related party standards, the description of related parties has been restricted. The Company has also transactions with State owned banks and the Republic of Turkey Prime Ministry Undersecretariat of Treasury (the “Treasury”) however quantitative information regarding Turkish State Banks and Treasury is not disclosed in accordance with this exemption. The ultimate parent and ultimate controlling party of the Company is T.C. Başbakanlık Toplu Konut İdaresi Başkanlığı (the Housing Development Administration of Turkey, “TOKİ”). TOKİ is a State institution under control of Republic of Turkey Prime Ministry. The transactions made between the Company and TOKİ and its affiliates are presented in Note 26.

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS

### AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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

##### Foreign currency transactions

The foreign exchange transactions during the year are translated into TL using the prevailing exchange rates on the related transaction dates. Foreign currency denominated monetary assets and liabilities are translated into TL with the exchange rates prevailing on the balance sheet dates. The foreign currency exchange gain and losses that arise by the exchange rate change based on monetary assets and liabilities are presented in the comprehensive income statement.

##### Financial assets

###### Classification

The financial assets of the Company consist of government bonds, treasury bills, trade receivables and long term bank deposits. Management determines the classification of its financial assets at initial recognition. Government bonds and treasury bills are classified as held to maturity financial assets except for the special issue long term government bonds obtained for HAS payments.

The special issue long term government bonds have been issued by the Treasury and given to the Company for payment of HAS payables. These bonds are non-negotiable on the secondary market and do not bear any interest. It is puttable on demand by the Company at par back to the Treasury, upon proof of payment to HAS beneficiaries. In order to eliminate an accounting mismatch with the measurement of HAS payables; these bonds are also accounted at par representing its fair value, as the matching liability is also accounted at par.

Receivables are financial assets which have fixed or defined payments. They are not traded in an active market and also they are not derivative instruments. They are classified as current assets if their maturity is less than 12 months, otherwise they are classified as non-current assets.

Trade receivables include receivables from residential unit sales on credit terms, receivables from sale of land and rent receivables.

###### Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade date, the date on which the Company commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets.

Held-to-maturity financial assets are non-derivative financial assets that are not classified under loans and receivables and are held-for-trading at the time of acquisition and are not included in available-for-sale financial assets, with fixed maturities and fixed or determinable payments where management has the intent and ability to hold the financial assets to maturity. Held-to-maturity financial assets are initially recognized at cost which is considered as their fair value. The fair values of held-to-maturity financial assets on initial recognition are either the transaction prices at acquisition or the market prices of similar financial instruments. Held-to-maturity securities are carried at “amortized cost” using the “effective interest method” after their recognition. Interest income earned from held-to-maturity financial assets is reflected to the statement of comprehensive income. There are no financial assets of the Company that were previously classified as held-to-maturity but cannot be subject to this classification for two years due to the contradiction of classification principles.

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS

### AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortized cost using the effective interest method.

#### Trade receivables and payables

Trade receivables of the Company that are created by way of providing goods are carried at amortized cost using the effective interest rate method. Trade receivables, net of unearned financial income, are measured at amortized cost, using the effective interest rate method, less the unearned financial income. Short term receivables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest is significant (Note 6).

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

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

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

HAS payables are payables on demand therefore they are measured at their demand values and classified as short-term.

#### Employment termination benefits

Under Turkish labor law, the Company is required to pay termination benefits to each employee who has completed at least one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men). Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement.

The amount payable consists of one month’s salary limited to a maximum of 3,541.37 full TL as of 31 December 2014 (31 December 2013: 3,438.22 full TL).

Fair value of employment benefits are calculated based on the assumptions. actuarial gains/losses will be accounted in the statements of comprehensive income.

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS

### AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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

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

The principal actuarial assumption is that the maximum liability will increase in line with inflation. Thus the effective discount rate applied represents the expected real interest rate after adjusting for the effects of future inflation. As the maximum liability amount is revised semi-annually by the authorities, the maximum amount of 3,541.37 full TL which is effective from 1 January 2015 has been taken into consideration when calculating the liability (1 January 2014: 3,438.22 full TL) (Note 13).

#### Financial liabilities

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective yield method in financial statements (Note 5).

#### Provisions, contingent assets and liabilities

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

Contingent assets or contingent obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company are not included in financial statements and are treated as contingent assets or liabilities (Note 12).

#### Land and Residential Unit Inventory

The company has four types of inventories in its financial statements (Note 8). These are;

1. *Vacant land and plots;*

Vacant land and plots are carried at lower of cost or net realizable value and represent vacant land and plot of the Company with no ongoing or planned construction project on them. Such land and plots are classified as inventories because the Company uses such land and plots the development of residual and commercial units, as explained below, which are also classified as inventories.

2. *Residential Projects Subject to Public Tender Law (“RPSPTL”)*

RPSPTL are valued at lower of cost or net realizable value. RPSPTL costs consist of construction costs of the semi-finished residential units together with the cost of land on which these projects are developed. Upon completion of residential units costs including the cost of land are classified under completed residential unit inventories. Public Tender Law is the law used by the Company in order to select the subcontractors for construction of the aforementioned residual units.

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS

### AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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

##### 3. Land Subject to Revenue Sharing Agreements (“LSRSA”)

The Company enters into revenue sharing agreements with construction entities to maximize sales proceeds from the sale of its vacant land and plots. Such land and plot sold subject to revenue share agreements to construction entities are accounted at cost until sale is recognized. Sale is recognized when risk and rewards of ownership of land is transferred to the ultimate customers (that is the customers of the construction entities) and when the sales proceeds are reliably determinable.

##### 4. Completed Residential and Commercial Unit Inventories

Completed residential and commercial units comprise units build in RPSPTL and units acquired in return for land in some LSRSA projects. Completed residential and commercial units are received from LSRSA projects in cases where the Company’s share have not reached the projected minimum revenue as defined in the agreements, thus unsold units are then transferred at fair value by contractors to the Company.

Completed residential and commercial unit inventories are valued at lower of cost or net realizable value.

The Company classifies the vacant land and plots as long term, completed residential unit inventories as short term in its financial statements. Inventories subject to RPSPTL and LSRSA are classified as current or non-current depending on the estimated completion date of construction for these projects.

The Company takes into consideration independent expert valuation reports for inventory (land, finished and semi-finished residential and commercial units) separately at least once a year to determine the fair value of such projects as required by the CMB regulations for REICs, and uses these reports to assess impairment if any. Impairment charges are recorded in other operating expenses account balance in the comprehensive income statement in the period during which they are incurred. When the related inventory is subsequently sold the reversal of such impairment charges are recorded in cost of goods sold.

#### Property, plant and equipment

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

Depreciation is calculated over of the cost of property and equipment using the straight-line method based on expected useful lives (Note 10).

The expected useful lives are stated below:

	<b>Years</b>
Buildings	50
Motor vehicles	5
Furniture and fixtures	4-5

# **EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **AT 31 DECEMBER 2014 AND 2013**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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

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

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

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

#### **Intangible assets and related amortization**

Intangible assets comprise expenditure to acquire usage rights and computer software. They are initially recognised at acquisition cost and amortized on a straight-line basis over 5 years their estimated useful lives. (Note 11)

Whenever there is an indication that the intangible is impaired, the carrying amount of the intangible asset is reduced to its recoverable amount and the impairment loss is recognised as an expense.

#### **Investment properties**

Investment properties are defined as land and buildings held to earn rental income or capital appreciation or both, rather than for use in the production of goods or services or for administrative purposes; or sale in the ordinary course of business. The Company uses cost model for all investment properties. Investment properties are presented in the financial statements at cost less accumulated depreciation and less impairment, if any. (Note 9).

#### **Impairment of assets**

The Company reviews all assets subject to amortization at each balance sheet date in order to see if there is a sign of impairment on the stated asset. If there is such a sign, carrying amount of the stated asset is projected. Impairment exists if the carrying value of an asset is greater than its net realizable value. Net recoverable value is the higher of the net sales value or value in use. Value in use is the present value of cash flows generated from the use of the asset and the disposal of the asset after its useful life. Impairment losses are recorded in the comprehensive income statement. Impairment loss for an asset is reversed, if an increase in recoverable amount is related to a subsequent event following the booking of impairment by not exceeding the amount reserved for impairment. The Company takes the valuation reports for each property separately into consideration over investment property at least once a year to compare carrying value of assets with its net recoverable value and calculate the impairment if any.

#### **Segment reporting**

Operating segments shall be reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. Because the Company operates in only one geographical segment (Turkey) and only in the development of residential projects on its vacant land and plot inventories, the Company does not prepare a segment report.

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS

### AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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

Chief operating decision maker of the Company is its Board of Directors (“BOD”), and the BOD of the Company uses quarterly financial statements of the Company prepared in accordance with the CMB financial reporting standards.

#### Revenue recognition

Revenue is recognized when it is probable that future economic benefits associated with the sales transaction will flow to the Company and revenue from the sales transaction can be measured reliably. Revenue is recognised when the following criteria are met;

1. *Investment Property - Rental Income*

Rental income earned from real estate is recognised as revenue on an accrual basis over the term of the rental agreements. Income is recognised when it is probable that economic benefits associated with the transaction will flow to the Company and the amount of revenue can be measured reliably.

2. *Sale of vacant land and plots*

Revenue is recognised, when all the significant risks and rewards of the vacant land and plots are transferred to the buyer and the amount of revenue can be measured reliably.

3. *Sale of residential units produced by RPSPTL*

Revenue is recognised when all significant risks and rewards regarding the completed residential units are transferred to the customers and the amount of revenue is measured reliably.

4. *Sale of land and plots by way of LSRSA*

The Company recognizes the revenue for the sale of land by way of LSRSA when the transfer of title deed, which means the legal ownership of land, is transferred to the buyer, the construction company, which in return passes the ownership of such land to the buyers of the residential and commercial units sold. When the title deed is not transferred, the Company follows-up its revenue share in the deferred revenue (Note 15) and the share of the construction entity as a liability to contractors under LSRSA (Note 6). The Company’s share in the Total Sales Revenue (“TSR”) is recorded as revenue from sale of land and the related cost of land is recognised as cost of land sold in the comprehensive income statement (Note 16).

5. *Interest*

To the extent there is no impairment; interest income is recognised on an accrual basis using the effective interest rate method.

#### Interest income and expense

Interest income and expense are recognised on an accrual basis within ‘finance income’ and ‘finance expense’ using the effective interest rate method. Interest income comprises mostly interest income from time deposits and interest income from credit sales of residences (Note 22).

Interest expenses incurred from borrowings are recognized on an accrual basis using the effective interest rate method (Note 23).

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS

### AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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

##### **Paid-in capital**

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

##### **Share premium**

Share premium represents the positive difference between the nominal value of issued shares and proceeds for such shares issued.

##### **Treasury shares**

The Company’s own shares which are bought by the Company itself from ISE are named as treasury shares and recorded on nominal value in equities. Purchase/sale of treasury stocks is not associated with comprehensive income statement, and recognition is made directly on equities.

##### **Earnings per share**

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

In Turkey, companies can increase their share capital by making a pro rata distribution of their shares (“Bonus Shares”) to existing shareholders funded from retained earnings or other reserves. For the purpose of earnings per share computations, such Bonus Share issuances are regarded as issued shares for all periods presented and accordingly the weighted average number of shares used in earnings per share computations in prior periods is adjusted retroactively for the effects of these shares, issued without receiving cash or another consideration from shareholders. In case of increase in issued stock after balance sheet date but before the date that financial statement is prepared due to the bonus share distribution, earning per share calculation is performed taking account of total new share amount.

##### **Payments for Housing Acquisition Support (“HAS”)**

HAS was a compulsory of saving fund, established by the state to be used by fund participants in the future for acquisition of affordable housing. All employees have paid compulsory contributions to this fund by way of deductions from their salaries between the years 1987 and 1995. This system aimed to collect the deducted amounts in a single account, apply interest to the savings and provide the employees with these contributions at the time they wish to acquire a house/residential unit in the future. However, this project was suspended in 1996 and as per decree law No. 588, issued in 1999, the decision was taken to terminate the HAS accounts. With this decree law, real estate corresponding to the monetary value of the HAS deductions which were held by Emlak Bankası was transferred to the Company as paid in Capital.

Within the scope of Law No. 5664, dated 30 May 2007, and the regulation issued on 14 August 2007, the decision was taken to pay back these savings, which were still held as capital in kind in the accounts of the Company, to the HAS beneficiaries. Accordingly, the shares of HAS beneficiaries were removed from the Company’s equity capital and comprehensive income for the current period based on the ratios specified in the law and recognised as debts to HAS beneficiaries under other payables. The amount payable was determined as the share in the net asset value of the Company at 28 February 2008. The payable amount does not bear any interest or does not change with subsequent changes in the net asset value in subsequent periods and is payable on demand any date after 28 February 2008. The Company has borrowed funds from the Republic of Turkey Prime Ministry Undersecretariat of Treasury (the “Treasury”) to make such payments.

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS

### AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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

Furthermore, there is an additional responsibility of the Treasury to HAS beneficiaries, for lost interest income prior to 1999. In 2008 pursuant to an agreement with the Treasury this additional liability is recorded by the Company in the payables to HAS beneficiaries account as the Company has taken over the role of the Treasury to make such payments to HAS beneficiaries together with its own payables. Nevertheless, Company assets are not employed for this additional amount. For all payments made on behalf of the Treasury, the Company collects such amounts by redeeming government debt securities made available to the Company for these payments by the Treasury.

#### Dividends

Dividends payable are recognized as an appropriation of the profit in the period in which they are declared.

#### Statement of cash flows

Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements.

Cash flows from operating activities represent the cash flows of the Company generated from its main activities.

Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Company (fixed investments and financial investments).

Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Company and the repayments of these funds.

Cash and cash equivalents comprise cash on hand and bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities equal or less than three months.

#### Subsequent events

Subsequent events cover any events that arise between the reporting date and the balance sheet date, even if they occurred after any declaration of the net profit for the period or specific financial information publicly disclosed. The Company adjusts its financial statements if such subsequent events arise which require an adjustment to the financial statements (Note 30).

#### 2.6 Critical accounting estimates, assumptions and judgements

The preparation of financial statements requires the use of assumptions and estimates that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues expenses which are reported throughout the period. Even though these assumptions and estimates rely on the best estimates of the Company management both the actual results may differ and not material for these financial statements.

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS

### AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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

##### 2.7 Conformity with the Portfolio Limitations

The information presented in Additional Note of this report, regarding control of conformity with the portfolio limitations, is a summary information extracted from financial statements in accordance with Article 16 of Communiqué No: II-14.1, “Principles of Financial Reporting in Capital Markets” and is prepared in accordance with the provisions of the control of portfolio limitations of Communiqué No: III-48.1, “Principles Regarding Real Estate Investment Companies”.

#### NOTE 3 - CASH AND CASH EQUIVALENTS

	31 December 2014	31 December 2013
Cash on hand	3	3
Banks		
- Demand deposit	97,277	98,455
- Time deposit	2,496,079	4,700,613
Other	12,773	4,713
	<b>2,606,132</b>	<b>4,803,784</b>

Maturities of cash and cash equivalents are as follows:

Demand	97,280	98,458
Up to 1 month	2,496,079	4,700,613
Less: Blocked deposits	(12,773)	(4,713)
	<b>2,580,586</b>	<b>4,794,358</b>

The breakdown of foreign currency denominated cash equivalents in terms of TL is as follows

Euro	14	1
Dollar	-	222
Sterling	14	-
	<b>28</b>	<b>223</b>

Average effective interest rates of time deposits are as follows:

	31 December 2014	31 December 2013
	(%)	(%)
	8.14	7.49

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS

### AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

#### NOTE 3 - CASH AND CASH EQUIVALENTS ( Continued)

The calculation of cash and cash equivalents of the Company for the use in statements of cash flows is as follows:

	31 December 2014	31 December 2013
Cash and cash equivalents	2,606,132	4,803,784
Less: Interest accruals	(8,771)	(14,560)
Less: LSRSA project deposits (*)	(1,138,564)	(488,119)
Less: Blocked deposits	(5,397)	(3,008)
	<b>1,453,400</b>	<b>4,298,097</b>

(\*) The contractors’ portion of the residential unit sales in accordance with the related agreements, realized from the ongoing LSRSA projects is deposited in time deposit bank accounts that are opened for the related LSRSA projects. The Company has the authority to control these accounts. TL 7,376 part of the total project amount deposits TL 1,138,564 consists of blocked deposits.

#### NOTE 4 - FINANCIAL ASSETS

	31 December 2014	31 December 2013
<b>Financial Assets</b>		
Treasury bills	223,031	626,338
Special issue government bonds (*)	13,767	18,267
	<b>236,798</b>	<b>644,605</b>

(\*) The Republic of Turkey, Undersecretariat of Treasury (“Turkish Treasury”) issues special Domestic Government Debt securities in the name of the Company to make the HAS payments on behalf of Turkish Treasury. In 2010, special Domestic Government Debt securities amounted to TL429,617 has been issued to the Company. The Bonds are redeemed partially and early redeemed and the amount is transferred to the Company’s accounts when the HAS lists are specified (Note 7). These government bonds are non-interest bearing and are not subject to sale on secondary market therefore the fair values are also their nominal values

The Company issues treasury bills amounting to TL 223,031 as of 31 December 2014 (31 December 2013: TL 626,338) from Turkish Treasury. These treasury bills are measured at fair value. The fair value of these treasury bills are calculated by using the effective interest rates as quarterly which are announced by Turkish Treasury. Average effective interest rate of financial assets at 31 December 2014 is 8.96 % (31 December 2013: 8.26%). As of 31 December 2014, terms of the treasure bills vary from 5 to 6 months (31 December 2013: 5 months).

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS

### AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

#### NOTE 5 - FINANCIAL LIABILITIES

**31 December 2014**    **31 December 2013**

##### Short-term financial liabilities

Short-term bank borrowings	515	-
Short-term portion of long-term borrowings	171,757	175,635
	<b>172,272</b>	<b>175,635</b>

##### Long-term bank borrowings

Long-term borrowings	434,000	594,000
	<b>434,000</b>	<b>594,000</b>

The Company has borrowed TL1,314,000 from the Turkish Treasury for financing its HAS payment liability. According to the agreement signed with the Turkish Treasury, the borrowing without a payback until 10 October 2009 has a maturity of 10 October 2017 with floating interest rate. The interest rate is defined as the weighted average of the compound rate of discounted Government bonds issued by Turkish Treasury before each payment period.

The interest rate of the borrowing at 31 December 2014 is 9.44% (31 December 2013: 7.45 %).

The redemption schedules of the borrowings at 31 December 2014 and 2013 are as follows:

**31 December 2014**    **31 December 2013**

2015	-	160,000
2016	220,000	220,000
2017	214,000	214,000
	<b>434,000</b>	<b>594,000</b>

The allocation of interest rate sensitivity of financial liabilities according to their repricing dates is as follows:

**31 December 2014**    **31 December 2013**

Less than 3 months	52,272	55,635
Between 3 - 12 months	120,000	120,000
Between 1 - 5 years	434,000	594,000
	<b>606,272</b>	<b>769,635</b>

It is anticipated that the long-term borrowings with the floating rates reflect the fair values of the borrowings.

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

### NOTE 6 - TRADE RECEIVABLES AND PAYABLES

	31 December 2014	31 December 2013
<b>Short-term trade receivables</b>		
Notes receivables	468,476	65,842
Receivables from sale of residential units and commercial units	424,283	253,530
Receivables from LSRSA contractors invoiced	224,029	237,312
Receivables from land sales	18,988	105,620
Rent receivables	1,657	1,830
Due from related parties (Note 26)	-	57
Other	587	384
Unearned finance income	(4,547)	(3,474)
	<b>1,133,473</b>	<b>661,101</b>
Doubtful receivables	1,732	1,732
Less: Provision for doubtful receivables (-)	(1,732)	(1,732)
	<b>1,133,473</b>	<b>661,101</b>

### Long-term trade receivables

	31 December 2014	31 December 2013
Receivables from sale of residential units and commercial units	1,268,305	1,081,555
Receivables from land sales	42,999	42,629
Unearned finance income	(90,682)	(43,871)
	<b>1,220,622</b>	<b>1,080,313</b>

Movements of provision for doubtful receivables at 31 December 2014 and 2013 are as follows:

	2014	2013
<b>Balance at beginning, 1 January</b>	<b>1,732</b>	<b>1,740</b>
Provision charge for the period	-	-
Provision released / used	-	(8)
<b>Balance at period end, 31 December</b>	<b>1,732</b>	<b>1,732</b>

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS

### AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

#### NOTE 6 - TRADE RECEIVABLES AND PAYABLES (Continued)

	31 December 2014	31 December 2013
<b>Short-term trade payables</b>		
Payables to contractors according to LSRSA	758,916	569,133
Payables to related parties (Note 26)	558,203	-
Interest payables of contractors’ time deposit (*)	45,161	33,505
Trade payables	13,960	5,127
	<b>1,376,240</b>	<b>607,765</b>

#### Long-term trade payables

	31 December 2014	31 December 2013
Payables to landowners (**)	36,192	-
	<b>36,192</b>	<b>-</b>

(\*) The contractors’ portion of the residential unit sales as defined in the agreement which gained from ongoing LSRSA projects is deposited in the time deposit bank accounts under control of the Company within the related LSRSA projects (Note 3).

(\*\*) In the context of collaboration protocol dated 28 February 2014 for urban transformation project, the control of the land amounting to TL 36,192 has been transferred to the Company and since the payment will be in done with the delivery of the residential and commercial units, the payable to landowner has been classified in long term trade payables.

#### NOTE 7 - OTHER RECEIVABLES AND PAYABLES

	31 December 2014	31 December 2013
<b>Short-term other receivables</b>		
Housing Acquisition Support (“HAS”) related receivables from Turkish Treasury	391,001	388,170
Receivables from contractors	48,838	103,092
Due from related parties (Note 26)	26,499	6,575
VAT receivables from the tax authority	3,058	6,212
Other	163	88
	<b>469,559</b>	<b>504,137</b>

	31 December 2014	31 December 2013
<b>Long-term other receivables</b>		
Deposits and guarantees given	166	171
	<b>166</b>	<b>171</b>

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS

### AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

#### NOTE 7 - OTHER RECEIVABLES AND PAYABLES (Continued)

	31 December 2014	31 December 2013
<b>Short term other payables</b>		
Payable to HAS beneficiaries	405,230	408,996
Payable to contractors (*)	88,752	88,752
Deferred income	-	57,499
Taxes and funds payable	12,222	3,606
Due to related parties	-	18
Other	9,221	11,508
	<b>515,425</b>	<b>570,379</b>

(\*) The balance includes unissued invoice amount of TL 88,752 regarding units received as a result of revenue allocation at İzmir Mavişehir Phase 3 project, where the contractor filed a lawsuit regarding the revenue sharing percentages (31 December 2013: TL 88,752).

The movements of the payments either from Company’s shareholder’s equity to HAS beneficiaries and the detail of HAS payments and HAS receivables and payables related to Treasury Support as of for 31 December 2014 and 2013 are shown below:

	1 January 2014	Additions within the period	Disposals	31 December 2014
<b>Treasury support share</b>				
Receivable from Treasury	388,170	3,905	(1,074)	391,001
Special purpose government Bond (Note 4)	18,267	-	(4,500)	13,767
Cash generated from government bond redemption	2,559	18,109	(20,206)	462
<b>Total consideration received or receivable from Treasury</b>	<b>408,996</b>			<b>405,230</b>
<b>Payable to HAS beneficiaries</b>	<b>(408,996)</b>			<b>(405,230)</b>

	1 January 2013	Additions within the period	Disposals	31 December 2013
<b>Treasury support share</b>				
Receivable from Treasury	374,197	18,466	(4,493)	388,170
Special purpose government Bond (Note 4)	34,617	-	(16,350)	18,267
Cash generated from government bond redemption	2,456	38,873	(38,770)	2,559
<b>Total consideration received or receivable from Treasury</b>	<b>411,270</b>			<b>408,996</b>
<b>Payable to HAS beneficiaries</b>	<b>(411,270)</b>			<b>(408,996)</b>

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS

### AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

#### NOTE 8 - LAND AND RESIDENTIAL UNIT INVENTORIES

		<i>Reclassified(*)</i>
	<b>31 December 2014</b>	<b>31 December 2013</b>
<b>Short-term inventories</b>		
Planned land by LSRSA	577,498	256,353
Residential and commercial units ready for sale	73,361	145,129
<i>Cost</i>	74,276	148,013
<i>Impairment</i>	(915)	(2,884)
Planned land by RPSPTL	89,341	38,784
	<b>740,200</b>	<b>440,266</b>
<b>Long-term inventories</b>		
Land	4,752,386	2,373,053
<i>Cost</i>	4,763,764	2,407,349
<i>Impairment</i>	(11,378)	(34,296)
Planned land by LSRSA	2,643,700	2,406,746
Planned land by RPSPTL	847,809	377,102
Semi-finished construction projects	-	6,012
	<b>8,243,895</b>	<b>5,162,913</b>

(\*) See Note 2.3.

As of 31 December 2014, independent valuation reports prepared by Nova Taşınmaz Değerleme ve Danışmanlık A.Ş. and Yetkin Gayrimenkul Değerleme A.Ş. are taken into consideration in order to calculate the fair value and impairment loss, if any, on land units and commercial units ready for sale. The valuation methods that the independent valuation companies took into consideration included sales comparison and discounted cash flow methods, where the major assumptions were comprised of total cash flows expected from the projects, discount rates to calculate the present value of the related projects and comparable m<sup>2</sup> sales amounts. In addition to this, The company has prepared valuation reports for land units purchased or subdivided in the period.

The movement of the impairment on land and residential unit inventories is as follows:

	<b>2014</b>	<b>2013</b>
<b>Balance at 1 January</b>	<b>37,180</b>	<b>43,635</b>
Impairment charge for the period	12,192	12,450
Reversal of impairment due to sales	-	(625)
Reversal of impairment	(37,079)	(18,280)
<b>Balance at period end, 31 December</b>	<b>12,293</b>	<b>37,180</b>

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS

### AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

#### NOTE 8 - LAND AND RESIDENTIAL UNIT INVENTORIES (Continued)

The details of land and residential stocks of the company are shown below as of 31 December 2014 and 31 December 2013:

Lands (Long term)	31 December 2014	31 December 2013
İstanbul İstinye Lands	1,005,627	-
İstanbul Zeytinburnu Lands	-	635,005
Ankara Yeni Mahalle Lands	894,705	272,705
İstanbul Başakşehir Lands	703,069	521,333
İstanbul Maltepe Lands	688,674	-
Ankara Çankaya Lands	420,476	-
İstanbul Arnavutköy Lands	333,308	333,308
İstanbul Avcılar Lands	276,301	252,877
İstanbul Kartal Lands	132,283	132,233
İstanbul Esenyurt Lands	119,879	119,313
Kocaeli Gebze Lands	44,376	44,602
Balikesir Merkez Lands	44,000	-
Bursa Osmangazi Lands	27,309	-
İzmir Urla Lands	19,537	19,537
Tekirdağ Çorlu Lands	15,748	15,468
İstanbul Ataşehir Lands	8,995	1,843
Tekirdağ Kapaklı Lands	8,200	8,100
Kocaeli Tütüncüflüğü Lands	3,255	15,199
İstanbul Zekariyeköy Lands	645	344
Other	5,999	1,186
	<b>4,752,386</b>	<b>2,373,053</b>

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS

### AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

#### NOTE 8 - LAND AND RESIDENTIAL UNIT INVENTORIES (Continued)

Planned lands by LSRSA	31 December 2014	31 Aralık 2013
Kazlıçeşme Project	640,004	-
Maslak 1453 Project	549,415	549,415
Batışehir Project	144,871	344,481
Metropol İstanbul Project	246,166	246,166
Kuasar İstanbul Project	230,118	230,118
Köy Project	224,209	224,209
İstanbul Kartal Project	186,694	186,694
Park Maveria Project	115,513	-
Bulvar İstanbul Project	107,553	107,553
Kayabaşı 3.Etap Project	88,794	88,794
Kartal Yakacık Project	86,919	-
Kocaeli Derince Project	70,001	-
Avcılar Kapadık Project	79,299	79,299
Fatih Yedikule Project	65,646	65,990
Gaziosmanpaşa Project	62,430	62,430
Hoşdere 3. Etap Project	60,372	-
Hoşdere 2.Etap Project	47,064	47,064
Bahçetepe Project	28,986	88,025
Ankara Etimesgut Project	37,288	-
Evora İstanbul - 2 Project	25,504	48,622
Evora İstanbul - 1 Project	19,147	48,404
Ataşehir Finans Merkezi Project	8,337	-
Şehrizar Konakları Project	-	80,534
İstanbul Project	-	33,351
Sayok Park Aparts Project	-	20,621
Meridian Project	-	16,388
Other	96,868	94,941
	<b>3,221,198</b>	<b>2,663,099</b>

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS

### AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

#### NOTE 8 - LAND AND RESIDENTIAL UNIT INVENTORIES (Continued)

##### Planned land by RPSPTL

	31 December 2014	31 December 2013
Kayabaşı 1. Phase 1. Part Project	138,580	86,247
İstanbul Esenler Kentsel Dönüşüm Project	114,163	-
Hoşdere 1. Part 2. Phase Project	106,261	56,521
Ayazma Emlak Konutları Project	96,674	-
Kayabaşı 1. Phase 4. Part Project	92,361	55,429
Körfezkent 3 Phase Project	89,341	38,481
Hoşdere 1. Part 1. Phase Project	86,730	43,346
Kayabaşı 1. Phase 3. Part Project	80,624	42,087
Kayabaşı 1. Phase 2. Part Project	62,740	35,592
Hoşdere 1. Part 3. Phase Project	54,167	18,975
Körfezkent 4. Phase Project	14,423	-
Kocaeli Gebze Kirazpınar Kentsel Dönüşüm Project	662	-
Bursa Kentsel Dönüşüm Project	424	424
Emak Konut Sultanbeyli Project	-	38,784
	<b>937,150</b>	<b>415,886</b>

##### Completed Units

	31 December 2014	31 December 2013
Şehrizar Konakları	51,335	-
İstanbul Project	10,504	-
My Towerland	3,752	81,028
Park Yaşam Mavişehir Evleri	1,739	3,229
Spradon Vadi Evleri	1,142	9,991
Sultanbeyli Emlak Konutları	1,044	-
Emlak Konut Mavişehir Evleri	709	1,847
Tulip Turkuaz Konutları	403	9,959
My World Europe	-	35,604
Emlak Konut Novus Evleri	-	859
Emlak Konut Selimpaşa Evleri	-	124
Other	2,733	2,488
	<b>73,361</b>	<b>145,129</b>

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS

### AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

#### NOTE 9 - INVESTMENT PROPERTIES

Investment properties are for rent and sales comparison approach and income methods by discounted cash flows are used as fair value in these valuations and impairment calculations.

The movement of investment property at 31 December 2014 and 2013 are as follows:

	1 January 2014	(Impairment charge)/ reversal of impairment	Additions	Disposals	Transfer	31 December 2014
Avcılar land	770	77	-	-	-	847
Başakşehir Hoşdere land(*)	307	-	-	-	(307)	-
Selimpaşa commercial unit (**)	92	-	-	(92)	-	-
	<b>1,169</b>	<b>77</b>	<b>-</b>	<b>(92)</b>	<b>(307)</b>	<b>847</b>

	1 January 2013	(Impairment charge)/ reversal of impairment	Additions	Disposals	Transfer	31 December 2013
Avcılar land	780	(10)	-	-	-	770
Başakşehir Hoşdere land	-	-	-	-	307	307
Selimpaşa commercial unit	92	-	-	-	-	92
Gebze Güzeller land	229	-	-	-	(229)	-
İstanbul Ümraniye land	2,436	-	-	-	(2,436)	-
	<b>3,537</b>	<b>(10)</b>	<b>-</b>	<b>-</b>	<b>(2,358)</b>	<b>1,169</b>

(\*) The regarding land has been reclassified to long term land and residential unit inventories since it has been planned as LSRSA.

(\*\*) Selimpaşa commercial unit has been disposed from the investment properties since it was sold within amounting to TL 297 as of 29 August 2014.

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS

### AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

#### NOTE 9 - INVESTMENT PROPERTIES (Continued)

Regarding the measurement of fair values of investment properties at 31 December 2014, the valuation reports are taken from independent valuation firms Nova Taşınmaz Değerleme ve Danışmanlık A.Ş. (31 December 2013: Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.). The fair values of the investment property determined by independent valuation experts are as follows:

	31 December 2014	31 December 2013
Avcılar land	847	770
	<b>847</b>	<b>770</b>

#### NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

31 December 2014	Buildings	Motor vehicles	Furniture and fixtures	Construction in progress	Total
Net book value, 1 January 2014	2,469	763	2,253	5,783	11,268
Additions	7,642	-	616	18,115	26,373
Disposals, (net) (-)	-	-	(102)	-	(102)
Depreciation expense (-)	(167)	(218)	(615)	-	(1,000)
Impairment (-)	(642)	-	-	-	(642)
<b>Net book value</b>	<b>9,302</b>	<b>545</b>	<b>2,152</b>	<b>23,898</b>	<b>35,897</b>
Cost	10,898	1,090	5,376	23,898	41,262
Accumulated Depreciation (-)	(954)	(545)	(3,224)	-	(4,723)
Impairment (-)	(642)	-	-	-	(642)
<b>Net book value</b>	<b>9,302</b>	<b>545</b>	<b>2,152</b>	<b>23,898</b>	<b>35,897</b>
<i>Reclassified (*)</i>					
31 December 2013	Buildings	Motor vehicles	Furniture and fixtures	Construction in progress	Total
Net book value, 1 January 2013	2,534	320	1,651	-	4,505
Additions	-	625	1,108	5,783	7,516
Disposals, (net) (-)	-	-	-	-	-
Depreciation expense (-)	(65)	(182)	(506)	-	(753)
<b>Net book value</b>	<b>2,469</b>	<b>763</b>	<b>2,253</b>	<b>5,783</b>	<b>11,268</b>
Cost	3,255	1,090	4,906	5,783	15,034
Accumulated Depreciation (-)	(786)	(327)	(2,653)	-	(3,766)
<b>Net book value</b>	<b>2,469</b>	<b>763</b>	<b>2,253</b>	<b>5,783</b>	<b>11,268</b>

(\*) See Note 2.3.

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS

### AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

#### NOTE 11 - INTANGIBLE ASSETS

<b>31 December 2014</b>	<b>Licenses and services</b>	<b>Computer software</b>	<b>Total</b>
Net book value, 1 January 2013	1,191	879	2,070
Additions	72	588	660
Depreciation expense (-)	(287)	(456)	(743)
<b>Net book value</b>	<b>976</b>	<b>1,011</b>	<b>1,987</b>
Cost	1,883	1,996	3,879
Accumulated Depreciation (-)	(907)	(985)	(1,892)
<b>Net book value</b>	<b>976</b>	<b>1,011</b>	<b>1,987</b>

<b>31 December 2013</b>	<b>Licenses and services</b>	<b>Computer software</b>	<b>Total</b>
Net book value, 1 January 2013	673	465	1,138
Additions	875	677	1,552
Depreciation expense (-)	(357)	(263)	(620)
<b>Net book value</b>	<b>1,191</b>	<b>879</b>	<b>2,070</b>
Cost	1,812	1,403	3,215
Accumulated Depreciation (-)	(621)	(524)	(1,145)
<b>Net book value</b>	<b>1,191</b>	<b>879</b>	<b>2,070</b>

#### NOTE 12 - PROVISIONS

31 December 2014 31 December 2013

##### Provisions

Provision for lawsuits	69,699	59,996
Provision for cost accruals	46,930	31,940
	<b>116,629</b>	<b>91,936</b>

The movements of provision for lawsuits as of 31 December 2014 and 2013 are as follows:

	<b>2014</b>	<b>2013</b>
<b>Balance at 1 January</b>	<b>59,996</b>	<b>60,508</b>
Provision charge for the period	16,559	13,223
Provision released	(6,856)	(13,735)
<b>Balance at 31 December</b>	<b>69,699</b>	<b>59,996</b>

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS

### AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

#### NOTE 13 - EMPLOYEE BENEFITS

31 December 2014 31 December 2013

##### Short-term provisions

Unused vacation provision	3,609	2,693
	<b>3,609</b>	<b>2,693</b>

##### Long-term provisions

Provision for employment termination benefit	3,048	2,351
	<b>3,048</b>	<b>2,351</b>

TAS 19 foresees that actuarial valuation method should be in use in order to estimate the certain liabilities for defined benefit obligations of the Company. Accordingly, in the calculation of these liabilities, the following actuarial assumptions are used:

31 December 2014 31 December 2013

Discount rate (%)	3.95	3.49
Turnover rate to estimate probability of retirement (%)	4.68	5.62

The basic assumption is that the determined value for every working year increases proportional to inflation. Using this assumption, the existing discount ratio shows the real ratio, unaffected by inflation.

Movement of the provision for employment termination benefits as of 31 December 2014 and 2013 are as follows:

	2014	2013
<b>Balance at 1 January</b>	<b>2,351</b>	<b>2,023</b>
Service cost	383	256
Interest cost	279	228
Payment within the period	(168)	(9)
Actuarial income	203	(147)
<b>Balance at 31 December</b>	<b>3,048</b>	<b>2,351</b>

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

### NOTE 14 - OTHER ASSETS AND LIABILITIES

	31 December 2014	31 December 2013
<b>Other current assets</b>		
Progress payments given to contractors	142,778	70,625
Receivables from tax office (**)	44,247	12,495
Deferred VAT	38,306	5,840
Accrued Income	27,034	38,001
Stamp duty tax receivables from contractors (*)	-	25,533
Other	-	47
	<b>252,365</b>	<b>152,541</b>

(\*) The Company went through a tax inspection in 2012 and consequently, additional stamp duty tax was calculated regarding agreements made with contractors. Since all additional taxes and charges on the agreements are chargeable to the contractors as stated in the agreements, the related amount had been accounted for in both other assets and other liabilities as of 31 December 2013. The company paid its stamp duty taxes to the tax office and recharged those to the sub-contractors in 2014.

(\*\*) Receivables from tax office consist of bank stoppages paid on interest income, which have been requested from the tax office to be paid back.

	31 December 2014	31 December 2013
<b>Other current liabilities</b>		
Stamp duty tax payables (*)	-	25,533
	<b>-</b>	<b>25,533</b>

(\*) The Company went through a tax inspection in 2012 and consequently, additional stamp duty tax was calculated regarding agreements made with contractors. Since all additional taxes and charges on the agreements are chargeable to the contractors as stated in the agreements, the related amount had been accounted for in both other assets and other liabilities as of 31 December 2013. The company paid its stamp duty taxes to the tax office and recharged those to the sub-contractors in 2014.

### NOTE 15 - DEFERRED REVENUE

	31 December 2014	31 December 2013
<b>Other current liabilities</b>		
Deferred revenue from LSRSA projects (*)	2,406,969	2,001,157
Advances taken from LSRSA contractors (**)	630,273	544,248
Advances taken from RPSPTL projects sale	425,730	391,507
Due to related parties (Note 26)	64,732	64,735
Advances taken from LSRSA Projects sale	-	36,434
	<b>3,527,704</b>	<b>3,038,081</b>

(\*) The balance is comprised of deferred revenue of future land sales regarding the related LSRSA projects residential unit's sales. The advances received, which were received against a note receivable, were classified as short term with assuming that the owner of the notes can take back their noter whenever they wish.

(\*\*) In certain LSRSA projects, the Company collects in advance a certain portion of the total Company revenue from the project before signing the agreement with the contractor

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS

### AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

#### NOTE 15 - DEFERRED REVENUE (Continued)

	31 December 2014	31 December 2013
Other advances taken	1,952	1,797
	<b>1,952</b>	<b>1,797</b>

#### NOTE 16 - SHAREHOLDERS' EQUITY

The Company's authorized capital amount is TL 3,800,000 (31 December 2013: TL 3,800,000 ) and consists of 380,000,000 authorized number of shares with a nominal value of TL0.01 each.

The Company's shareholders and their shareholding percentages as of 31 December 2014 and 2013 are as follows:

Shareholders	31 December 2014		31 December 2013	
	Share %	TL	Share %	TL
Public offering portion	50,66	1,925,000	50,66	1,925,000
T.C. Başbakanlık Toplu Konut İdaresi Başkanlığı	49,34	1,874,831	49,34	1,874,831
HAS beneficiaries	0,00	167	0,00	167
Other	0,00	2	<0,00	2
<b>Total paid-in capital</b>	<b>100,00</b>	<b>3,800,000</b>	<b>100,00</b>	<b>3,800,000</b>

#### Share Premium

Pursuant to the Company's Board of Directors' decision No. 43 dated 18 August 2010 and Article 8, entitled “Capital and Stocks”, of the Articles of Association, the issued capital has been increased from TL1,875,000 to TL2,500,000, which is within the registered capital ceiling of TL4,000,000 for public offerings, and to entirely perform the public offering of 62,500,000 Group B bearer shares valued at TL625,000, which represent the increased portion of the declared capital system, by restricting completely the existing shareholders' entitlement to new shares within the framework of the “Communiqué on Principles Regarding Registration of Shares with the Board and Sale of Shares Serial I, No:40” and other relevant capital market legislation. As a result of the 26 November 2010 decision of the Board of Directors of the Istanbul Stock Exchange, the Company's Group B bearer shares with a total nominal value of TL625,000 which represent 25% of the Company's shares started trading on the Collective Products Market as of 2 December 2010. As a result of this public offering, the company acquired cash amounting to TL1,051,989 from these shares with a nominal value of TL625,000 and the difference which amounted to TL426,989, is recognised as share premiums in the financial statements.

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS

### AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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#### NOTE 16 - SHAREHOLDERS' EQUITY (Continued)

Upon recognition of the share premiums arising out of the initial public offering explained above, it was decided to increase the issued capital of TL2,500,000 to TL3,800,000, which is within the registered capital ceiling of TL4,000,000 for public offerings, and to perform the public offering of 130,000,000 Group B bearer shares valued at TL1,300,000, which represent the increased part of the declared capital system, by restricting the existing shareholders' entitlement to new shares within the framework of the "Communiqué on Principles Regarding Registration of Shares with the Board and Sale of Shares Serial I, No:40" and other relevant capital market legislation. The said public offering was approved by the Capital Markets Board on 5 November 2013 and certified and registered with No. 36/1188 by the Istanbul Trade Registry Office on the same date. Issued shares with a total nominal value of TL1,300,000, arising from the increase in the Company's capital from TL2,500,000 to TL3,800,000, were offered to the public with a restriction on shareholders' entitlement to new shares. Following this public offering, the company raised cash amounting to TL3,250,000 from the shares with a nominal value of TL1,300,000 and the difference between the sale price and the nominal share value, which amounted to TL1,925,000, and the costs directly related to the second public offering were offset and followed up in the account of share premiums.

#### Tresuary shares

Between 7 January 2014 and 29 September 2014, The Company has repurchased 46,187,318 numbers of shares with nominal value between TL 2.10 and TL 2.45 and total amounting to TL 101,379,489 (full TL). Shares average purchase price is TL 2.22 and as a result of the purchases, the share of the total shares to the total share lot is 2.92%.

#### Legal Reserves

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code (“TCC”). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve balance reaches 20% of the Company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

Balances mentioned above should be reclassified under “Restricted Reserves” in accordance with the CMB Standards. The Company has restricted reserves amounting to TL 292.674 as of 31 December 2014 (31 December 2013: TL 203.386). These balances fully comprise of legal reserves.

In accordance with the Communiqué Serial: XI, No: 29 which became effective as of 1 January 2008 and according to the CMB's announcements clarifying the said Communiqué, “Share Capital”, “Restricted Reserves Allocated from Profit” and “Share Premiums” need to be recognized over the amounts contained in the legal records. The valuation differences (such as inflation adjustment differences) shall be disclosed as follows:

- if the difference is arising from the valuation of “Paid-in Capital” and not yet been transferred to capital should be classified under the “Inflation Adjustment to Share Capital”;
- “if the difference is arising from valuation of “Restricted Reserves” and “Share Premium” and the amount has not been subject to dividend distribution or capital increase, it shall be classified under “Retained Earnings”. Other equity line should be revaluated in accordance with the CMB standards

# **EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **AT 31 DECEMBER 2014 AND 2013**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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#### **NOTE 16 - SHAREHOLDERS’ EQUITY (Continued)**

There is no any use of the adjustment to share capital except the adding it to the share capital.

##### **Dividend payment**

The Company paid dividend to its shareholders with an amount of TL 454,991 from net distributable profit amounting to TL 467,780 after deduct shares of repurchased stocks amounting to TL 12,789 on 26 May 2014. The dividend amounting to TL 12,786 which correspond to shares of repurchased stocks after the secondary public offering has been accounted in “Retained Earnings”.

In accordance with the 02/51 numbered decision and dated on 27 January 2010 about the principal of publicly-held corporations 2009 year business dividend distribution, it was decided that for publicly-held corporation’s shares traded at the exchange, there is not any minimum profit distribution obligation, in this scope profit distribution is executed according to principals mentioned in CMB’s Serial:IV, No:27 statement, determinations in master agreement of association and the announced profit distribution policies of companies. In case of taking decision on dividend distribution, depending on general assembly purpose, by means of cash or adding the dividend to capital, issued shares shall be distributed as bonus share or cash and bonus share in certain proportion. In other case, if the first dividend amount is 5% less than paid in capital/ issued capital, it is available to leave the amount in association structure without distributing, however, for incorporated companies which

perform increase in capital without distributing previous period dividend and for this reason differed as “old” and “new” and companies which will distribute dividend from profit arising its business, it was decided to obligate the calculated first dividend distributed as cash.

There is no any obligatory decision taken regarding the dividend distribution except the decisions mentioned above.

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS

### AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

#### NOTE 17 - SALES AND COST OF SALES

	2014	2013
<b>Revenue</b>		
Land sales	1,174,350	1,578,921
<i>Income from sale of land and plots through LSRSA</i>	1,052,317	1,056,626
<i>Income from sale of vacant land and plots</i>	122,033	522,295
Residential and commercial units sales	630,167	751,125
Rent income	1,937	2,639
	<b>1,806,454</b>	<b>2,332,685</b>
Sales returns	(1,347)	(1,242)
Sales discounts	(584)	(305)
<b>Net sales income</b>	<b>1,804,523</b>	<b>2,331,138</b>
<b>Cost of sales</b>		
Cost of land sales	(602,398)	(744,278)
<i>Cost of land and plots sold through LSRSA</i>	(481,212)	(553,422)
<i>Cost of vacant land and plots sold</i>	(121,186)	(190,856)
Cost of residential and commercial units sales	(430,414)	(566,914)
Other costs	-	(127)
	<b>(1,032,812)</b>	<b>(1,311,319)</b>
<b>Gross Profit</b>	<b>771,711</b>	<b>1,019,819</b>

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS

### AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

#### NOTE 18 - MARKETING, SALES AND DISTRIBUTION EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES

	2014	2013
<b>General administrative expenses</b>		
Staff costs	29,975	23,513
Taxes, duties and fees	23,977	20,790
Donations	10,000	-
Consultancy expenses	3,635	5,117
Subcontracting service expenses	3,240	5,094
Membership fees	2,353	2,393
Travel expenses	2,032	1,426
Depreciation and amortisation	1,743	1,373
Legal and notary	8,855	1,347
Insurance	1,474	1,050
Maintenance	481	230
Communication	360	320
Other	1,528	5,522
	<b>89,653</b>	<b>68,175</b>

	2014	2013
<b>Marketing, sales and distribution expenses</b>		
Advertisement	13,476	34,389
Staff costs	5,436	2,500
Notary expenses	1,263	6,038
Office expenses	1,081	341
Other	1,325	849
	<b>22,581</b>	<b>44,117</b>

#### NOTE 19 - EXPENSES BY NATURE

	2014	2013
Cost of land sales	602,398	744,278
Cost of residential units and commercial unit sales	430,414	566,914
Staff costs	35,411	26,013
Taxes, duties and fees	23,977	20,790
Advertisement	13,476	38,989
Legal and notary	10,118	7,385
Donations	10,000	-
Consultancy expenses	3,730	5,160
Subcontracting service expenses	3,262	5,103
Membership fees	2,353	2,393
Insurance	2,293	1,456
Depreciation and amortisation	1,743	1,373
Communication	379	327
Other	5,492	3,430
	<b>1,145,046</b>	<b>1,423,611</b>

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS

### AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

#### NOTE 20 - OTHER INCOME/EXPENSES

	2014	2013
<b>Other operating income</b>		
Finance income from credit sales	79,360	75,872
Impairment provision reversals	37,155	18,280
Delay penalty interest from project contractors	30,660	7,433
Released lawsuit provision (Note 12)	6,856	13,735
Commission income on transfers of ownership	6,157	3,455
Delay penalty income from project contractors	2,501	5,946
Fee returns from Land Offices	928	3,822
Income from tender contract sales	380	-
Income from guarantees	105	114
Insurance income	-	1,763
Other	6,855	7,820
	<b>170,957</b>	<b>138,240</b>

#### Other operating expenses

Unearned finance expense, net	(47,871)	(11,414)
Lawsuit provision charge for the period (Note 12)	(16,559)	(13,223)
Impairment provision expenses	(12,834)	(12,450)
Legal expenses	(577)	(2,457)
Reversal of due date differences	(362)	(1,259)
Other	(3,184)	(574)
	<b>(81,387)</b>	<b>(41,377)</b>

#### NOTE 21 - INCOME FROM INVESTING ACTIVITIES

	2014	2013
Interest income on Turkish Treasury borrowings	15,825	36,194
Interest income from reverse-repo	-	547
	<b>15,825</b>	<b>36,741</b>

#### NOTE 22 - FINANCIAL INCOME

	2014	2013
<b>Financial income</b>		
Interest income from time deposits	253,568	83,986
Foreign exchange income	90	108
	<b>253,658</b>	<b>84,094</b>

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS

### AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

#### NOTE 23 - FINANCIAL EXPENSE

	2014	2013
<b>Financial expense</b>		
Interest expense on Turkish Treasury borrowings (*)	(62,427)	(63,035)
Commission expenses	(1,443)	(1,230)
Foreign exchange loss	(263)	(423)
	<b>(64,133)</b>	<b>(64,688)</b>

(\*) Interest expense of borrowing for HAS beneficiaries payments from Turkish Treasury amounting to TL1,314,000 calculated in accordance with Domestic Government Debt Securities issuance compound interest rate announced at the time of payment periods.

#### NOTE 24 - TAXATION

"Corporate Tax Law" No. 5520 was taken into effect after being published in the Official Gazette No. 26205, dated 21 June 2006. Many clauses of the "New Tax Law" are effective from 1 January 2006. According to Tax Law, No. 5520, the corporate tax rate in Turkey is payable at the rate of 20% as of 1 January 2006. The corporate tax rate is calculated on the total income of the Company after adjusting for certain disallowable expenses, exempt income and other allowances. No further tax is payable unless the profit is distributed.

Dividends paid to non-resident corporations, which have a place of business in Turkey or to resident corporations, are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as profit distribution and no withholding tax incurs in such a case.

The Company is exempt from corporate income tax in accordance with paragraph 4-d of Article 8 of the Corporate Income Tax Law after the Real Estate Investment Company ("REIC") conversion on 22 June 2002 and in accordance with paragraph 6-a of Article 94 of the Income Tax Law, the earnings of the REICs are subject to withholding taxes. According to the Council of Ministers Decision, No: 93/5148, the withholding tax rate is determined as "0".

#### NOTE 25 – EARNINGS PER SHARE

In Turkey, companies can increase their share capital by making a pro rata distribution of shares ("Bonus Shares") to existing shareholders from retained earnings and revaluation surplus. The issue of such shares is treated as the issuance of ordinary shares in the calculation of earnings per share. Accordingly, previous effects of related share distributions taking into consideration on weighted average number of shares used in calculation. Earnings per share is calculated by considering the total number of new shares when there is an increase in issued shares because of distribution of bonus shares after the balance sheet date but before the preparation of financial statements.

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

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS

### AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

#### NOTE 25 - EARNINGS PER SHARE (Continued)

	2014	2013
Net income attributable to equity holders of the parent in full TL	954,396,530	1,060,536,511
Weighted average number of ordinary shares	380,000,000,000	269,944,496,438
<b>Earnings per share in full TL</b>	<b>0.0025</b>	<b>0.0039</b>

#### NOTE 26 - RELATED PARTY TRANSACTIONS

The main shareholder of the Company is TOKİ. TOKİ is a State institution under control of Republic of Turkey Prime Ministry. Related parties of the Company are as listed below:

1. T.C. Başbakanlık Toplu Konut İdaresi Başkanlığı ("TOKİ")
2. Emlak Pazarlama. İnşaat. Proje Yönetimi ve Ticaret A.Ş. (an affiliate of TOKİ)
3. GEDAŞ Gayrimenkul Değerleme A.Ş. (an affiliate of TOKİ)
4. TOBAŞ (Toplu Konut - Büyükşehir Bel. İnş. Emlak ve Proje A.Ş.) (an affiliate of TOKİ)
5. Vakıf Gayrimenkul Yatırım Ortaklığı A.Ş. (an affiliate of TOKİ)
6. Vakıf İnşaat Restorasyon ve Ticaret A.Ş. (an affiliate of TOKİ)
7. Emlak-Toplu Konut İdaresi Spor Kulübü
8. Emlak Paz.- Fideltus İnş. - Öztaş İnş. Ortak Girişimi

According to the revised TAS 24 - Related Parties standard, exemptions have been brought to the disclosure requirements of balances. The Company has transactions with State banks that are T.C.Ziraat Bankası A.Ş., Türkiye Vakıflar Bankası T.A.O., Türkiye Halk Bankası A.Ş. and Turkish Treasury in relation to the HAS payments.

- Balances and transactions with respect to Turkish Treasury are detailed in Note 5 and 7.
- The Company mostly deposits its cash in State Banks in compliance with its related statute. The bank balances with state banks amounted to TL 2.269.959 as of 31 December 2014 (31 December 2013: TL 4,455,051). Regarding these bank balances, the Company also generated interest income from the related State banks amounted to TL 253.568 in as of 31 December 2014 (31 December 2013: TL 95.056). Average effective interest rates of time deposits of the Company as of 31 December 2014 and 2013 are explained in Note 3.

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS

### AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

#### NOTE 26 - RELATED PARTY TRANSACTIONS (Continued)

The transactions made between the Company and TOKİ, its affiliates and other related parties are presented below.

31 December 2014 31 December 2013

#### Trade receivables from related parties

Emlak Paz. İnş. A.Ş.-Yeni Sarp İnş. Ltd.	-	57
		<b>57</b>

31 December 2014 31 December 2013

#### Other receivables from related parties

Emlak Paz. İnş. A.Ş.-Yeni Sarp İnş. Ltd.	20,940	1,025
Emlak Paz.-Fideltus İnş-Öztaş İnş. O.G.	5,559	5,550
	<b>26,499</b>	<b>6,575</b>

31 December 2014 31 December 2013

#### Trade payables to related parties

T.C. Başbakanlık Toplu Konut İdaresi Başkanlığı (“TOKİ”) (*)	558,203	-
	<b>558,203</b>	<b>-</b>

(\*) The Company has purchased various lands from its ultimate parent company (TOKİ) in 2014. The remaining payable from this purchases to TOKİ is amounting to TL 524,067 and accrued interest is TL 33,596.

#### Advances received from related parties

Emlak Paz.- Fideltus İnş. - Öztaş İnş. O.G.	64,732	64,732
Emlak Paz.- Yeni Sarp İnş. Ltd. O.G.	-	3
	<b>64,732</b>	<b>64,735</b>

Represents the initial collections made from LSRSA projects, where the Company collects in advance a predetermined portion of the total sales amount in line with the agreements.

2014

2013

#### Purchases from related parties

TOKİ	2,578,467	748,127
Emlak Paz.- Fideltus İnş. - Öztaş Ortak Girişimi	-	9
	<b>2,578,467</b>	<b>748,136</b>

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS

### AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

#### NOTE 26 - RELATED PARTY TRANSACTIONS (Continued)

	2014	2013
<b>Sales to related parties</b>		
T.C.Başbakanlık Toplu Konut İdaresi Başkanlığı	121,390	-
Emlak Paz. - Cathay Ortak Girişimi	1,795	958
Emlak Pazarlama, Yeni Sarp Ortak Girişimi	67	62
	<b>123,252</b>	<b>1,020</b>

In the Company the president of the Board of Directors, members of Board of Directors, Audit Committee members, General Manager, Assistant General Managers and General Manager consultant and other decision makers who are in charge to manage the operations are assumed as Key management. Short-term benefits given to Key management are stated below:

	2014	2013
<b>Remuneration of key management</b>		
Salaries and short-term employee benefits	1,308	1,430
	<b>1,308</b>	<b>1,430</b>

#### NOTE 27 - FINANCIAL RISK MANAGEMENT

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

##### *Liquidity Risk*

Liquidity risk is the inability of the Company to match the net funding requirements with sufficient liquidity.

The Company manages its liquidity risk by using special analyses regarding its ability to meet the Company’s financial and trade liabilities using the expected undiscounted cash out-flows.

Regarding the liquidity risk arising from the financial liability for HAS beneficiaries, which is a demand-liability, the Company uses the funds made available by the Treasury to meet the payment obligations for this liability. For other financial liabilities, the majority of which comprise of trade liabilities, the Company mainly uses its cash balances and proceeds from sales and advances received.

The Company aims to maintain flexibility in funding by maintaining the availability of committed credit lines. The Company has no derivative financial instruments. The tables have been prepared based on the contractual undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS

### AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

#### NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

The maturity distribution of financial liabilities of the Company as of 31 December 2014 is as follows:

	Carrying value	Contractual cash flows	Up to 3 months	3 months to 1 year	1 year - to 5 years	Over 5 years
<b>Short-term financial liabilities</b>						
<b>(Non-derivative):</b>						
Financial liabilities	172,272	210,938	54,283	156,655	-	-
Trade payables	1,376,240	1,376,240	1,376,240	-	-	-
Other short-term liabilities	-	-	-	-	-	-
	<b>1,548,512</b>	<b>1,587,178</b>	<b>1,430,523</b>	<b>156,655</b>	-	-
<b>Long-term financial liabilities</b>						
<b>(Non-derivative):</b>						
Financial liabilities	434,000	480,163	-	-	480,163	-
Trade payables	36,192	36,192	-	-	36,192	-
Other liabilities	15,130	15,130	-	-	15,130	-
	<b>485,322</b>	<b>531,485</b>	-	-	<b>531,485</b>	-
	<b>2,033,834</b>	<b>2,118,663</b>	<b>1,430,523</b>	<b>156,655</b>	<b>531,485</b>	-

The maturity distribution of financial liabilities of the Company as of 31 December 2013 is as follows:

	Carrying value	Contractual cash flows	Up to 3 months	3 months to 1 year	1 year - to 5 years	Over 5 years
<b>Short-term financial liabilities</b>						
<b>(Non-derivative):</b>						
Financial liabilities	175,635	215,092	57,542	157,550	-	-
Trade payables	607,765	607,765	607,765	-	-	-
Other short-term liabilities	25,533	25,533	25,533	-	-	-
	<b>808,933</b>	<b>848,390</b>	<b>690,840</b>	<b>157,550</b>	-	-
<b>Long-term financial liabilities</b>						
<b>(Non-derivative):</b>						
Financial liabilities	594,000	669,849	-	-	669,849	-
Other payables	7,204	7,204	-	-	7,204	-
	<b>601,204</b>	<b>677,053</b>	-	-	<b>677,053</b>	-
	<b>1,410,137</b>	<b>1,525,443</b>	<b>690,840</b>	<b>157,550</b>	<b>677,053</b>	-

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS

### AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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#### NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

##### *Interest rate risk*

The Company is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. These exposures are managed by offsetting interest rate sensitive assets and liabilities. In this context, matching of not only maturities of receivables and payables but also contractual repricing dates is crucial.

Average effective annual interest rates of balance sheet items as of 31 December 2014 and 2013 are as follows:

	31 December 2014 (%)	31 December 2013 (%)
<b>Current assets</b>		
Cash and cash equivalents	8.14	7.49
Trade receivables	8.96	9.01
<b>Current liabilities</b>		
Financial liabilities	9.39	7.45
<b>Non-current liabilities</b>		
Financial liabilities	9.39	7.45

The Company’s financial instruments that are sensitive to interest rates are as follows:

	31 December 2014	31 December 2013
<b>Financial instruments with fixed interest rate</b>		
Time deposits	2,496,079	4,700,613
<b>Financial instruments with floating interest rate</b>		
Financial liabilities	606,272	769,635

The profit before tax of the Company will increase / decrease by TL6,732 as of 31 December 2014 (31 December 2013: TL336 ) and in case of a 1% decrease/increase in TL market interest rates with all other factors remaining constant as of 31 December 2014.

Company’s financial assets and liabilities in carrying amounts classified in terms of periods remaining to contractual repricing dates as of 31 December 2014 and 2013 are as follows:

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.****NOTES TO THE FINANCIAL STATEMENTS****AT 31 DECEMBER 2014 AND 2013**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)**

	31 December 2014				Total
	Up to 3 months	3 months to 12 months	More than 1 year	Non-interest bearing	
Cash and cash equivalents	2,496,079	-	-	110,053	2,606,132
Financial instruments	223,031	-	-	13,767	236,798
Trade receivables	685,987	223,457	1,220,622	224,029	2,354,095
Other receivables	-	48,838	-	420,887	469,725
Land and residential unit inventories	-	-	-	8,984,095	8,984,095
Other current assets	-	-	-	252,365	252,365
Prepaid expenses	1,003	-	-	10,541	11,544
Investment property	-	-	-	847	847
Property, plant and equipment	-	-	-	35,897	35,897
Intangible assets	-	-	-	1,987	1,987
<b>Total assets</b>	<b>3,406,100</b>	<b>272,295</b>	<b>1,220,622</b>	<b>10,054,468</b>	<b>14,953,485</b>
Financial liabilities	52,272	120,000	434,000	-	606,272
Trade payables	-	13,960	-	1,398,472	1,412,432
Other payables	-	-	-	530,555	530,555
Deferred income	-	-	-	3,529,656	3,529,656
Provisions for employment termination benefits	-	-	-	6,657	6,657
Shareholders' equity and other liabilities	116,629	-	-	8,751,284	8,867,913
<b>Total liabilities</b>	<b>168,901</b>	<b>133,960</b>	<b>434,000</b>	<b>14,216,624</b>	<b>14,953,485</b>
<b>Net repricing position</b>	<b>3,237,199</b>	<b>138,335</b>	<b>786,622</b>	<b>(4,162,156)</b>	<b>-</b>

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS

### AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

#### NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2013				Total
	Up to 3 months	3 months to 12 months	More than 1 year	Non-interest bearing	
Cash and cash equivalents	4,700,613	-	-	103,171	4,803,784
Financial instruments	626,338	-	-	18,267	644,605
Trade receivables	423,789	1,080,313	-	237,312	1,741,414
Other receivables	-	103,092	-	401,216	504,308
Land and residential unit inventories	-	-	-	5,603,179	5,603,179
Other current assets	-	-	-	152,541	152,541
Prepaid expenses	1,772	-	-	4,872	6,644
Investment property	-	-	-	1,169	1,169
Property, plant and equipment	-	-	-	11,268	11,268
Intangible assets	-	-	-	2,070	2,070
<b>Total assets</b>	<b>5,752,512</b>	<b>1,183,405</b>	<b>-</b>	<b>6,535,065</b>	<b>13,470,982</b>
Financial liabilities	175,635	-	594,000	-	769,635
Trade payables	-	5,127	-	602,638	607,765
Other payables	-	-	-	577,583	577,583
Deferred income	-	-	-	3,039,878	3,039,878
Provisions for employment termination benefits	-	-	-	5,044	5,044
Shareholders' equity and other liabilities	91,936	-	-	8,379,141	8,471,077
<b>Total liabilities</b>	<b>267,571</b>	<b>5,127</b>	<b>594,000</b>	<b>12,604,284</b>	<b>13,470,982</b>
<b>Net repricing position</b>	<b>5,484,941</b>	<b>1,178,278</b>	<b>(594,000)</b>	<b>(6,069,219)</b>	<b>-</b>

#### *Credit risk*

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

The Company manages credit risk of bank deposits by working mainly with state banks established in Turkey and having long standing relations with the Company. Majority of bank deposits in this regard are with the state owned retail banks.

Credit risk of receivables from third parties is managed by securing receivables with collaterals covering receivables at the highest possible proportion. Methods used are as follows:

- Bank guarantees (letter of guarantee, etc.),
- Mortgage on real estate
- Retain the legal title to the goods solely to protect the collectability of the amount due.

In credit risk control, the credit quality of each customer is assessed; taking into account its financial position, past experience and other factors, individual risk limits are set in accordance and the utilisation of credit limits is regularly monitored.

**EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

**NOTES TO THE FINANCIAL STATEMENTS**

**AT 31 DECEMBER 2014 AND 2013**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)**

Credit risk of financial instruments as of 31 December 2014 is as follows:

31 December 2014	Trade Receivables		Other Receivables		Deposits in Cash and Banks
	Related party	Other party	Related party	Other party	
<b>Maximum exposed credit risk as of reporting date</b>	-	<b>2,406,325</b>	<b>26,499</b>	<b>52,053</b>	<b>2,606,132</b>
Secured portion of the maximum credit risk by guarantees, etc,	-	2,405,738	26,499	52,053	2,606,132
A. Net book value of financial assets either not due or not impaired					
- Secured portion by guarantees, etc,	-	2,405,738	26,499	52,053	2,606,132
B. Financial assets with renegotiated condition					
- Secured portion by guarantees, etc,	-	-	-	-	-
C. Net book value of the expired but not impaired financial assets					
- Secured portion by guarantees, etc,	-	587	-	6	-
D. Net book value of the impaired assets					
- Overdue (Gross book value)	-	1,732	-	-	-
- Not overdue (Gross book value)	-	-	-	-	-
- Impairment (-)	-	(1,732)	-	-	-
- Secured portion of the net value by guarantees, etc,	-	-	-	-	-

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS

### AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

#### NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

Credit risk of financial instruments as of 31 December 2013 is as follows:

31 December 2013	Trade Receivables		Other Receivables		Deposits in Cash and Banks
	Related party	Other party	Related party	Other party	
<b>Maximum exposed credit risk as of reporting date</b>	<b>57</b>	<b>1,746,073</b>	<b>6,575</b>	<b>109,563</b>	<b>4,803,784</b>
Secured portion of the maximum credit risk by guarantees, etc	57	1,745,689	6,575	109,557	4,803,784
A. Net book value of financial assets either not due or not impaired	57	1,745,689	6,575	109,557	4,803,784
- Secured portion by guarantees, etc,	57	1,745,689	6,575	109,557	4,803,784
B. Financial assets with renegotiated condition	-	-	-	-	-
- Secured portion by guarantees, etc,	-	-	-	-	-
C. Net book value of the expired but not impaired financial assets	-	384	-	6	-
- Secured portion by guarantees, etc,	-	-	-	-	-
D. Net book value of the impaired assets	-	-	-	-	-
- Overdue (Gross book value)	-	1,732	-	-	-
- Not overdue (Gross book value)	-	-	-	-	-
- Impairment (-)	-	(1,732)	-	-	-
- Secured portion of the net value by guarantees, etc,	-	-	-	-	-

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS

### AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

#### NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

Amounts showing the maximum credit risk exposed as of balance sheet date by excluding guarantees in hand and other factors that increase the credit quality. There is no any impairment on the Company's asset that subject to credit risk of financial activities. In addition, there is no any overdue receivables off-balance sheet item.

##### *Foreign exchange risk*

The Company is subject to the foreign currency risk due to the foreign currency deposits in the bank deposit account. The Company does not use foreign currency in its main operations; the foreign currency risk is only originated from deposits of the Company.

##### *Foreign currency position*

Foreign currency denominated assets, liabilities and off-balance sheet accounts give rise to foreign exchange exposure.

The Company has no any financial instruments for the foreign exchange position of the assets and liabilities as of 31 December 2014.

The Company's foreign currency assets and liabilities are as follows:

	31 December 2014	31 December 2013
Foreign currency denominated assets	28	223
Foreign currency denominated liabilities	(1,987)	(1,829)
<b>Net foreign currency position</b>	<b>(1,959)</b>	<b>(1,606)</b>

The table below summarizes the Company's foreign currency position of the Company as of 31 December 2014 and 2013. TL equivalent of foreign exchange denominated financial assets and liabilities as follows;

31 December 2014	EUR	USD	Sterling	TL equivalent
<b>Current assets</b>				
Cash and cash equivalents	5	-	4	28
<b>Total Assets</b>	<b>5</b>	<b>-</b>	<b>4</b>	<b>28</b>
<b>Noncurrent liabilities</b>				
Other liabilities	-	15	-	35
Deferred income	-	842	-	1,953
<b>Total liabilities</b>	<b>-</b>	<b>857</b>	<b>-</b>	<b>1,987</b>
<b>Net foreign currency position</b>	<b>5</b>	<b>(857)</b>	<b>4</b>	<b>(1,959)</b>

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS

### AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

#### NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

31 December 2013	EUR	USD	Sterling	TL equivalent
<b>Current assets</b>				
Cash and cash equivalents	-	104	-	223
<b>Total Assets</b>	-	<b>104</b>	-	<b>223</b>
<b>Noncurrent liabilities</b>				
Other liabilities	-	15	-	32
Deferred income	-	842	-	1,797
<b>Total liabilities</b>	-	<b>857</b>	-	<b>1,829</b>
<b>Net foreign currency position</b>	-	<b>(753)</b>	-	<b>(1,606)</b>

#### *Capital risk management*

The Company attempts to manage its capital by minimizing the investment risk with portfolio diversification. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Gearing ratios as of 31 December 2014 and 2013 are as follows:

	31 December 2014	31 December 2013
Total liabilities	6,202,201	5,117,374
Cash and cash equivalents	2,606,132	4,803,784
Net debt	3,596,069	313,590
Total shareholders' equity	8,751,284	8,353,608
Invested Capital	3,800,000	3,800,000
<b>Gearing ratio</b>	<b>0.41</b>	<b>0.04</b>

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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### NOTE 28 - FINANCIAL INSTRUMENTS

#### *Fair value of financial instruments*

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

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

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

#### *Financial assets:*

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

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

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

The special issue long term government bond has been issued by the Treasury and given to the Company for payment of HAS payables, is non-negotiable on the secondary market and does not bear interest. It is puttable on demand by the Company at par back to the Treasury, and is also accounted at par representing its fair value.

#### *Financial liabilities:*

The Company’s borrowing from the Turkish Treasury for financing its HAS payment liability has a floating interest rate defined as the weighted average of the compound rate of discounted Government bonds issued by Turkish Treasury before each payment period. Therefore it is considered that fair values of the borrowing’s fair value are approximate carrying value which is amortized cost.

Short term trade payables and other liabilities with no stated interest rate are measured at original invoice amount and are payables on demand therefore they are measured at their demand values and classified as short-term. They are considered to approximate their respective carrying values due to their short-term nature.

It is anticipated that there is no significant difference between the cost values and fair values of the borrowings with floating interest rates including its accruals for the regarding period.

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS

### AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

#### NOTE 28 - FINANCIAL INSTRUMENTS (Continued)

##### Fair Value of Financial Instruments

The fair values of financial assets and financial liabilities are determined as follows:

- Level 1: Financial assets and financial liabilities with standard terms and conditions are valued with quoted market prices which are determined on active liquid markets.
- Level 2: Financial assets and financial liabilities are valued by directly or indirectly observable market prices rather than the quoted market prices mentioned in first level of the regarding assets or liabilities.
- Level 3: Financial assets and financial liabilities are valued by the inputs where there is no observable market data of the fair value of the regarding assets and liabilities

Classifications of the assets and liabilities which are measured by fair values are as follows:

Financial assets	31 December 2014		
	Fair value levels		
	1. Level	2. Level	3. Level
	TL	TL	TL
Treasury bills	223,031	-	-

Financial assets	31 December 2013		
	Fair value levels		
	1. Level	2. Level	3. Level
	TL	TL	TL
Treasury bills	626,338	-	-

#### NOTE 29 - CONTINGENT ASSETS AND LIABILITIES

1. The LSRSA project agreement dated 21 December 2005 regarding 750 units in İzmir Mavişehir Upper North Area 2. Phase has been abolished on 21 December 2009 since the contractor did not meet the requirements of the provisions in the agreement. Following the cancellation of the agreement, the project has been transferred to the Company and the remaining part of the project has been completed by another construction company which was assigned in accordance with public tender law. The related units have been completed and are sold by the Company as in RPSPTL.

The prior contractor filed a lawsuit against the Company claiming that the completion percentage of the project was significantly high and that the agreement between the parties was based on construction right in return for flat. The expert report on the project stated that the completion percentage was 83% but that the agreement between the parties was not based on construction right in return for flat. The Company and the contractor filed counter lawsuits in the following period and an additional report was decided to be issued. The additional report is about the final receivables and payables of the parties considering all the claims. The additional report is completed. The court decided to apply secondary expert report as a result of additional report examination on 11 June 2014. Nevertheless next trial date has not been appointed yet. In addition, the file was conferred to the committee since the Commercial Court converted to Committee Judgeship.

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS

### AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

#### NOTE 29 - CONTINGENT ASSETS AND LIABILITIES (Continued)

The Company does not expect any obligation or liability to be incurred as a result of the lawsuit.

- The LSRSA project agreement regarding İzmir Mavişehir Upper North Area 3. Phase has been signed on 19 December 2005 and following almost all the contractual obligations have been performed by the parties, the Contractor filed a lawsuit against the Company claiming that the agreement conditions should be revised considering the changing conditions. The Contractor wants all the agreement provisions to be cancelled except for the provisions where the Company's revenue portion is TL 67,515 plus VAT calculated as TL 175,000 plus VAT total project revenue times 38.58% Company's revenue portion. The Contractor wants all the properties and related land portion to be valued by an independent valuation company as of the date of the lawsuit and that 38.58% of the total value to be appropriated to the Company and the remaining 61.42% of the total value to be appropriated to the Contractor.

An expert report has been issued on the subject, which stated that the relation between the parties was in the form of ordinary partnership. The Company objected the expert report putting forward the existence of counter opinions in the doctrine and submitted the sources of such opinions. The expert report also opined that the mortgage crisis in the global markets required the revision of the agreement in accordance with the changing conditions.

The court decided to hearing the next trial at 5 March 2015 to assess the demand of obtaining the new expert group's report. Since a similar lawsuit was finalized in favor of the Company in the past, the Company does not expect any obligation or liability to be incurred as a result of the lawsuit. In addition, the file was handed out to the committee since the Commercial Court converted to Committee Judgeship.

- Mortgage and guarantees received are;

	31 December 2014	31 December 2013
Guarantees received	2,493,538	2,385,590
Mortgages received	44,595	52,086
	<b>2,538,133</b>	<b>2,437,676</b>

Other guarantees consist of accurate and temporary guarantees given by contractors for construction projects during the tendering process.

Mortgages taken consist of mortgaged independent sections and land which sold but not yet collected.

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS

### AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

#### NOTE 29 - CONTINGENT ASSETS AND LIABILITIES (Continued)

4) Collaterals, pledges, mortgages ("CPM"):

	31 December 2014	31 December 2013
A. CPM given on behalf of the Company's legal personality	22,906	7,901
B. CPM given on behalf of fully consolidated subsidiaries	-	-
C. CPM given for continuation of its economic activities on behalf of third parties	-	-
D. Total amount of other CPM		
Total amount of CPM given on behalf of the majority shareholder	-	-
Total amount of CPM given on behalf of other group companies which are not in scope of B and C.	-	-
Total amount of CPM given on behalf of third parties which are not in scope of C.	-	-
	<b>22,906</b>	<b>7,901</b>

#### NOTE 30 - EVENTS AFTER THE REPORTING PERIOD

1. Emlak Planlama İnşaat Proje Yönetimi ve Tic. A.Ş." which is one of the companies in the Joint Venture of "Emlak Planlama İnşaat Proje Yönetimi ve Tic. A.Ş ~ Yeni Sarp İnş. Madeni Yağ. Pet. Ürünleri Tur. İth. İhr. Tic. ve San. Ltd. Şti." that had undertaken "Istanbul Umraniye 1. Stage Revenue Sharing Model in Return for Land Sale Project (Sarphan Finanspark) has transferred its whole shares (10% in total) in the partnership and left the above mentioned joint venture. "Öz Akar Elek. Akar. Nak. İnş. Taah. İth. İhr. Tic. ve San. Ltd. Şti." has been the new partner as taking over 10% shares.
2. Türkiye Vakıflar Bankası T.A.O. initiated a lawsuit at İstanbul Anadolu 5. Commercial Court of First Instance under file no. 2014/2510 against The Company and Bozoğlu İnşaat Taahhüt Ltd. Şti. for the "collection of receivables" and in this lawsuit, Türkiye Vakıflar Bankası T.A.O. claims that TL 75,000 of the total progress payment of the contractor Bozoğlu İnşaat Taahhüt Ltd. Şti. arising from the revenue sharing contract in return for the sale of İzmir Mavişehir North Upper Region 2nd phase lands, executed between The Company and Bozoğlu İnşaat Taahhüt Ltd. Şti. was assigned to Türkiye Vakıflar Bankası T.A.O. under four assignment contracts but it could not receive TL 46,490 of the assignment receivables due to the termination of the contract by The Company. Accordingly, it requests the collection of TL 46,490 from Bozoğlu İnşaat Taahhüt Ltd. Şti. and The Company. An additional term of 1 month is requested from the Court to send a response to the abovementioned lawsuit.

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS

### AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

#### ADDITIONAL NOTE - COMPLIANCE CONTROL OF THE PORTFOLIO RESTRICTIONS

	<b>Non-Consolidated (Individual) Financial Statements</b>		<b>Current Period</b>	<b>Prior Period</b>
	<b>Main Account Items</b>	<b>Related Regulation</b>	<b>31 December 2014</b>	<b>31 December 2013</b>
			<b>(TL)</b>	<b>(TL)</b>
<b>A</b>	Money and Capital Market Instruments,	Series: III, No:48.1 , Art.24/ (b)	1,704,366	4,960,270
<b>B</b>	Properties, Projects based on Properties and Rights based on Properties	Series: III, No:48.1 , Art.24/ (a)	8,994,886	5,612,599
<b>C</b>	Affiliates	Series: III, No:48.1 , Art.24/ (b)	-	-
	Due from related parties (Non Commercial)	Series: III, No:48.1 , Art.23/ (f)	-	-
	Other Assets		4,254,233	2,898,113
<b>D</b>	<b>Total Assets</b>	<b>Series: III, No:48.1 , Art.3/ (k)</b>	<b>14,953,485</b>	<b>13,470,982</b>
<b>E</b>	Financial Liabilities	Series: III, No:48.1 , Art.31	606,272	769,635
<b>F</b>	Other Financial Liabilities	Series: III, No:48.1 , Art.31	-	-
<b>G</b>	Due from Financial Leases	Series: III, No:48.1 , Art.31	-	-
<b>H</b>	Due to Related Parties (Non Commercial)	Series: III, No:48.1 , Art.23/ (f)	-	-
<b>I</b>	Shareholders' equity	Series: III, No:48.1 , Art.31	8,751,284	8,353,608
	Other Resources		5,595,929	4,347,739
<b>D</b>	<b>Total Resources</b>	<b>Series: III, No:48.1 , Art.3/ (k)</b>	<b>14,953,485</b>	<b>13,470,982</b>
	<b>Non-Consolidated (Individual) Other Financial Information</b>	<b>Related Regulation</b>	<b>Current Period</b>	<b>Prior Period</b>
			<b>31 December 2014</b>	<b>31 December 2013</b>
			<b>(TL)</b>	<b>(TL)</b>
<b>A1</b>	The portion of Money and Capital Market Instruments held for Payables of Properties for the following 3 Years	Series: III, No:48.1 , Art.24/ (b)	755,956	658,269
<b>A2</b>	Term/ Demand/ Currency	Series: III, No:48.1 , Art.24/ (b)	1,453,397	4,298,094
<b>A3</b>	Foreign Capital Market Instruments	Series: III, No:48.1 , Art.24/ (d)	-	-
<b>B1</b>	Foreign Properties, Projects based on properties and Rights based on Properties	Series: III, No:48.1 , Art.24/ (d)	-	-
<b>B2</b>	Idle Lands	Series: III, No:48.1 , Art.24/ (c)	624,867	635,293
<b>C1</b>	Foreign Affiliates	Series: III, No:48.1 , Art.24/ (d)	-	-
<b>C2</b>	Affiliates for Operating Company	Series: III, No:48.1 , Art.28	-	-
<b>J</b>	Non-cash Loans	Series: III, No:48.1 , Art.31	22,906	7,901
<b>K</b>	Mortgage amount of Servient Lands Which Will Be Developed And Not Owned	Series: III, No:48.1 , Art.22/ (e)	-	-

# EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS

### AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

#### ADDITIONAL NOTE - COMPLIANCE CONTROL OF THE PORTFOLIO RESTRICTIONS (Continued)

	<b>Portfolio Limitations</b>	<b>Related Regulations</b>	<b>2014 (%)</b>	<b>2013 (%)</b>	<b>Minimum/ Maximum Rate</b>
1	Mortgage amount of Servient Lands Which Will Be Developed And Not Owned	Series: VI, No:11, Art.25/ (n)	0%	0%	<10%
2	Properties, Projects based on Properties and Rights based on Properties	Series: VI, No:11, Art.27/ (a), (b)	65%	47%	>50%
3	Money and Capital Market Instruments and Affiliates	Series: VI, No:11, Art.27/ (b)	6%	32%	<50%
4	Foreign Properties, Projects based on Properties, Rights based on Properties, Affiliates, Capital Market Instruments	Series: VI, No:11, Art.27/ (c)	0%	0%	<49%
5	Idle Lands	Series: VI, No:11, Art.27/ (d)	4%	5%	<20%
6	Affiliates to the Operating Company	Series: VI, No:11, Art.32 / A	0%	0%	<10%
7	Borrowing Limit	Series: VI, No:11, Art.35	7%	9%	<500%
8	TL and Foreign Currency Time and Demand Deposits	Series: VI, No:11, Art.27/ (b)	5%	27%	<10%

The information in the table of control of compliance with the portfolio limitations', in accordance with Capital Markets Board's Communiqué Serial: II, No: 14.1 "Financial Reporting in Capital Markets" Amendment No: 16 comprised condensed information and prepared in accordance with Capital Markets Board's Communiqué Serial: III, No: 48.1 "Real Estate Investment Company" published in official gazette no 28660 on 28 May 2013.

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1 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED PROJECT	Istanbul Başakşehir Ayazma Stage 3 Revenue Sharing Model Based Project in Return For Land Sale
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.
REPORT DATE	23/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Parcels 1 and 2 on plot 1358 and parcels 1 and 2 on plot 1359 in İkitelli-2 Municipality, Başakşehir District, Ist
CURRENT USE	Construction operations are ongoing in the project.
ZONING STATUS	See Zoning Status
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
MARKET VALUE OF THE PROJECT AT CURRENT STATUS	311,852,093 TL
SHARE OF EMLAK GYO A.Ş. IN MARKET VALUE OF THE PROJECT AT CURRENT STATUS	148,987,754 TL
TOTAL MARKET VALUE OF THE PROJECT UPON PROPOSED COMPLETION	749,611,431 TL
SHARE OF EMLAK KONUT GYO A.Ş. IN THE MINIMUM TOTAL COMPANY REVENUES UPON PROPOSED COMPLETION OF THE	209,891,201 TL
TOTAL MARKET VALUE OF THE PROJECT'S 1,569 INDEPENDENT UNITS UPON COMPLETION OF TURNKEY DELIVERY CONDITIONS	585,409,868 TL

2 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Ayazma Emlak Konut Project
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut GYO A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	23/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Parcels 5 and 36 on Plot 1340 in İkitelli-2 Municipality, Başakşehir District, Istanbul
CURRENT USE	See Report Content
ZONING STATUS	Housing Area Floor Area Ratio (E): 1.50 and Hmax: Free
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
MARKET VALUE OF THE LANDS ON PROJECT	109,860,000 TL
MARKET VALUE OF THE PROJECT AT CURRENT STATUS	113,830,000 TL
CURRENT TOTAL MARKET VALUE THE PROJECT UPON PROPOSED COMPLETION	605,175,000 TL
TOTAL MARKET VALUE OF THE PROJECT'S 1,239 INDEPENDENT UNITS UPON COMPLETION OF TURNKEY DELIVERY CONDITIONS	590,100,300 TL

3 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Istanbul Başakşehir Hoşdere Stage 2 Revenue Sharing Model Based Project in Return For Land Sale
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.
REPORT DATE	29/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Parcels 1, 2 and 3 on Plot 656 and parcels 1 and 2 on Plot 657 in Hoşdere Municipality, Başakşehir District, Istanbul.
CURRENT USE	Construction operations have began on the parcel.
ZONING STATUS	See Zoning Status Information
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
MARKET VALUE OF THE PROJECT AT CURRENT STATUS	86,556,817 TL
SHARE OF EMLAK GYO A.Ş. IN MARKET VALUE OF THE PROJECT AT CURRENT STATUS	78,819,937 TL
TOTAL MARKET VALUE OF THE PROJECT UPON PROPOSED COMPLETION	327,349,692 TL
SHARE OF EMLAK KONUT GYO A.Ş. IN THE MINIMUM TOTAL COMPANY REVENUES UPON PROPOSED COMPLETION OF THE PROJECT	82,688,530 TL
TOTAL MARKET VALUE OF THE PROJECT'S 875 INDEPENDENT UNITS UPON COMPLETION OF TURNKEY DELIVERY CONDITIONS	205,062,320 TL

4 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Istanbul Başakşehir Kayabaşı Emlak Konutları, Stage 1, Part 1 Housing Construction and Infrastructure and Landscaping Project within the Plot
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.
REPORT DATE	24/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Parcel 2 on plot 895 Kayabaşı Municipality, Başakşehir District, Istanbul
CURRENT USE	Construction operations are ongoing on the parcel.
ZONING STATUS	See "Zoning Status"
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
LAND VALUE OF THE PROJECT	81,536,590 TL
MARKET VALUE OF THE PROJECT AT CURRENT STATUS	134,635,291 TL
TOTAL MARKET VALUE OF THE PROJECT UPON PROPOSED COMPLETION	289,384,296 TL
TOTAL MARKET VALUE OF THE PROJECT'S 1,084 INDEPENDENT UNITS UPON COMPLETION OF TURNKEY DELIVERY CONDITIONS	287,135,151 TL

5 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Istanbul Başakşehir Kayabaşı Emlak Konutları, Stage 1, Part 2 Infrastructure and Landscaping, General Infrastructure and Zoning Roads Project within the Plot
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.
REPORT DATE	24/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Parcel 1 on plot 894 Kayabaşı Municipality, Başakşehir District, Istanbul
CURRENT USE	Construction operations are ongoing on the parcel.
ZONING STATUS	See "Zoning Status"
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
LAND VALUE OF THE PROJECT	31,724,080 TL
MARKET VALUE OF THE PROJECT AT CURRENT STATUS	58,668,920 TL
TOTAL MARKET VALUE OF THE PROJECT UPON PROPOSED COMPLETION	128,384,969 TL
TOTAL MARKET VALUE OF THE PROJECT'S 425 INDEPENDENT UNITS UPON COMPLETION OF TURNKEY DELIVERY CONDITIONS	107,712,465 TL

6 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Istanbul Başakşehir Kayabaşı Emlak Konutları, Stage 1, Part 3 Housing and School Construction and Infrastructure and Landscaping Project within the Plot
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.
REPORT DATE	24/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Parcel 1 on plot 895 Kayabaşı Municipality, Başakşehir District, Istanbul
CURRENT USE	Construction operations are ongoing on the parcel.
ZONING STATUS	See "Zoning Status"
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
LAND VALUE OF THE PROJECT	50,633,250 TL
MARKET VALUE OF THE PROJECT AT CURRENT STATUS	79,307,146 TL
TOTAL MARKET VALUE OF THE PROJECT UPON PROPOSED COMPLETION	133,148,749 TL
TOTAL MARKET VALUE OF THE PROJECT'S 504 INDEPENDENT UNITS UPON COMPLETION OF TURNKEY DELIVERY CONDITIONS	137,486,339 TL

7 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Istanbul Başakşehir Kayabaşı Emlak Konutları, Stage 1, Part 4 Housing Construction and Infrastructure and Landscaping Project within the Plot
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.
REPORT DATE	29/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Parcel 2 on plot 893 in Kayabaşı Municipality, Başakşehir District, Istanbul
CURRENT USE	Construction operations are ongoing on the parcel.
ZONING STATUS	See Zoning Status Information
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
LAND VALUE OF THE PROJECT	57,936,480 TL
MARKET VALUE OF THE PROJECT AT CURRENT STATUS	99,537,308 TL
TOTAL MARKET VALUE OF THE PROJECT UPON PROPOSED COMPLETION	156,007,342 TL
TOTAL MARKET VALUE OF THE PROJECT'S 586 INDEPENDENT UNITS UPON COMPLETION OF TURNKEY DELIVERY CONDITIONS	156,961,367 TL

8 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Istanbul Gaziosmanpaşa Revenue Sharing Model Based Project in Return For Land Sale
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.
REPORT DATE	29/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Parcel 5 on Plot 3525 and parcel 1 on Plot 6784 in Küçükköy Municipality, Gaziosmanpaşa District, Istanbul.
CURRENT USE	Construction operations are ongoing on the parcel.
ZONING STATUS	Parcel 5 on plot 3525: (Commercial + Service Area Floor Area Ratio: 2.50, H: Free) Parcel 1 on plot 6784: Tourism + Service Area Floor Area Ratio: 2.50, Hmax: Free)
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
MARKET VALUE OF THE PROJECT AT CURRENT STATUS	137,998,545 TL
SHARE OF EMLAK GYO A.Ş. IN MARKET VALUE OF THE PROJECT AT CURRENT STATUS	60,589,020 TL
TOTAL MARKET VALUE OF THE PROJECT UPON PROPOSED COMPLETION	389,461,481 TL
SHARE OF EMLAK KONUT GYO A.Ş. IN THE MINIMUM TOTAL COMPANY REVENUES UPON PROPOSED COMPLETION OF THE PROJECT	116,838,444 TL
TOTAL MARKET VALUE OF THE PROJECT'S 448 INDEPENDENT UNITS UPON COMPLETION OF TURNKEY DELIVERY CONDITIONS	254,293,215 TL

9 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Kocaeli Körfezkent Emlak Konutları Stage 3 Housing, Social Facilities, Infrastructure and Landscaping Project
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.
REPORT DATE	18/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Parcel 10 on Plot 1924 and parcel 2 on Plot 1927 in Yarımca Municipality, Körfez District, Kocaeli
CURRENT USE	Construction operations are ongoing on the parcel.
ZONING STATUS	See Zoning Status Information
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
LAND VALUE OF THE PROJECT	25,016,385 TL
MARKET VALUE OF THE PROJECT AT CURRENT STATUS	97,579,322 TL
TOTAL MARKET VALUE OF THE PROJECT UPON PROPOSED COMPLETION	126,957,960 TL
TOTAL MARKET VALUE OF THE PROJECT'S 875 INDEPENDENT UNITS UPON COMPLETION OF TURNKEY DELIVERY CONDITIONS	122,487,750 TL

10 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Headquarters Office Building and Infrastructure and Landscaping Project in Ataşehir District, Istanbul
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.
REPORT DATE	30/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Parcel 5 on Plot 3331 in Küçükbakkalköy Municipality, Ataşehir District, Istanbul
CURRENT USE	Construction of Blocks A and B is ongoing on the parcel
ZONING STATUS	Headquarters Office Building Area E:1 Hmax: Free
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
MARKET VALUE OF THE PROJECT AT CURRENT STATUS	57,325,631 TL
TOTAL MARKET VALUE OF THE PROJECT UPON PROPOSED COMPLETION	126,476,894 TL

11 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Kayabaşı Stage 3 Evvel Istanbul Project
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut GYO A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	12/11/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Parcel 1 on plot 884, parcel 1 on plot 891 and parcel 1 on plot 889 in Kayabaşı Municipality, Başakşehir District, Istanbul
CURRENT USE	Parcels are currently empty, and building licenses have been obtained for project development (only for parcel 1 on plot 884).
ZONING STATUS	T1 Area (Commercial + Housing), Floor Area Ratio: 2.0 Hmax: Free
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
MARKET VALUE OF THE PROJECT AT CURRENT STATUS	162,380,000 TL
SHARE OF EMLAK GYO A.Ş. IN MARKET VALUE OF THE PROJECT AT CURRENT STATUS	160,595,000 TL
TOTAL MARKET VALUE OF THE PROJECT UPON PROPOSED COMPLETION	700,545,000 TL
SHARE OF EMLAK KONUT GYO A.Ş. IN THE REVENUES UPON PROPOSED COMPLETION OF THE PROJECT	182,140,000 TL
CURRENT TOTAL MARKET VALUE OF THE PROJECT'S 678 INDEPENDENT UNITS UPON COMPLETION OF TURNKEY DELIVERY CONDITIONS	265,048,700 TL

12 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Istanbul Finance Center Project
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut GYO A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	31/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Parcels 1, 13 and 14 on Plot 3328 in Küçükbakkalköy Municipality, Ümraniye District, Istanbul
CURRENT USE	Parcels are currently empty, and building licenses have been obtained for project development.
ZONING STATUS	See Inquiries Performed at the Municipality
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
SHARE OF EMLAK GYO A.Ş. IN MARKET VALUE OF THE PROJECT AT CURRENT STATUS	10,977,400 TL
SHARE OF EMLAK KONUT GYO A.Ş. IN THE REVENUES AS PER THE CONTRACT UPON PROPOSED COMPLETION OF THE PROJECT	30,700,000 TL

APPENDIX -2/A  
APPRAISAL REPORTS FOR THE PROJECTS REVIEWED BETWEEN JANUARY 1 - DECEMBER 31, 2014

13 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Körfezkent Stage 4 Emlak Konut Project
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut GYO A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	10/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Parcel 2 on Plot 1925 and parcel 1 on Plot 1930 in Yarımcı Municipality, Körfez District, Kocaeli
CURRENT USE	Parcels are currently empty, and building licenses have been obtained for project development.
ZONING STATUS	Legend: Housing Development Area Floor Area Ratio (E): 1.50 and Hmax: 30.50 m
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
MARKET VALUE OF THE LANDS ON PROJECT	37,430,000 TL
MARKET VALUE OF THE PROJECT AT CURRENT STATUS	39,040,000 TL
CURRENT TOTAL MARKET VALUE THE PROJECT UPON PROPOSED COMPLETION	226,730,000 TL
CURRENT TOTAL MARKET VALUE OF THE PROJECT'S 1096 INDEPENDENT UNITS UPON COMPLETION OF TURNKEY DELIVERY CONDITIONS	204,678,200 TL

14 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Esenler Emlak Konutları
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut GYO A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	24/11/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Parcel 16 on Plot 1095 in Atışalanı Municipality, Esenler District, Istanbul
CURRENT USE	Excavation works on ongoing.
ZONING STATUS	Commercial + Service + Housing Area, Floor Area Ratio (E): 3.00 and Hmax: Free
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
SHARE OF EMLAK KONUT GYO A.Ş. IN THE REVENUES UPON PROPOSED COMPLETION OF THE PROJECT	27,450,000 TL
CURRENT TOTAL MARKET VALUE OF THE PROJECT'S 4 INDEPENDENT UNITS UPON COMPLETION OF TURNKEY DELIVERY CONDITIONS	2,205,400 TL

15 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Esenler Emlak Konutları
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut GYO A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	09/10/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Parcel 16 on Plot 1095 in Atışalanı Municipality, Esenler District, Istanbul
CURRENT USE	Excavation works on ongoing.
ZONING STATUS	Commercial + Service + Housing Area, Floor Area Ratio (E): 3.00 and Hmax: Free
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
SHARE OF EMLAK KONUT GYO A.Ş. IN THE REVENUES UPON PROPOSED COMPLETION OF THE PROJECT	24,110,000 TL
CURRENT TOTAL MARKET VALUE OF THE PROJECT'S 989 INDEPENDENT UNITS UPON COMPLETION OF TURNKEY DELIVERY CONDITIONS	482,065,500 TL

16 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Mavera Park Project
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut GYO A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	24/10/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Kayabaşı Stage 4 Project, Maveria Park Project, Parcel 1 on plot 883 and parcel 1 on plot 889 in Başakşehir, Istanbul
CURRENT USE	Construction work has not began yet.
ZONING STATUS	Commercial + Housing Area, Floor Area Ratio (E): 2.00 and Hmax: Free
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
MARKET VALUE OF THE PROJECT AT CURRENT STATUS	211,020,000 TL
SHARE OF EMLAK GYO A.Ş. IN MARKET VALUE OF THE PROJECT AT CURRENT STATUS	207,785,000 TL
TOTAL MARKET VALUE OF THE PROJECT UPON PROPOSED COMPLETION	1,052,065,000 TL
SHARE OF EMLAK KONUT GYO A.Ş. IN THE REVENUES UPON PROPOSED COMPLETION OF THE PROJECT	315,620,000 TL
TOTAL MARKET VALUE OF THE PROJECT'S 672 INDEPENDENT UNITS UPON COMPLETION OF TURNKEY DELIVERY CONDITIONS	346,299,500 TL

17 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Sofa Loca Project
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut GYO A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	12/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Parcel 2 on plot 48758 in Erişler Municipality, Etimesgut District, Ankara
CURRENT USE	Construction work has not began yet.
ZONING STATUS	Housing Area, Floor Area Ratio (E): 1.50 and Hmax: Free
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
MARKET VALUE OF THE PROJECT AT CURRENT STATUS	37,545,000 TL
SHARE OF EMLAK GYO A.Ş. IN MARKET VALUE OF THE PROJECT AT CURRENT STATUS	37,005,000 TL
TOTAL MARKET VALUE OF THE PROJECT UPON PROPOSED COMPLETION	180,000,000 TL
SHARE OF EMLAK KONUT GYO A.Ş. IN THE REVENUES UPON PROPOSED COMPLETION OF THE PROJECT	54,000,000 TL
TOTAL MARKET VALUE OF THE PROJECT'S 156 INDEPENDENT UNITS UPON COMPLETION OF TURNKEY DELIVERY CONDITIONS	103,695,900 TL

18 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Istanbul Başakşehir Ayazma Stage 2 Revenue Sharing Model Based Project in Return For Land Sale
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.
REPORT DATE	18/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Parcel 1 on plot 1357 and parcel 3 on plot 900 in İkitelli-2 Municipality, Başakşehir District, Istanbul
CURRENT USE	Construction operations are ongoing on the parcel.
ZONING STATUS	See Zoning Status Information
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
MARKET VALUE OF THE PROJECT AT CURRENT STATUS	489,766,363 TL
SHARE OF EMLAK GYO A.Ş. IN MARKET VALUE OF THE PROJECT AT CURRENT STATUS	127,339,254 TL
TOTAL MARKET VALUE OF THE PROJECT UPON PROPOSED COMPLETION	726,836,363 TL
SHARE OF EMLAK KONUT GYO A.Ş. IN THE MINIMUM TOTAL COMPANY REVENUES UPON PROPOSED COMPLETION OF THE PROJECT	188,977,454 TL
TOTAL MARKET VALUE OF THE PROJECT'S 957 INDEPENDENT UNITS UPON COMPLETION OF TURNKEY DELIVERY CONDITIONS	319,199,299 TL

19 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Istanbul Sultangazi Habipler Revenue Sharing Model Based Project in Return For Land Sale
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.
REPORT DATE	24/11/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Parcel 11 on Plot 1562 in Mahmutbey Municipality, Bağcılar District, Istanbul
CURRENT USE	Project construction is ongoing
ZONING STATUS	See Zoning Status
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
MARKET VALUE OF THE PROJECT AT CURRENT STATUS	1,055,955,355 TL
SHARE OF EMLAK GYO A.Ş. IN MARKET VALUE OF THE PROJECT AT CURRENT STATUS	440,185,821 TL
TOTAL MARKET VALUE OF THE PROJECT UPON PROPOSED COMPLETION	1,682,727,143 TL
SHARE OF EMLAK KONUT GYO A.Ş. IN THE MINIMUM TOTAL COMPANY REVENUES UPON PROPOSED COMPLETION OF THE PROJECT	538,472,686 TL
TOTAL MARKET VALUE OF THE PROJECT'S 1,871 INDEPENDENT UNITS UPON COMPLETION OF TURNKEY DELIVERY CONDITIONS	879,567,864 TL

20 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Istanbul Küçükçekmece Halkalı Stage 2 Revenue Sharing Model Based Project in Return For Land Sale
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.
REPORT DATE	24/11/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Parcel 1 on plot 800 in Halkalı Municipality, Küçükçekmece District, Istanbul
CURRENT USE	Construction operations are ongoing in the project.
ZONING STATUS	Commercial Area Floor Area Ratio: 1.75
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
MARKET VALUE OF THE PROJECT AT CURRENT STATUS	116,400,401 TL
SHARE OF EMLAK GYO A.Ş. IN MARKET VALUE OF THE PROJECT AT CURRENT STATUS	60,589,020 TL
TOTAL MARKET VALUE OF THE PROJECT UPON PROPOSED COMPLETION	293,616,675 TL
SHARE OF EMLAK KONUT GYO A.Ş. IN THE MINIMUM TOTAL COMPANY REVENUES UPON PROPOSED COMPLETION OF THE PROJECT	89,553,085 TL
TOTAL MARKET VALUE OF THE PROJECT'S 736 INDEPENDENT UNITS UPON COMPLETION OF TURNKEY DELIVERY CONDITIONS	218,640,413 TL

21 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Istanbul Tuzla Stage 2, Region 1 Revenue Sharing Model Based Project in Return For Land Sale
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.
REPORT DATE	11/11/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Parcels 1 and 4 on plot 103 and parcels 1 and 2 on plot 104 in Aydınlı Municipality, Tuzla District, Istanbul
CURRENT USE	Construction operations are ongoing on the parcel.
ZONING STATUS	See "Zoning Status"
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
MARKET VALUE OF THE PROJECT AT CURRENT STATUS	429,718,218 TL
SHARE OF EMLAK GYO A.Ş. IN MARKET VALUE OF THE PROJECT AT CURRENT STATUS	137,509,830 TL
TOTAL MARKET VALUE OF THE PROJECT UPON PROPOSED COMPLETION	616,432,334 TL
SHARE OF EMLAK KONUT GYO A.Ş. IN THE REVENUES UPON PROPOSED COMPLETION OF THE PROJECT	197,258,347 TL
TOTAL MARKET VALUE OF THE PROJECT'S 2682 INDEPENDENT UNITS UPON COMPLETION OF TURNKEY DELIVERY CONDITIONS	588,656,413 TL

22 REAL ESTATE APPRAISAL REPORT SUMMARY	
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APPENDIX -2/A  
APPRAISAL REPORTS FOR THE PROJECTS REVIEWED BETWEEN JANUARY 1 - DECEMBER 31, 2014

NAME OF THE APPRAISED JOB	Istanbul Tuzla Stage 2, Region 2 Revenue Sharing Model Based Project in Return For Land Sale
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.
REPORT DATE	11/11/2014
<b>SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES</b>	
LAND REGISTRY INFORMATION	Parcel 4 on plot 101, parcel 1 on plot 102 and parcel 3 on plot 105 in Aydınlı Municipality, Tuzla District, Istanbul
CURRENT USE	Construction operations are ongoing on the parcel, and settlements have partial begun.
ZONING STATUS	See "Zoning Status"
<b>APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)</b>	
MARKET VALUE OF THE PROJECT AT CURRENT STATUS	397,822,475 TL
SHARE OF EMLAK GYO A.Ş. IN MARKET VALUE OF THE PROJECT AT CURRENT STATUS	132,881,368 TL
TOTAL MARKET VALUE OF THE PROJECT UPON PROPOSED COMPLETION	624,117,738 TL
SHARE OF EMLAK KONUT GYO A.Ş. IN THE REVENUES UPON PROPOSED COMPLETION OF THE PROJECT	203,774,441 TL
TOTAL MARKET VALUE OF THE PROJECT'S 977 INDEPENDENT UNITS UPON COMPLETION OF TURNKEY DELIVERY CONDITIONS	264,479,680 TL

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<b>REAL ESTATE APPRAISAL REPORT SUMMARY</b>	
NAME OF THE APPRAISED JOB	Istanbul Avclar Kapadik Revenue Sharing Model Based Project in Return For Land Sale
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.
REPORT DATE	18/12/2014
<b>SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES</b>	
LAND REGISTRY INFORMATION	Parcel 5 plot 386 in Kapadik Municipality, Avclar District, Istanbul
CURRENT USE	Construction infrastructure operations have began on the parcel, and building licenses have been obtained for housing + commercial project development.
ZONING STATUS	Commercial + Housing Area E: 1.70 Hmax: Free
<b>APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)</b>	
MARKET VALUE OF THE PROJECT AT CURRENT STATUS	102,478,303 TL
SHARE OF EMLAK GYO A.Ş. IN MARKET VALUE OF THE PROJECT AT CURRENT STATUS	85,250,000 TL
TOTAL MARKET VALUE OF THE PROJECT UPON PROPOSED COMPLETION	469,970,728 TL
SHARE OF EMLAK KONUT GYO A.Ş. IN THE REVENUES UPON PROPOSED COMPLETION OF THE PROJECT	148,400,000 TL
TOTAL MARKET VALUE OF THE PROJECT'S 1,471 INDEPENDENT UNITS UPON COMPLETION OF TURNKEY DELIVERY CONDITIONS	464,479,796 TL

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<b>REAL ESTATE APPRAISAL REPORT SUMMARY</b>	
NAME OF THE APPRAISED JOB	Istanbul Hoşdere Emlak Konutları Stage 1 Region 3 Commercial, School, Sports Center, Nursery and Mosque and General Infrastructure, and Housing Construction and Infrastructure and Landscaping Project within the Plot
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.
REPORT DATE	18/12/2014
<b>SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES</b>	
LAND REGISTRY INFORMATION	Parcels 2, 3 and 5 on Plot 653, parcel 1 on Plot 654 and parcel 5 on plot 656 in Hoşdere Municipality, Başakşehir District, Istanbul.
CURRENT USE	Construction operations are ongoing on the parcel.
ZONING STATUS	See Zoning Status
<b>APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)</b>	
LAND VALUE OF THE PROJECT	30,232,710 TL
MARKET VALUE OF THE PROJECT AT CURRENT STATUS	50,235,922 TL
TOTAL MARKET VALUE OF THE PROJECT UPON PROPOSED COMPLETION	74,192,850 TL
TOTAL MARKET VALUE OF THE PROJECT'S 282 INDEPENDENT UNITS UPON COMPLETION OF TURNKEY DELIVERY CONDITIONS	67,008,361 TL

25 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Istanbul Hoşdere Emlak Konutları, Stage 1, Part 1 Housing Construction and Infrastructure and Landscaping Project within the Plot
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.
REPORT DATE	18/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Parcel 4 on plot 656 in Hoşdere Municipality, Başakşehir District, Istanbul
CURRENT USE	Construction operations are ongoing on the parcel.
ZONING STATUS	E=2.00, "Housing Area" with H= free construction conditions
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
LAND VALUE OF THE PROJECT	37,405,000 TL
MARKET VALUE OF THE PROJECT AT CURRENT STATUS	110,305,345 TL
TOTAL MARKET VALUE OF THE PROJECT UPON PROPOSED COMPLETION	156,067,616 TL
TOTAL MARKET VALUE OF THE PROJECT'S 682 INDEPENDENT UNITS UPON COMPLETION OF TURNKEY DELIVERY CONDITIONS	131,573,000 TL

26 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Istanbul Hoşdere Emlak Konutları, Stage 1, Part 2 Housing Construction and Infrastructure and Landscaping Project within the Plot
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.
REPORT DATE	18/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Parcel 1 on Plot 652, parcel 1 on Plot 653 and parcel 2 on plot 654 in Hoşdere Municipality, Başakşehir District
CURRENT USE	Construction operations are ongoing on the parcel.
ZONING STATUS	See Zoning Status
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
LAND VALUE OF THE PROJECT	57,835,927 TL
MARKET VALUE OF THE PROJECT AT CURRENT STATUS	122,988,077 TL
TOTAL MARKET VALUE OF THE PROJECT UPON PROPOSED COMPLETION	204,000,465 TL
TOTAL MARKET VALUE OF THE PROJECT'S 824 INDEPENDENT UNITS UPON COMPLETION OF TURNKEY DELIVERY CONDITIONS	164,624,200 TL

27 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Istanbul Kartal Revenue Sharing Model Based Project in Return For Land Sale
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.
REPORT DATE	17/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Parcel 1 on plot 9051, parcel 1 on plot 9050, parcel 2 on plot 9048 and parcel 1 on plot 9049 in Çavuşoğlu Municipality, Kartal District, Istanbul
CURRENT USE	Construction operations are ongoing on the real estate.
ZONING STATUS	See Zoning Status Information
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
MARKET VALUE OF THE PROJECT AT CURRENT STATUS	244,881,019 TL
SHARE OF EMLAK GYO A.Ş. IN MARKET VALUE OF THE PROJECT AT CURRENT STATUS	238,700,000 TL
TOTAL MARKET VALUE UPON PROPOSED COMPLETION OF THE PROJECT	1,336,742,603 TL
SHARE OF EMLAK KONUT GYO A.Ş. IN THE REVENUES UPON PROPOSED COMPLETION OF THE PROJECT	534,697,041 TL
TOTAL MARKET VALUE OF THE PROJECT'S 1,463 INDEPENDENT UNITS UPON COMPLETION OF TURNKEY DELIVERY CONDITIONS	679,266,435 TL

28 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Istanbul Şişli Ayazağa Stage 1 Revenue Sharing Model Based Project in Return For Land Sale (Maslak 1453 Project)
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.
REPORT DATE	17/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	See: Land Registry Information parcel
CURRENT USE	Construction operations are ongoing on the real estate.
ZONING STATUS	See: Land Registry Information
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
MARKET VALUE OF THE PROJECT AT CURRENT STATUS	1,729,625,168 TL
SHARE OF EMLAK GYO A.Ş. IN MARKET VALUE OF THE PROJECT AT CURRENT STATUS	1,034,196,174 TL
TOTAL MARKET VALUE UPON PROPOSED COMPLETION OF THE PROJECT	4,432,632,501 TL
SHARE OF EMLAK KONUT GYO A.Ş. IN THE REVENUES UPON PROPOSED COMPLETION OF THE PROJECT	1,573,584,538 TL
TOTAL MARKET VALUE OF THE PROJECT'S 5214 INDEPENDENT UNITS UPON COMPLETION OF TURNKEY DELIVERY CONDITIONS	4,108,441,969 TL

29 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Istanbul Ataşehir Doğu Bölgesi Stage 2, Revenue Sharing Model Based Project in Return For Land Sale
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.
REPORT DATE	17/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	99,108.08-m <sup>2</sup> parcel 1 on plot 3386 which qualifies as land in Küçükbakkalköy Municipality, Ataşehir District,
CURRENT USE	Construction operations are ongoing in the project.
ZONING STATUS	Floor Area Ratio: 1.50 Hmax: Commercial Area zone with free construction conditions
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
MARKET VALUE OF THE PROJECT AT CURRENT STATUS	868,524,352 TL
SHARE OF EMLAK GYO A.Ş. IN MARKET VALUE OF THE PROJECT AT CURRENT STATUS	619,425,500 TL
TOTAL MARKET VALUE OF THE PROJECT UPON PROPOSED COMPLETION	1,501,947,657 TL
SHARE OF EMLAK KONUT GYO A.Ş. IN THE REVENUES UPON PROPOSED COMPLETION OF THE PROJECT	648,090,414 TL
TOTAL MARKET VALUE OF THE PROJECT'S 1,417 INDEPENDENT UNITS UPON COMPLETION OF TURNKEY DELIVERY CONDITIONS	758,434,732 TL

30 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Istanbul Ataşehir Batı Bölgesi Stage 1, Region 6 Revenue Sharing Model Based Project in Return For Land Sale
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.
REPORT DATE	17/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	See "Land Registry Information"
CURRENT USE	Construction operations are ongoing.
ZONING STATUS	See "Zoning Status"
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
MARKET VALUE OF THE PROJECT AT CURRENT STATUS	159,694,600 TL
SHARE OF EMLAK GYO A.Ş. IN MARKET VALUE OF THE PROJECT AT CURRENT STATUS	110,482,586 TL
TOTAL MARKET VALUE UPON PROPOSED COMPLETION OF THE PROJECT	558,459,080 TL
SHARE OF EMLAK KONUT GYO A.Ş. IN THE REVENUES UPON PROPOSED COMPLETION OF THE PROJECT	202,162,187 TL
TOTAL MARKET VALUE OF THE PROJECT'S 362 INDEPENDENT UNITS UPON COMPLETION OF TURNKEY DELIVERY CONDITIONS	512,389,000 TL

31 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Istanbul Ümraniye Stage 1, Revenue Sharing Model Based Project in Return For Land Sale
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.
REPORT DATE	24/11/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Parcel 5 on plot 3317 which qualifies as land in Küçükbakkalköy Municipality, Ümraniye District, Istanbul
CURRENT USE	Construction operations are ongoing in the project.
ZONING STATUS	E=2.50, "T1 - Commercial Zone" with H=Free construction conditions
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
MARKET VALUE OF THE PROJECT AT CURRENT STATUS	336,658,612 TL
SHARE OF EMLAK GYO A.Ş. IN MARKET VALUE OF THE PROJECT AT CURRENT STATUS	131,540,000 TL
TOTAL MARKET VALUE UPON PROPOSED COMPLETION OF THE PROJECT	472,692,781 TL
SHARE OF EMLAK KONUT GYO A.Ş. IN THE REVENUES UPON PROPOSED COMPLETION OF THE PROJECT	177,259,793 TL
TOTAL MARKET VALUE OF THE PROJECT'S 589 INDEPENDENT UNITS UPON COMPLETION OF TURNKEY DELIVERY CONDITIONS	421,158,759 TL

32 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Istanbul Başakşehir Kayabaşı Stage 2 Revenue Sharing Model Based Project in Return For Land Sale (Sevransehir)
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.
REPORT DATE	17/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Parcel 3 on plot 906 in Kayabaşı Municipality, Başakşehir District, Istanbul
CURRENT USE	Construction is ongoing on the parcel.
ZONING STATUS	COMMERCIAL AREA E: 1.50 Hmax: Free
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
MARKET VALUE OF THE PROJECT AT CURRENT STATUS	40,119,583 TL
SHARE OF EMLAK GYO A.Ş. IN MARKET VALUE OF THE PROJECT AT CURRENT STATUS	33,600,000 TL
TOTAL MARKET VALUE OF THE PROJECT UPON PROPOSED COMPLETION	147,279,102 TL
SHARE OF EMLAK KONUT GYO A.Ş. IN THE REVENUES AS PER THE CONTRACT DATED SEPTEMBER 20, 2013 UPON PROPOSED COMPLETION OF THE PROJECT	51,520,000 TL
TOTAL MARKET VALUE OF THE PROJECT'S 284 INDEPENDENT UNITS UPON COMPLETION OF TURNKEY DELIVERY CONDITIONS	123,323,213 TL

33 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Istanbul Sultanbeyli Emlak Konutları Housing Construction and Infrastructure and Landscaping Project
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.
REPORT DATE	18/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Parcel 5 plot 192 and parcel 1 plot 205 in Mimarsinan Municipality, and parcel 1 plot 369 and parcel 1 plot 370 in Battalgazi Municipality, both in Sultanbeyli District, Istanbul
CURRENT USE	Construction operations are ongoing on the real estate.
ZONING STATUS	See Zoning Status Information
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
LAND VALUE OF THE PROJECT	24,869,000 TL
MARKET VALUE OF THE PROJECT AT CURRENT STATUS	68,975,756 TL
TOTAL MARKET VALUE OF THE PROJECT UPON PROPOSED COMPLETION	84,271,186 TL
TOTAL MARKET VALUE OF THE PROJECT'S 207 INDEPENDENT UNITS UPON COMPLETION OF TURNKEY DELIVERY CONDITIONS	38,406,095 TL

34 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Appraisal Report for 374 Independent Units in Unikonut Project within the scope of Istanbul Bahçeşehir İspartakule Region 1 Part 4 Revenue Sharing Model Based Project in Return For Land Sale
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.
REPORT DATE	24/11/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	See "Land Registry Information"
CURRENT USE	Construction operations are ongoing in the project.
ZONING STATUS	H=Free, "Commercial Area" zoning with E=2.00 construction conditions
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
MARKET VALUE OF THE PROJECT AT CURRENT STATUS	87,634,804 TL
SHARE OF EMLAK GYO A.Ş. IN MARKET VALUE OF THE PROJECT AT CURRENT STATUS	30,632,500 TL
TOTAL MARKET VALUE UPON PROPOSED COMPLETION OF THE PROJECT	109,574,428 TL
SHARE OF EMLAK KONUT GYO A.Ş. IN THE REVENUES UPON PROPOSED COMPLETION OF THE PROJECT	36,573,205 TL
TOTAL MARKET VALUE OF THE PROJECT'S 374 INDEPENDENT UNITS UPON COMPLETION OF TURNKEY DELIVERY CONDITIONS	90,813,456 TL

35 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Istanbul Sarıyer Zekeriyaköy Revenue Sharing Model Based Project in Return For Land Sale
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.
REPORT DATE	17/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	See "Land Registry Information"
CURRENT USE	Parcels are currently empty, and building licenses have been obtained for housing project on parcel 2 plot 179
ZONING STATUS	See "Zoning Status"
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
MARKET VALUE OF THE PROJECT AT CURRENT STATUS	317,948,416 TL
SHARE OF EMLAK GYO A.Ş. IN MARKET VALUE OF THE PROJECT AT CURRENT STATUS	316,388,360 TL
TOTAL MARKET VALUE OF THE PROJECT UPON PROPOSED COMPLETION	1,068,511,931 TL
SHARE OF EMLAK KONUT GYO A.Ş. IN THE REVENUES AS PER THE CONTRACT DATED JULY 19, 2013 UPON PROPOSED COMPLETION OF THE PROJECT	475,687,500 TL
TOTAL MARKET VALUE OF THE PROJECT'S 462 INDEPENDENT UNITS UPON COMPLETION OF TURNKEY DELIVERY CONDITIONS	437,165,140 TL

36 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Sarphan Finans Park Project
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut GYO A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	24/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Parcel 5 on plot 3317 in Küçükbakkalköy Municipality, Ümraniye District, Istanbul
CURRENT USE	See Report Content
ZONING STATUS	T1 "Commercial Area" Floor Area Ratio (E): 2.50 and Hmax: Free
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
MARKET VALUE OF THE PROJECT AT CURRENT STATUS	341,020,000 TL
SHARE OF EMLAK GYO A.Ş. IN MARKET VALUE OF THE PROJECT AT CURRENT STATUS	134,645,000 TL
TOTAL MARKET VALUE OF THE PROJECT UPON PROPOSED COMPLETION	520,145,000 TL
SHARE OF EMLAK KONUT GYO A.Ş. IN THE REVENUES PAYINA DÜŞEN HASILAT MİKTARI	195,055,000 TL
CURRENT TOTAL MARKET VALUE THE 349 INDEPENDENT UNITS UPON PROPOSED COMPLETION	172,008,900 TL

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REAL ESTATE APPRAISAL REPORT SUMMARY	
<b>NAME OF THE APPRAISED JOB</b>	Appraisal Report for 501 Independent Units in Stüdyo 24 Project within the scope of Istanbul Bahçeşehir İspartakule Region 1 Part 5 Revenue Sharing Model Based Project in Return For Land Sale
<b>ORGANIZATION REQUESTING THE APPRAISAL</b>	Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.
<b>ORGANIZATION PROVIDING THE APPRAISAL</b>	Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.
<b>REPORT DATE</b>	17/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
<b>LAND REGISTRY INFORMATION</b>	Parcel 2 plot 525 in Firuzköy Municipality, Avclar District, Istanbul
<b>CURRENT USE</b>	Project construction is ongoing Ağustos 2014 itibari ile projede yaşam başlamıştır.
<b>ZONING STATUS</b>	H=Free, "Commercial Area" zoning with E=2.00 construction conditions
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
<b>MARKET VALUE OF THE PROJECT AT CURRENT STATUS</b>	59,238,108 TL
<b>SHARE OF EMLAK GYO A.Ş. IN MARKET VALUE OF THE PROJECT AT CURRENT STATUS</b>	20,733,338 TL
<b>TOTAL MARKET VALUE UPON PROPOSED COMPLETION OF THE PROJECT</b>	61,544,588 TL
<b>SHARE OF EMLAK KONUT GYO A.Ş. IN THE REVENUES AS PER THE CONTRACT DATED JULY 19, 2013 UPON PROPOSED COMPLETION OF THE PROJECT</b>	21,540,606 TL
<b>TOTAL MARKET VALUE OF THE PROJECT'S 501 INDEPENDENT UNITS UPON COMPLETION OF TURNKEY DELIVERY CONDITIONS</b>	56,285,100 TL

APPENDIX - 2/B  
APPRAISAL REPORTS FOR THE BUILDINGS REVIEWED BETWEEN JANUARY 1 - DECEMBER 31, 2014

1 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Emlak Konut Burgazkent Evleri 2 independent units (apartment and store)
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut GYO A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	18/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Business office with 1 independent unit number on the basement floor of the real estate that is qualified as "Three-Story Concrete Building and Land," registered on parcel 1, plot 1267, sheet number 29LIIIa, and apartment No.7 in block No.8, both in Eski Müsellim Yolu Area, Kurtuluş Municipality, Lüleburgaz District, Kırklareli.
CURRENT USE	See Report Content
ZONING STATUS	Parcel 1 on plot 1267 is Commercial Area, Parcel 1 on plot 1269 is Housing Area
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
TOTAL VALUE OF TWO INDEPENDENT UNITS	1,075,000 TL

2 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Emlak Konut Mavişehir Evleri 7 apartment units
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut GYO A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	17/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Seven independent units on five 16-story and two 17-story real estates that are qualified as concrete building and land, registered on parcel 3 plot 26023 in Şemikler Municipality, Karşıyaka District, İzmir.
CURRENT USE	See Report Content
ZONING STATUS	Floor Area Ratio (E): 1.50 and Building Height (H <sub>max</sub> ): Free
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
TOTAL VALUE OF TWO INDEPENDENT UNITS	2,755,000 TL

3 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Şehrizar Konakları 24 apartment units
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut GYO A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	24/11/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Concrete A1, A2, A3, A4, A5, A6, A7, A8, A9, A10, A11, A12, B1, B2, B3, B4, C1, C2, C3, D1, D2, D3, D4, D5, E1, E2, E3, F1, F2, F3, F4, F5, F6, F7, F8, F9, F10, F11 blocks; 2 with basement floors, and 2 with normal regular stories and additional loft on a 49,598.69-m <sup>2</sup> parcel on plot 1326, sheet number 218 in Burhaniye Municipality, Üsküdar District, Istanbul; and 24 independent units within the social facility with 2 basement floors.
CURRENT USE	Apartments are currently unoccupied.
ZONING STATUS	Housing Area, Footprint Ratio (TAKS): 0.13 and H <sub>max</sub> : 9.50 m (3-story)
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
TOTAL VALUE OF TWO INDEPENDENT UNITS	51,851,700 TL

4 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	One independent apartment unit at Emlak Konut Tuzla Stage 1
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut GYO A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	18/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	One independent unit within the concrete apartment building, No.D1-1, registered on parcel 1 on plot 8891 in Aydınlı Village, Tuzla District, Istanbul
CURRENT USE	See Report Content
ZONING STATUS	Legend: Housing Area Floor Area Ratio (E): 1.75 and Building Height (H <sub>max</sub> ): Free
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
VALUE OF 1 INDEPENDENT UNIT	200,000 TL

5 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	4 apartment units at Soyak Park Aparts and Evostar Projects
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut GYO A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	18/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	A total of 3 independent units registered on parcels 2 and 3 on plot 844, and 1 independent unit registered on parcel 8 on plot 478, both in Halkalı Municipality, Küçükçekmece District, Istanbul
CURRENT USE	See Report Content
ZONING STATUS	Parcels 2 and 3 on plot 844: Housing Area, Floor Area Ratio (E): 1.25 and Hmax: Free Parcel 8 on plot 478: Commercial Area, Floor Area Ratio (E): 1.50 and Hmax: Free
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
TOTAL VALUE OF TWO INDEPENDENT UNITS	1,265,000 TL

6 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	1 shop at Park Yaşam Mavi Şehir Project
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut GYO A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	23/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Independent unit No.2 on the basement of ground floor 32/C located on parcel 1 on plot 26032, sheet number 26L4D in Şemikler Village, Karşıyaka District, Izmir
CURRENT USE	See Report Content
ZONING STATUS	Legend: Commercial Area Floor Area Ratio (E): 2.00
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
VALUE OF 1 INDEPENDENT UNIT	1,745,000 TL

7 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	4 apartment units at My Europe Project
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut GYO A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	18/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Independent unit No. 1 at B1 Block, independent units No. 81 and No.110 at B6 Block and independent unit No. 294 at B4 Block located at 23 carcass buildings with garden, registered on parcel 1, plot 1342 in İkitelli-2 Municipality, Başakşehir District, Istanbul.
CURRENT USE	See Report Content
ZONING STATUS	Legend: Housing Area Floor Area Ratio (E): 2.00 and Hmax: Free
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
TOTAL VALUE OF 4 INDEPENDENT UNITS	1,445,000 TL

8 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Emlak Konut Headquarters
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut GYO A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	22/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Independent office unit No.1 at Block 1, located at the main real estate that is qualified as masonry apartment commercial center with garden on parcel 1, plot 1878 in Küçükbakkalköy Municipality, Ataşehir District, Istanbul
CURRENT USE	See Report Content
ZONING STATUS	Commercial and Housing Area Floor Area Ratio (KAKS): 3.80 and TAKS: 0.60, Building Height (Hmax): 45.50 m
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
VALUE OF 1 INDEPENDENT UNIT	15,060,000 TL

9 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	2 independent units at Gebze Emlak Konut 1. Etap Evleri
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut GYO A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	04/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Apartment No.3 at Block B4 and apartment No.50 at Block C, registered on parcel 1, plot 5797 in Güzeller Municipality, Gebze District, Kocaeli.
CURRENT USE	Apartments are currently unoccupied.
ZONING STATUS	Legend: Housing Area Floor Area Ratio (E): 1.00 and Building Height (Hmax): Free
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
TOTAL VALUE OF TWO INDEPENDENT UNITS	295,000 TL

10 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	1 apartment unit at Körfezkent 1st Stage
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut GYO A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	23/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Residence No.2 Block B3, registered on parcel 1, plot 1916 in Yarımca Municipality, Körfez District, Kocaeli
CURRENT USE	See Report Content
ZONING STATUS	Legend: Housing Area Floor Area Ratio (E): 1.50 and Building Height (Hmax): 30.50 m
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
VALUE OF 1 INDEPENDENT UNIT	85,000 TL

11 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Appraisal Report for Next Level Offices numbered 88, 89, 90 and 91 in Çankaya District, Ankara
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.
REPORT DATE	24/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Parcel 4 on Plot 27457 and parcel 5 on plot 3525 Karakuskunlar Municipality, Çankaya District, Ankara
CURRENT USE	Construction of the main building, on which the appraised real estates are located, has been completed, and it
ZONING STATUS	Urban Service Area E: 2.50 Hmax: Free
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
TOTAL MARKET VALUE OF 4 INDEPENDENT UNITS	7,000,000 TL

12 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Appraisal Report for the 3 Independent Units at My Towerland Project in Küçükbakkalköy Municipality, Atasehir, Istanbul
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.
REPORT DATE	24/11/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	See "Land Registry Information"
CURRENT USE	Construction has been completed; however, occupancy permit has not been obtained yet.
ZONING STATUS	See "Zoning Status"
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
MARKET VALUE OF 3 INDEPENDENT UNITS	3,770,000 TL

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<b>REAL ESTATE APPRAISAL REPORT SUMMARY</b>	
<b>NAME OF THE APPRAISED JOB</b>	Appraisal Report for the 69 Independent Units on Varyap Meridian Project in Küçükbakkalköy Municipality within the scope of Istanbul Atasehir Batı Bölgesi Section 1 Region 4
<b>ORGANIZATION REQUESTING THE APPRAISAL</b>	Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.
<b>ORGANIZATION PROVIDING THE APPRAISAL</b>	Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.
<b>REPORT DATE</b>	24/11/2014
<b>SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES</b>	
<b>LAND REGISTRY INFORMATION</b>	See "Land Registry Information"
<b>CURRENT USE</b>	Settlements have begun in the project.
<b>ZONING STATUS</b>	See "Zoning Status"
<b>APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)</b>	
<b>MARKET VALUE OF 69 INDEPENDENT UNITS</b>	<b>38,379,200 TL</b>

APPENDIX - 2/C  
APPRAISAL REPORTS FOR THE LANDS REVIEWED BETWEEN JANUARY 1 - DECEMBER 31, 2014

1 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Appraisal Report for parcel 2 on lot 63865 in İstasyon Quarter, Yenimahalle District, Ankara
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.
REPORT DATE	23/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Parcel 2 on lot 63865 in İstasyon Quarter, Yenimahalle District, Ankara
ZONING STATUS	E: 4.50 Hmax: Free - Central Business Area (CBA)
CURRENT USE	A Stadium, Youth Services Sports Provincial Directorate Building, Service Building, Swimming Pool and outdoor parking lot are located on the parcels.
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
LAND VALUE	622,000,000 TL

2 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Appraisal Report for parcel 37 on plot 1542 in Yenibosna Quarter, Bahçelievler District, Istanbul
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.
REPORT DATE	23/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Parcel 37 on plot 1542 in Yenibosna Quarter, Bahçelievler District, Istanbul
ZONING STATUS	21,473.33 m <sup>2</sup> of the parcel has been planned as Commerce + Service Area with E: 1.80 construction condition or as Tourism Area with E: 2.00, and the rest as Park and Roads.
CURRENT USE	There are no buildings on the parcel
APPRAISED VALUES IN THE APPRAISAL REPORT (t) (EXCLUDING VAT)	
LAND VALUE	67,214,829 TL

3 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Appraisal report for parcels 157, 160, 162 and 163 on plot 7726 in Demirtaş Quarter, Osmangazi District, Bursa
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.
REPORT DATE	23/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Parcels 157, 160, 162 and 163 on plot 7726 in Demirtaş Quarter, Osmangazi District, Bursa
ZONING STATUS	Real estates have been planned as "Housing Area, Commercial Area, Special Health Area, Park Area, Transformer and Road." Development is E: 1.50 on Housing and Commercial Areas, and E: 1.00 on Special Health Area
CURRENT USE	There are warehousing areas on the parcels.
APPRAISED VALUES IN THE APPRAISAL REPORT (t) (EXCLUDING VAT)	
LAND VALUE	27,309,349 TL

4 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Appraisal report for parcel 2 on plot 7612 in Akıncılar Quarter and for parcel 3 on plot 7612 in Gümüşcesme Quarter, both in Merkez District, Balıkesir
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.
REPORT DATE	23/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Parcel 2 on plot 7612 in Akıncılar Quarter and for parcel 3 on plot 7612 in Gümüşcesme Quarter, both in Merkez District, Balıkesir
ZONING STATUS	It falls into "Commercial Area" with E: 0.50 Hmax= 9.50 m according to the 1/1000 zoning plan of Balıkesir municipality.
CURRENT USE	Balıkesir Train Station is located on it.
APPRAISED VALUES IN THE APPRAISAL REPORT (t) (EXCLUDING VAT)	
LAND VALUE	44,000,000 TL

APPENDIX - 2/C  
APPRAISAL REPORTS FOR THE LANDS REVIEWED BETWEEN JANUARY 1 - DECEMBER 31, 2014

5 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Appraisal report parcels 1 and 2 on plot 4968 Çenedağ Quarter, Derince District, Kocaeli
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.
REPORT DATE	23/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Parcels 1 and 2 on plot 4968 Çenedağ Quarter, Derince District, Kocaeli
ZONING STATUS	E: 1.20 Hmax: 3 storeys Commercial Area
CURRENT USE	Previous Technical Works Building of Ankara Metropolitan Municipality, EGO General Directorate of Bus Services and parking lot of Ankara Metropolitan Municipality are located on the parcel.
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
LAND VALUE	70,000,000 TL

6 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Appraisal of the total market value of the 9 parcels in Kayabaşı.
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut GYO A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	19/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	9 parcels with a total of 547,300.77 m2 area in Kayabaşı Quarter, Başakşehir District, Istanbul
ZONING STATUS	See Report Content
CURRENT USE	Parcels are currently unoccupied.
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
LAND VALUE	381,745,000 TL

7 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Appraisal of the total market value of the 5 parcels in Kartal.
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut GYO A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	22/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Parcel 1 on plot 9048, parcels 2, 8 and 34 on plot 720, and parcel 108 on plot 676 in Çavuşoğlu Quarter, Kartal District, Istanbul
ZONING STATUS	See Report Content
CURRENT USE	Parcels are currently unoccupied.
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
LAND VALUE	21,191,627 TL

8 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	91 parcels Balıkuyumcu, Ankara
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut GYO A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	24/12/2005
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Total 91 parcels registered in Balıkuyumcu Quarter, Etimesgut District, Ankara
ZONING STATUS	See Inquiries Performed at the Municipality
CURRENT USE	Unoccupied
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
LAND VALUE	313,320,000 TL

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APPRAISAL REPORTS FOR THE LANDS REVIEWED BETWEEN JANUARY 1 - DECEMBER 31, 2014

9 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	3 parcels in Çankaya, Ankara
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut GYO A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	24/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	125-m <sup>2</sup> parcel 20 on plot 2930 that is qualified as plantation garden, and 200-m <sup>2</sup> parcel 6 on plot 2941 and 200-m <sup>2</sup> parcel 11 on plot 2941 that are qualified as land in Öncebeci Quarter, Çankaya District, Ankara
ZONING STATUS	See Report Content
CURRENT USE	Parcels are currently unoccupied.
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
LAND VALUE	560,000 TL

10 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Appraisal of the total market value of the 13 parcels in Ataşehir.
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut GYO A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	30/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Parcel 6 on plot 1864, parcel 4 on plot 3331, parcel 8 on plot 3334, parcel 2 on plot 3382, parcel 4 on plot 3384, and parcels 1, 2 and 5 on plot 3385 in Küçükbakkalköy Quarter; and parcels 9 and 15 on plot 2190, parcel 1 on plot 2192, parcel 10 on plot 2684, and parcel 5 on plot 2693 in Barbaros Quarter, both in Ataşehir District, Istanbul
ZONING STATUS	See Report Content
CURRENT USE	Parcels are currently unoccupied.
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
LAND VALUE	35,770,000 TL

11 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Appraisal of the total market value of the 10 parcels in Ispartakule, Avcılar.
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut GYO A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	19/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Total 10 parcels located in Firuzköy Quarter, Avcılar District, Istanbul (See Report - Ownership Status)
ZONING STATUS	See Report Content
CURRENT USE	Parcels are currently unoccupied.
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
LAND VALUE	341,879,516 TL

12 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	16 parcels in Hoşdere
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut GYO A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	16/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Total 16 parcels located in Hoşdere Quarter, Başakşehir District, Istanbul (See Report - Ownership Status)
ZONING STATUS	See Inquiries Performed at the Municipality
CURRENT USE	Unoccupied
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
LAND VALUE	189,970,000 TL

13 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	16 parcels in Hoşdere
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut GYO A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	11/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Total 16 parcels located in Hoşdere Quarter, Başakşehir District, Istanbul
ZONING STATUS	See Inquiries Performed at the Municipality
CURRENT USE	Unoccupied
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
LAND VALUE	76,940,000 TL

14 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	36 parcels in Başakşehir
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut GYO A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	23/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Total 36 parcels located in İkitelli-2 Quarter, Başakşehir District, Istanbul (See Report - Ownership Status)
ZONING STATUS	See Inquiries Performed at the Municipality
CURRENT USE	Unoccupied
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
TOTAL LAND VALUE	125,171,310.20 TL

15 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	1 parcel in Beşiktaş
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut GYO A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	15/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	1,298.32-m <sup>2</sup> parcel on plot 1491 that is qualified as land in Rumeli Hisarı Quarter, Beşiktaş District, Istanbul
ZONING STATUS	GREEN AREAS
CURRENT USE	Unoccupied
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
TOTAL LAND VALUE	3,895,000 TL

16 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	1 parcel in Büyükçekmece
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut GYO A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	15/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	156.20-m <sup>2</sup> parcel on plot 4009, sheet number 3-5/1 that is qualified as Cropland (Transformer Area) in Bababurnu Area, Mimarsinan Village, Büyükçekmece District, Istanbul
ZONING STATUS	Transformer area
CURRENT USE	There is a transformer on it
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
LAND VALUE	15,000 TL

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17 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Appraisal of the total market value of the 13 parcels in Kartal.
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut GYO A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	29/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	13 parcels in Çavuşoğlu, Yakacık and Soğanlık Quarters in Kartal District, Istanbul (See 3.1. Status of Real Estates)
ZONING STATUS	See Report Content
CURRENT USE	Parcels are currently unoccupied.
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
LAND VALUE	113,577,564 TL

18 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	8 parcels in Hoşdere, Esenyurt
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut GYO A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	17/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Total 8 parcels located in Hoşdere Village, Esenyurt District, Istanbul (See Report - Ownership Status)
ZONING STATUS	See Inquiries Performed at the Municipality
CURRENT USE	Unoccupied
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
LAND VALUE	140,685,000 TL

19 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Şişli ve Sarıyer 3 adet parsel
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut GYO A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	15/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	23.30-m <sup>2</sup> parcel 2 on plot 1140 that is qualified as land in Ortaköy Quarter, Şişli District, parcel 1 in Ayazağa Quarter, Sarıyer District, and total 686,59-m <sup>2</sup> parcels 158 and 161 that are qualified as park
ZONING STATUS	See Zoning Status Review Section
CURRENT USE	Unoccupied
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
LAND VALUE	134,000 TL

20 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	4 parcels in Tuzla
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut GYO A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	15/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	7.36-m <sup>2</sup> parcel 1 on plot 101, 36.28-m <sup>2</sup> parcel 2, 546.76-m <sup>2</sup> parcel 3, and 697.43-m <sup>2</sup> parcel 3 on plot 103 in Aydınlı Village, Tuzla District, Istanbul
ZONING STATUS	Parcel 1 on plot 101: E: 1.00 Health Facility Area, Parcels 2 and 3: E: 1.00 Government Agency (İSKİ) Area parcel 2 on plot 103: Cemetery Area
CURRENT USE	Unoccupied
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
LAND VALUE	418,545 TL

21 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	4 parcels in Istanbul Finance Center
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut GYO A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	18/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Parcels 20, 21 and 22 on Plot 3317, and parcel 15 on plot 3328 in Küçükbakkalköy Quarter, Ümraniye District, Istanbul
ZONING STATUS	See Inquiries Performed at the Municipality
CURRENT USE	Unoccupied
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
LAND VALUE	<b>16,020,000 TL</b>

22 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	1 land in Zekeriyaköy
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut GYO A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	23/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	999.87-m <sup>2</sup> parcel 1 on plot 1789 that is qualified as land in Zekeriyaköy Quarter, Sarıyer District, Istanbul
ZONING STATUS	Teknik Alt Yapı Alanları
CURRENT USE	Unoccupied
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
LAND VALUE	<b>645,000 TL</b>

23 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Appraisal of the total market value of the 14 parcels in Dursunköy, Arnavutköy
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut GYO A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	30/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Total 14 parcels located in Karahalil Çiftliği Area, Dursunköy Quarter, Arnavutköy District, Istanbul
ZONING STATUS	See Report Content
CURRENT USE	Parcels are currently unoccupied.
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
LAND VALUE	<b>375,915,000 TL</b>

24 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	1 parcel in Şemikler, Karşıyaka
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut GYO A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	23/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Parcel 1 on plot 25863, sheet number 25L.2B in Şemikler Quarter, Karşıyaka District, Izmir
ZONING STATUS	See Zoning Status Review Section
CURRENT USE	Unoccupied
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
LAND VALUE	<b>865,000 TL</b>

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25 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Parcel in Konak, Izmir
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut GYO A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	17/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	6,810-m2 parcel 236 on plot 3169, sheet number 285 in Umurbey Quarter, Konak District, Izmir
ZONING STATUS	See Zoning Status Review Section
CURRENT USE	Unoccupied
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
LAND VALUE	<b>91,950,000 TL</b>

26 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Parcel in Urla, Izmir
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut GYO A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	11/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	368,342.54-m2 on parcel 1282 with sheet number L17B23A in Bademler Quarter, Urla District, Izmir
ZONING STATUS	It falls into the Urban Development Area according to the 1/100,000 scale Environmental Plan
CURRENT USE	Unoccupied
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
LAND VALUE	<b>20,260,000 TL</b>

27 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	2 parcels in Cide, Kastamonu
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut GYO A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	12/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	1,152.78-m2 parcel 7 on plot 106 Harman Altı Area, Doğankaya Village, Cide District and 9,110.04-m <sup>2</sup> parcel 8 on plot 118 in Orta Gövnük Area, both in Kastamonu
ZONING STATUS	See Report Content Page 8
CURRENT USE	Unoccupied
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
LAND VALUE	<b>62,000 TL</b>

28 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	5 parcels in Körfez
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut GYO A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	16/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Total 5 parcels in Yavuz Sultan Selim Quarter, Körfez District, Kocaeli (See Report - Ownership Status)
ZONING STATUS	See Inquiries Performed at the Municipality
CURRENT USE	Unoccupied
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
TOTAL LAND VALUE	<b>9,760,000 TL</b>

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29 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	49 parcels in Gebze
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut GYO A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	26/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	49 parcels with a total of 187,978.70 m2 shares belonging to Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş. registered in Güzeller Quarter, Gebze District, Kocaeli
ZONING STATUS	See Inquiries Performed at the Municipality
CURRENT USE	Unoccupied
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
LAND VALUE	48,874,462 TL

30 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	17 parcels in Çerkezköy, Tekirdağ
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut GYO A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	15/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	371,235.69-m2 17 parcels in Kapaklı Quarter, Kapaklı District, Tekirdağ (See Report - Ownership Status)
ZONING STATUS	See Report Content
CURRENT USE	Unoccupied
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
LAND VALUE	95,915,000 TL

31 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	8 parcels in Çorlu
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut GYO A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	15/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Parcel 4 on plot 1474, sheet number 30N3; parcel 1 on plot 2557, sheet number 47; parcel 1 on plot 2558; parcel 1 on plot 2559; parcel 2 on plot 2560; parcels 1 and 2 on plot 2562; and 102,794.51-m2 8 parcels belonging to Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş. shares, registered in parcel 8 on plot 2564, sheet number 29-0-I in Kazimiye Quarter, Çorlu District, Tekirdağ
ZONING STATUS	See Inquiries Performed at the Municipality
CURRENT USE	Unoccupied
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
LAND VALUE	37,545,000 TL

32 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	6 parcels in Sarıyer
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut GYO A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	30/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Parcels 3 and 6 on plot 360, parcels 17, 18 and 38 on plot 380, and parcel 7 on plot 1352 in İstinye Quarter, Sarıyer District, İstanbul
ZONING STATUS	See Report Content
CURRENT USE	Parcels are currently unoccupied.
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
LAND VALUE	1,062,270,000 TL

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APPRAISAL REPORTS FOR THE LANDS REVIEWED BETWEEN JANUARY 1 - DECEMBER 31, 2014

33 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Appraisal report for parcels 3320 and 3321 in Mühye Quarter, Çankaya District, Ankara
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.
REPORT DATE	23/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Parcels 3320 and 3321 in Mühye Quarter, Çankaya District, Ankara
ZONING STATUS	Parcel 3320: E: 2.50 Hmax: Free Housing + Commercial Area E: 2.5 Hmax: Free High-density Housing Area E: 1.00 Hmax: 9.50 Housing Area E: 0.60 Hmax: 9.50 Health Facility Area E: 1.00 Hmax: 9.50 Special Health Facility Area E: 1.00 Hmax: 9.50 Special Education Facility Area E: 0.60 Hmax: Free Religious Facility Area E: 0.60 Hmax: Free Administrative and Social Facility Area, Park, Area to be afforested, area for roads, refuge and technical infrastructure Parcel 3321: E: 2.5 Hmax: Free High-density Housing Area E: 0.60 Hmax: Free Religious Facility Area E: 0.60 Hmax: Free Administrative and Social Facility Area E: 1.00 Hmax: Free Educational Facility Area, park, recreational area and road
CURRENT USE	Parcels are partially unoccupied and there are sporadic squatter-type buildings.
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
LAND VALUE	Parcel 3320; 255,823,700.00 TL Parcel 3321; 72,490,475.00 TL

34 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Appraisal report for parcel 953 Çayyolu Quarter, Çankaya District, Ankara
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.
REPORT DATE	24/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Parcel 953 Çayyolu Quarter, Çankaya District, Ankara
ZONING STATUS	See Zoning Information
CURRENT USE	There are no buildings on the parcel
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
LAND VALUE	95,156,250 TL

35 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Appraisal Report for parcel 2 on plot 970 in Yakacık Quarter, Kartal District, Istanbul
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.
REPORT DATE	24/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Parcel 2 on plot 970 in Yakacık Quarter, Kartal District, Istanbul
ZONING STATUS	Parcel 2 on plot 970: Housing and Secondary Education Area, Separate Statue, Front: 5 m Side: 3 m, TAKS: 0.20-0.40, KAKS: 1.25
CURRENT USE	Değerleme konusu taşınmazın üzerinde gecekondü niteliğinde yapılar bulunmaktadır.
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
LAND VALUE	88,343,168 TL

36 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Appraisal report for parcel 17 on plot 1531 in Yıldıztepe Quarter, Odunpazarı District, Eskişehir
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.
REPORT DATE	24/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Parcel 17 on plot 1531 in Yıldıztepe Quarter, Odunpazarı District, Eskişehir
ZONING STATUS	Real estate is divided between housing, green, road, and afforestation areas, and a fault line. Construction condition for the sousing area E: 0.80, Hmax: 9.50 dir.
CURRENT USE	There are no buildings on the real estate.
APPRAISED VALUES IN THE APPRAISAL REPORT (t) (EXCLUDING VAT)	
LAND VALUE	4,908,057 TL

APPENDIX - 2/C  
APPRAISAL REPORTS FOR THE LANDS REVIEWED BETWEEN JANUARY 1 - DECEMBER 31, 2014

37 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Appraisal report for parcel 7 on plot 2384 in İmrahor İlyas Bey Quarter, Fatih District, Istanbul
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.
REPORT DATE	30/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Parcel 7 on plot 2384 in İmrahor İlyas Bey Quarter, Fatih District, Istanbul
ZONING STATUS	See: Zoning Status
CURRENT USE	See: Structural and technical specifications
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
LAND VALUE	69,607,962 TL

38 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Appraisal report for parcels 6 and 31 on plot 774 in Zeytinburnu (Kazlıçeşme) Quarter, Zeytinburnu District, Istanbul
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.
REPORT DATE	30/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Parcels 6 and 31 on plot 774 in Zeytinburnu Quarter, Zeytinburnu District, Istanbul
ZONING STATUS	See: Zoning Status
CURRENT USE	See: Structural and technical specifications
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
LAND VALUE	Parcel 6 on plot 774: 704,400,432.00 TL TOKİ Share Value: 686,226,474.00 TL Parcel 31 on plot 774: 45,440,000.00 TL TOKİ Share Value: 17,040,000.00 TL Total: 749,840,432.00 TL TOKİ Share Value: 703,266,474.00 TL

39 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Appraisal report for parcel 3 on plot 2085 in Küçükbakkalköy Quarter, Ataşehir District, Istanbul
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.
REPORT DATE	23/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Parcel 3 on plot 2085 in Küçükbakkalköy Quarter, Ataşehir District, Istanbul
ZONING STATUS	It is in Housing Areas according to the Küçükbakkalköy Quarter Revised Application Zoning Plan dates March 19, 2012; KAKS: 1.80, TAKS: 0.25, H: Free building conditions
CURRENT USE	There are no buildings on the real estate. Otopark olarak kullanılmaktadır.
APPRAISED VALUES IN THE APPRAISAL REPORT (₺) (EXCLUDING VAT)	
LAND VALUE	7,152,000 TL

40 REAL ESTATE APPRAISAL REPORT SUMMARY	
NAME OF THE APPRAISED JOB	Appraisal report for various parcels in Küçükyalı Quarter, Maltepe District, Istanbul
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.
ORGANIZATION PROVIDING THE APPRAISAL	Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.
REPORT DATE	23/12/2014
SUMMARY INFORMATION ON THE APPRAISED REAL ESTATES	
LAND REGISTRY INFORMATION	Parcels 2 and 3 on plot 1396, parcels 15, 16, 17, 18, 142, 260, 261, 262, 263, 264, 265, 266, 267, 268, 331 332, 333, 495, 522, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547 on plot 2775 in Küçükyalı Quarter, Maltepe District, and parcels 562, 564, 566 and 568 on plot 2775 in Başbüyük Quarter, Maltepe District, both in Istanbul
ZONING STATUS	Real estates have been planned as Administrative Facility Area
CURRENT USE	There are 5 8-story lodging buildings, 1 soccer field, 1 basketball court, 1 children's play ground, 5 3-story Regional Directorate buildings, 1 community clinic, 1 gas station, 1 parking lot and 8 workshops that all belong to the General Directorate of Highways on the reported real estate.
APPRAISED VALUES IN THE APPRAISAL REPORT (EXCLUDING VAT)	
LAND VALUE	688,673,664 TL

**APPENDIX - 3**  
**CONSTRUCTION PROGRESS PHASES TABLE**

Serial No.	Project Description	City	District	Progress Level
1	YILDIZKENT 1	TEKİRDAĞ	KAPAKLI	Final Acceptance Completed.
2	YILDIZKENT 2	TEKİRDAĞ	KAPAKLI	Final Acceptance Completed.
3	SOYAK MAVİŞEHİR	İZMİR	KARŞIYAKA	Final Acceptance Completed.
4	YILDIZKENT 3	TEKİRDAĞ	KAPAKLI	Final Acceptance Completed.
5	NOVUS RESIDENCE	İSTANBUL	BAKIRKÖY	Final Acceptance Completed.
6	MİSSTANBUL	İSTANBUL	BAŞAKŞEHİR	Final Acceptance Completed.
7	KENTPLUS MİMAR SİNAN	İSTANBUL	B.ÇEKMECE	Final Acceptance Completed.
8	EMLAK KONUT PELİKAN SİTESİ	İZMİR	KARŞIYAKA	Final Acceptance Completed.
9	EMLAK KONUT MAVİŞEHİR EVLERİ	İZMİR	KARŞIYAKA	Final Acceptance Completed.
10	DREAMCITY ÇERKEZKÖY	TEKİRDAĞ	KAPAKLI	Final Acceptance Completed.
11	SPRADON QUARTZ	İSTANBUL	BAŞAKŞEHİR	Final Acceptance Completed.
12	İSPARTAKULE EVLERİ	İSTANBUL	AVCILAR	Partial Final Acceptance Completed.
13	AVRUPA KONUTLARI İSPARTAKULE 1	İSTANBUL	AVCILAR	Final Acceptance Completed.
14	BİZİMEVLER 4	İSTANBUL	AVCILAR	Final Acceptance Completed.
15	MY TOWN İSPARTAKULE	İSTANBUL	AVCILAR	Final Acceptance Completed.
16	BURGAZKENT	KIRKLARELİ	LÜLEBURGAZ	Final Acceptance Completed.
17	1STANBUL	İSTANBUL	AVCILAR	Temporary Acceptance Completed
18	AVRUPA KONUTLARI TEM	İSTANBUL	G.OSMANPAŞA	Final Acceptance Completed.
19	SELİMPAŞA EMLAK KONUTLARI	İSTANBUL	SİLİVRİ	Final Acceptance Completed.
20	ERGENE VADİSİ	TEKİRDAĞ	ÇORLU	Final Acceptance Completed.
21	PARKYAŞAM MAVİŞEHİR	İZMİR	KARŞIYAKA	Final Acceptance Completed.
22	BİZİMEVLER 2	İSTANBUL	AVCILAR	Final Acceptance Completed.
23	UNİKONUT	İSTANBUL	AVCILAR	77.01%
24	BİZİMEVLER 3	İSTANBUL	AVCILAR	Final Acceptance Completed.
25	MAVİŞEHİR MODERN	İZMİR	ÇİĞLİ	Final Acceptance Completed.
26	MY WORLD EUROPE	İSTANBUL	BAŞAKŞEHİR	Final Acceptance Completed.
27	AVRUPA KONUTLARI İSPARTAKULE 2	İSTANBUL	AVCILAR	Final Acceptance Completed.
28	ELITE CITY	İSTANBUL	K.ÇEKMECE	Final Acceptance Completed.
29	SOYAK PARK APARTS/ SOYAK EVOSTAR	İSTANBUL	K.ÇEKMECE	Temporary Acceptance Completed
30	STUDYO 24	İSTANBUL	AVCILAR	Temporary Acceptance Completed
31	AVRUPA KONUTLARI İSPARTAKULE 3	İSTANBUL	AVCILAR	Final Acceptance Completed.
32	AVRUPA KONUTLARI ATAKENT 3	İSTANBUL	K.ÇEKMECE	Final Acceptance Completed.
33	MERKEZ KAYAŞEHİR	İSTANBUL	BAŞAKŞEHİR	Final Acceptance Completed.
34	BATIŞEHİR	İSTANBUL	SULTANGAZİ	64.51%
35	LÜLEBURGAZ ÇARŞI	KIRKLARELİ	LÜLEBURGAZ	Final Acceptance Completed.
36	SPRADON VADİ	İSTANBUL	BAŞAKŞEHİR	Final Acceptance Completed.
37	DUMANKAYA MİKS	İSTANBUL	K.ÇEKMECE	43.28%
38	BAHÇETEPE İSTANBUL	İSTANBUL	BAŞAKŞEHİR	80.24%
39	BULVAR İSTANBUL	İSTANBUL	İKİTELLİ	36.53%
40	AVRUPA KONUTLARI TEM 2	İSTANBUL	G.OSMANPAŞA	49.27%
41	GÖL PANORAMA	İSTANBUL	AVCILAR	5.85%
42	FATİH YEDİKULE	İSTANBUL	FATİH	0.00%
43	SEYRANŞEHİR	İSTANBUL	BAŞAKŞEHİR	23.06%
44	BAHÇEKENT EMLAK KONUTLARI 1	İSTANBUL	BAŞAKŞEHİR	66.03%
45	BAHÇEKENT EMLAK KONUTLARI 2	İSTANBUL	BAŞAKŞEHİR	64.65%
46	BAHÇEKENT EMLAK KONUTLARI 3	İSTANBUL	BAŞAKŞEHİR	53.39%
47	KAYABAŞI EMLAK KONUTLARI STAGE 1 PART 1	İSTANBUL	BAŞAKŞEHİR	38.00%
48	KAYABAŞI EMLAK KONUTLARI STAGE 1 PART 2	İSTANBUL	BAŞAKŞEHİR	42.17%
49	KAYABAŞI EMLAK KONUTLARI STAGE 1 PART 3	İSTANBUL	BAŞAKŞEHİR	48.10%
50	KAYABAŞI EMLAK KONUTLARI STAGE 1 PART 4	İSTANBUL	BAŞAKŞEHİR	53.77%
51	EVVEL İSTANBUL	İSTANBUL	BAŞAKŞEHİR	2.69%
52	BAHÇEKENT FLORA	İSTANBUL	BAŞAKŞEHİR	5.01%
53	ZEYTİNBURNU KAZLIÇEŞME	İSTANBUL	ZEYTİNBURNU	0.00%
54	PARK MAVERA	İSTANBUL	BAŞAKŞEHİR	5.02%
55	AVRUPARK	İSTANBUL	BAŞAKŞEHİR	0.00%
56	ESENLER URBAN TRANSFORMATION (SİYAHKALEM)	İSTANBUL	ESENLER	24.62%
57	ESENLER URBAN TRANSFORMATION (ÖZYAZICI)	İSTANBUL	ESENLER	14.42%
58	ESENLER URBAN TRANSFORMATION (GÜRYAPI)	İSTANBUL	ESENLER	20.62%
59	AYAZMA EMLAK KONUTLARI	İSTANBUL	BAŞAKŞEHİR	0.00%
60	BAHÇELİEVLER YENİBOSNA	İSTANBUL	BAHÇELİEVLER	0.00%
61	ATAŞEHİR RESIDENCE	İSTANBUL	ATAŞEHİR	Final Acceptance Completed.
62	IDEALISTKENT	İSTANBUL	ÜMRANIYE	Final Acceptance Completed.
63	UPHILL COURT	İSTANBUL	ATAŞEHİR	Final Acceptance Completed.
64	MY WORLD	İSTANBUL	ATAŞEHİR	Final Acceptance Completed.
65	KENTPLUS ATAŞEHİR	İSTANBUL	ATAŞEHİR	Final Acceptance Completed.
66	KÖRFEZKENT 1	KOCAELİ	KÖRFEZ	Final Acceptance Completed.
67	ŞEHRİZAR KONAKLARI	İSTANBUL	ÜSKÜDAR	Final Acceptance Completed.
68	VARYAP MERIDIAN	İSTANBUL	ATAŞEHİR	Partial Final Acceptance Completed.
69	MY TOWERLAND	İSTANBUL	ATAŞEHİR	Partial Final Acceptance Completed.
70	KUASAR İSTANBUL	İSTANBUL	ŞİŞLİ	41.69%
71	METROPOL İSTANBUL	İSTANBUL	ATAŞEHİR	29.25%
72	ALEMDAĞ EMLAK KONUTLARI	İSTANBUL	ÇEKMEKÖY	Temporary Acceptance Completed

**APPENDIX - 3**  
**CONSTRUCTION PROGRESS PHASES TABLE**

Serial No.	Project Description	City	District	Progress Level
73	KÖRFEZKENT 2	KOCAELİ	KÖRFEZ	Final Acceptance Completed.
74	GEBZE EMLAK KONUTLARI 1	KOCAELİ	GEBZE	Final Acceptance Completed.
75	SARPHAN FINANS PARK	İSTANBUL	ÜMRANİYE	84.33%
76	GEBZE EMLAK KONUTLARI 2	KOCAELİ	GEBZE	Final Acceptance Completed.
77	TUZLA EMLAK KONUTLARI 2	İSTANBUL	TUZLA	Final Acceptance Completed.
78	AĞAOĞLU MASLAK 1453 İSTANBUL	İSTANBUL	ŞİŞLİ	31.34%
79	EVORA İSTANBUL MARMARA/ EVORA İSTANBUL DENİZ/ EVORA İSTANBUL PLATINUM	İSTANBUL	TUZLA	86.14%
80	EVORA İSTANBUL/ EVORA İSTANBUL ADALAR/ EVORA İSTANBUL REZİDANS	İSTANBUL	TUZLA	91.92%
81	TUZLA EMLAK KONUTLARI 1	İSTANBUL	TUZLA	Temporary Acceptance Completed
82	BULVAR 216	İSTANBUL	ATAŞEHİR	Deed Transfer Completed.
83	KÖY	İSTANBUL	ZEKERİYAKÖY	0.00%
84	KARTAL	İSTANBUL	KARTAL	9.39%
85	SULTANBEYLİ	İSTANBUL	SULTANBEYLİ	Temporary Acceptance Completed
86	KÖRKEZKENT 3	İZMİT	KÖRFEZ	74.62%
87	İSTANBUL FINANCE CENTER	İSTANBUL	ATAŞEHİR	0.00%
88	ATAŞEHİR HEADQUARTERS BUILDING	İSTANBUL	ATAŞEHİR	48.69%
89	ATAŞEHİR BATI BÖLGESİ STAGE 1 REGION 6	İSTANBUL	ATAŞEHİR	31.36%
90	ANKARA ETİMESGÜT	Ankara	ETİMESGÜT	0.00%
91	KOCAELİ DERİNCE	KOCAELİ	DERİNCE	0.00%
92	KÖRFEZKENT 4	KOCAELİ	KÖRFEZ	0.00%
93	KARTAL YAKACIK	İSTANBUL	KARTAL	0.00%

**APPENDIX-4  
TENDERED PLOTS OF LAND SUMMARY TABLE**

Revenue Sharing Model Projects in Return For The Land Sale	SQM	Date of Purchase	Book Value	Company Share in Total Revenue	Description
SARPHAN FİNANS PARK PROJECT - İSTANBUL ÜMRANIYE 1ST STAGE (EMLAK PAZARLAMA - YENİSARP JOINT VENTURE)	20,714.48	31/05/2000	11,854,794.15	181,237,392.88	The construction permit has been obtained.
DUMANKAYA MİKS PROJECT - İSTANBUL KÜÇÜKÇEKMECE HALKALI 2ND STAGE (DUMANKAYA)	30,294.51	16/08/2007	27,862,311.74	82,502,500.00	The construction permit has been obtained.
METROPOL İSTANBUL PROJECT - İSTANBUL ATAŞEHİR DOĞU BÖLGESİ 2ND STAGE (VARYAP VARLIBAŞLAR - GAP JOINT VENTURE)	99,108.08	31/05/2000	246,165,569.09	500,971,500.00	The construction permit has been obtained.
EVORA İSTANBUL 1 PROJECT - İSTANBUL TUZLA 2ND STAGE 1ST REGION (TEKNİK YAPI)	65,903.03	04/10/2010	25,504,012.58	88,826,440.68	The construction permit has been obtained.
EVORA İSTANBUL 2 PROJECT - İSTANBUL TUZLA 2ND STAGE 2ND REGION (TEKNİK YAPI)	53,022.33	04/10/2010	19,146,800.83	72,034,127.92	The construction permit has been obtained.
KUASAR İSTANBUL PROJECT - İSTANBUL ŞİŞLİ DİKİLİTAŞ (VIATRANS - MEYDANBEY JOINT VENTURE)	22,059.51	11/02/2008	230,118,122.39	467,638,254.24	The construction permit has been obtained.
BATIŞEHİR PROJECT - İSTANBUL SULTANGAZİ HABİBLER İSTOÇ (EGE YAPI - EPP JOINT VENTURE)	165,326.57	19/09/2008	144,871,465.60	185,301,906.01	The construction permit has been obtained.
AĞAOĞLU MASLAK 1453 İSTANBUL PROJECT - İSTANBUL ŞİŞLİ AYAZAĞA 1ST STAGE (AKDENİZ)	222,549.42	30/09/2010	549,414,999.94	1,371,134,407.80	The construction permit has been obtained.
BAHÇETEPE İSTANBUL PROJECT - İSTANBUL BAŞAKŞEHİR AYAZMA 2ND STAGE (MAKRO - AK YAPI JOINT VENTURE)	209,362.14	01.12.2010 31.03.2011	28,985,845.42	99,728,436.79	The construction permit has been obtained.
KÖY PROJECT - İSTANBUL SARIYER ZEKERİYAKÖY (SİYAH KALEM)	343,062.46	02/03/2011	224,208,733.63	475,687,500.00	The agreement of the project has been signed on 19th July 2012, the construction permit of 1791 plot/2 parcel has been obtained on 25th July 2014, the construction permit of 1789 plot /4 parcel has been obtained on 31st December 2014, the construction permit of 1790 plot /3 parcel has been obtained on 24th June 2013.
İSTMARİNA PROJECT - İSTANBUL KARTAL (ELTES)	53,687.97	22/04/2012	186,694,277.39	534,000,000.00	The agreement of the project has been signed on 4th February 2013, the construction permit of 9051 plot /1 parcel has been obtained on 14th March 2014.
BULVAR İSTANBUL PROJECT - İSTANBUL BAŞAKŞEHİR AYAZMA 3RD STAGE (ÖZÜLKE - ÖZKAR JOINT VENTURE)	108,693.37	01/12/2010	107,553,273.25	202,440,000.00	The agreement of the project has been signed on 2nd April 2013. The construction permit has been obtained on 31st May 2013. The construction amendment date:28.08.2013
AVRUPA KONUTLARI TEM 2 PROJECT - İSTANBUL GAZİOSMANPAŞA KÜÇÜKKÖY 2ND STAGE (ARTAŞ)	24,716.89	30/07/2012	62,430,238.50	105,600,000.00	The agreement of the project has been signed on 7th July 2013. The construction permit date of 3525 plot/5 parcel: 16.09.2013
NİDAKULE ATAŞEHİR PROJECT - İSTANBUL ATAŞEHİR BATI BÖLGESİ 1.PART 6.BÖLGE (TAHİNCİOĞLU - KOZKEN JOINT VENTURE)	19,554.44	31/05/2000	7,131,240.59	190,231,000.00	The construction permit of 3334 plot /5 parcel and 3331 plot /6 parcel have been obtained on 28th August 2013.
GÖL PANAROMA EVLERİ PROJECT - İSTANBUL AVCILAR KAPADIK (BE-MA)	85,251.43	30/07/2012	79,298,587.28	148,400,000.00	The agreement of the project has been signed on 5th July 2013, the construction permit has been obtained on 25th April 2014.
FATİH YEDİKULE PROJECT - İSTANBUL FATİH YEDİKULE ( EGE YAPI - MYMETROPOL-SENA-BUKTOR JOINT VENTURE)	40,945.86	30/07/2012	65,645,743.88	105,968,270.00	The agreement of the project has been signed on 2nd August 2013, the construction permit has not been obtained yet.
SEYRANŞEHİR PROJECT - İSTANBUL BAŞAKŞEHİR KAYABAŞI 2 STAGE (MAKRO - AK YAPI JOINT VENTURE)	23,170.60	30/07/2008	23,295,549.61	51,520,000.00	The agreement of the project has been signed on 23rd September 2013, the construction permit has been obtained on 3rd March 2014.
BAHÇEKENT FLORA PROJECT - İSTANBUL HOŞDERE 2ND STAGE ( İZKA & DAĞ MÜHENDİSLİK & SİTAR JOINT VENTURE)	119,756.54	14/06/2011	47,064,237.81	80,832,000.00	The agreement of the project has been signed on 22nd November 2013. The construction permit of 656/2 and 657/2 have been obtained on 23rd May 2014, the construction permit of 656/1 and 657/1 have been obtained on 31st December 2014.
EVVEL İSTANBUL PROJECT - İSTANBUL BAŞAKŞEHİR KAYABAŞI 3RD STAGE (İNTAYA & EYG& İNTES JOINT VENTURE)	75,197.88	03/12/2012	88,794,095.91	188,760,000.00	The agreement of the project has been signed on 17th Decemeber 2013, the construction permit of 884/1 has been obtained on 4th December 2014.
ZEYTİNBURNU KAZLIÇEŞME PROJECT - İSTANBUL ZEYTİNBURNU KAZLIÇEŞME (ÖZAK-YENİGÜN-ZİYLAN JOINT VENTURE)	127,920.00	24/04/2013	640,003,674.20	1,568,800,000.00	The agreement of the project has been signed on 8th April 2014, the construction permit has not been obtained yet.
PARK MAVERA PROJECT - İSTANBUL BAŞAKŞEHİR KAYABAŞI 4TH STAGE (MAKRO - AK YAPI JOINT VENTURE)	98,476.77	03/12/2012	115,513,251.21	420,000,000.00	The agreement of the project has been signed on 25th April 2014, the construction permit of 889/1 has been obtained on 8th October 2014.
HOŞDERE 3RD STAGE PROJECT - İSTANBUL BAŞAKŞEHİR HOŞDERE 3RD STAGE (CİHAN İNŞ. - KONUT YAPI JOINT VENTURE)	78,639.77	14/06/2011	60,372,387.82	156,520,000.00	The agreement of the project has been signed on 2th May 2014, the construction permit has not been obtained yet.
KOCAELİ DERİNCE PROJECT - (KUMUŞOĞLU - TOKAL JOINT VENTURE)	72,313.00	03/04/2014	70,001,245.10	83,198,500.00	The agreement of the project has been signed on 21st August 2014, the construction permit has not been obtained yet.
ANKARA ETİMESGUT PROJECT - (BAŞYAPI - SOLARYAPI JOINT VENTURE)	18,228.00	03/04/2014	37,287,611.69	54,000,000.00	The agreement of the project has been signed on 18th August 2014, the construction permit has been obtained on 11st December 2014.
KARTAL YAKACIK PROJECT - (DAĞ)	55,214.48	28/05/2014	86,919,134.85	123,900,000.00	The agreement of the project has been signed on 30th December 2014, the construction permit has not been obtained yet.
İSTANBUL İFM PROJECT ( İFM - AKDENİZ JOINT VENTURE)	115,497.01	31/05/2007	0.03	29,200,000.00	The construction permit of 3328 plot/14 parcel has been obtained on 10th December 2014.
<b>Total for Revenue Sharing Model Projects in Return For The Land Sale</b>	<b>2,348,666.54</b>		<b>3,186,137,204.49</b>	<b>7,568,432,236.32</b>	
Revenue Sharing Model Projects in Return For The Land	SQM	Date of Purchase	Book Value	Company Share in Total Revenue	Description
UNIKONUT PROJECT - İSTANBUL BAHÇEŞEHİR İSPARTAKULE 1ST REGION 4TH PART (İSFAT MİMARLIK - YENİ DOĞUŞ JOINT VENTURE)	24,506.00	02/08/2007	20,835,321.73	31,466,971.90	The construction permit has been obtained on 12th April 2011.
<b>Total for Revenue Sharing Model Projects in Return For The Land</b>	<b>24,506.00</b>		<b>20,835,321.73</b>	<b>31,466,971.90</b>	
<b>TOTAL FOR REVENUE SHARING MODEL PROJECT IN RETURN FOR THE (LAND SALE/LAND)</b>			<b>3,206,972,526.22</b>	<b>7,599,899,208.22</b>	
Turn Key Model Project	SQM	Date of Purchase	Book Value + Progress Payments	Description	
KOCAELİ KÖRFEZKENT EMLAK KONUTLARI 3RD STAGE PROJECT (MUSTAFA EKŞİ & AYDUR JOINT VENTURE)	61,613.42	25/02/2008	89,340,662.97	The construction permit has been obtained on 18th October 2012.	
İSTANBUL ATAŞEHİR HEADQUARTERS OFFICE BUILDING (TURİYAP)	11,528.07	31/05/2000	23,898,853.30	The construction permit has been obtained on 21st December 2012.	
İSTANBUL HOŞDERE 1ST PART 1ST STAGE (EGEMEN)	37,404.01	14/06/2011	86,729,864.81	The construction permit has been obtained on 18th April 2013.	
İSTANBUL HOŞDERE 1ST PART 2ND STAGE (ILGIN)	76,702.91	14/06/2011	106,261,410.05	The construction permit has been obtained on 18th April 2013.	
İSTANBUL HOŞDERE 1ST PART 3RD STAGE (ZEK-SAN)	55,986.50	14/06/2011	54,167,144.32	The construction permit has been obtained on 18th April 2013.	
KAYABASI 1ST STAGE 1ST PART (TÜRKERLER)	81,536.59	30/07/2012	138,577,375.84	The construction permit has been obtained on 31st May 2013. The agreement has been signed on 12th August 2013.	
KAYABASI 1ST STAGE 2ND PART (BİNBAŞI - ZİRVE JOINT VENTURE)	31,724.08	03/12/2012	62,740,489.44	The construction permit has been obtained on 31st May 2013. The agreement has been signed on 29th July 2013.	
KAYABASI 1ST STAGE 3RD PART (ALTINDAĞ)	33,755.50	30/07/2012	80,624,067.04	The construction permit has been obtained on 31st May 2013. The agreement has been signed on 2nd September 2013.	
KAYABASI 1ST STAGE 4TH PART (MAKSEM YAPI - CENT YAPI JOINT VENTURE)	38,624.32	03/12/2012	92,361,444.62	The construction permit has been obtained on 31st May 2013. The agreement has been signed on 2nd September 2013.	
İSTANBUL ESENLER URBAN TRANSFORMATION PROJECT (ESKON) Siyah Kalem - Güryapı - Özyazıcı	113,683.84	10/03/2014	114,162,503.36	The construction permit has been obtained on 20th March 2014 - 9th May 2014 - 9th May 2014. The agreement has been signed on 16th April 2014- 20th June 2014 -19th June 2014 (respectively for Siyah Kalem - Güryapı - Özyazıcı)	
KÖRFEZKENT 4TH STAGE PROJECT	79,804.19	25/02/2008	14,423,349.05	The construction permit has been obtained on 21st November 2014)	
AYAZMA EMLAK KONUTLARI PROJECT	99,874.55	01/12/2010	96,673,875.69	The construction permit has been obtained on 18th December 2014.	
<b>Total for Turnkey Model Project</b>	<b>722,237.98</b>		<b>959,961,040.49</b>	<b>-</b>	
<b>TOTAL</b>	<b>3,095,410.52</b>		<b>4,166,933,566.71</b>	<b>7,599,899,208.22</b>	

**APPENDIX - 5 BUILDINGS SUMMARY TABLE**

<b>BUILDINGS</b>	<b>Number of Units</b>	<b>SQM</b>	<b>Date of Purchase</b>	<b>Book Value</b>	<b>Date of Appraisal</b>	<b>Appraisal Value</b>
ATAŞEHİR HEADQUARTERS OFFICE BUILDING	1	2,513.28	31/05/2000	3,254,393.82	31/12/2014	15,060,000.00
INDEPENDENT UNITS IN SPRADON QUARTZ PROJECT	5	436.40	22.09.2011 - 17.07.2012	1,760,094.19	31/12/2014	1,141,700.00
INDEPENDENT UNITS IN VARYAP MERIDIAN PROJECT	2	137.60	31/12/2012	805,413.49	31/12/2014	858,600.00
INDEPENDENT UNIT IN LÜLEBURGAZ ÇARŞI	1	1,188.23	07/05/2013	1,208,400.00	31/12/2014	1,220,000.00
INDEPENDENT UNITS IN 1STANBUL PROJECT	25	4,059.57	30/09/2013	10,906,317.91	31/12/2014	11,874,600.00
INDEPENDENT UNIT IN TUZLA 1 PROJECT	1	124.95	12/12/2013	113,447.02	31/12/2014	200,000.00
INDEPENDENT UNITS IN TOWERLAND PROJECT	3	336.24	31/10/2013	3,752,000.00	31/12/2014	4,448,600.00
INDEPENDENT UNIT IN PARKYAŞAM MAVİŞEHİR PROJECT	1	345.07	23/11/2013	1,738,800.00	31/12/2014	1,745,000.00
INDEPENDENT UNITS IN EMLAK KONUT MAVİŞEHİR EVLERİ PROJECT	6	720.11	31/12/2013	708,573.04	31/12/2014	2,205,000.00
INDEPENDENT UNITS IN ANKARA ÇANKAYA NEXT LEVEL PROJECT	4	989.00	30/04/2014	7,643,844.11	31/12/2014	7,000,000.00
INDEPENDENT UNIT IN KÖRFEZKENT 1ST STAGE	1	87.37	26/05/2014	86,138.61	31/12/2014	85,000.00
SULTANBEYLİ EMLAK KONUTLARI	7	866.17	26/05/2014	1,044,406.80	31/12/2014	1,595,955.00
ŞEHRİZAR KONAKLARI	24	6,942.16	26/05/2014	51,334,513.05	31/12/2014	51,851,700.00
INDEPENDENT UNIT IN BURGAZKENT PROJECT	1	151.43	26/05/2014	130,742.57	31/12/2014	130,000.00
INDEPENDENT UNITS IN GEBZE 1 PROJECT	2	298.99	.11.2014 - 04.12.20	326,400.96	31/12/2014	295,000.00
INDEPENDENT UNIT IN MAVİŞEHİR PELİKAN EVLERİ PROJECT	1	139.16	17/12/2014	361,386.14	31/12/2014	395,000.00
<b>TOTAL FOR BUILDINGS</b>	<b>85</b>	<b>19,335.73</b>		<b>85,174,871.71</b>		<b>100,106,155.00</b>

**APPENDIX-6  
LAND STOCK SUMMARY TABLE**

LOCATION	Number of Parcels	SQM	Date of Purchase	Book Value	Date of Appraisal	Appraisal Value
91 PARCELS IN ANKARA, YENİMAHALLE, BALI KUYUMCU	91	1,919,107.39	26/10/2006	273,036,259.40	31/12/2014	313,320,781.00
8 PARCELS IN TEKİRDAĞ, ÇORLU	8	102,794.51	24.03.2006 30.09.2010	15,748,238.41	31/12/2014	37,545,000.00
1 PARCEL IN İZMİR,KONAK, UMURBEY QUARTER	1	6,810.00	31/05/2000	734,812.18	31/12/2014	9,195,000.00
17 PARCELS IN TEKİRDAĞ, KAPAKLI, ÇERKEZKÖY	17	371,235.69	09/12/2005	8,247,941.97	31/12/2014	95,915,000.00
5 PARCELS IN KOCAELİ, KÖRFEZ	5	28,577.05	25/02/2008	3,254,519.76	31/12/2014	9,758,698.00
10 PARCELS IN İSTANBUL, AVCILAR	10	239,915.45	01/06/2007	277,149,127.55	31/12/2014	341,879,516.25
49 PARCELS IN KOCAELİ GEBZE GÜZELLER	49	187,978.68	21.03.2007 29.06.2009 17.02.2010	44,601,813.70	31/12/2014	48,874,462.00
13 PARCELS IN İSTANBUL, ATAŞEHİR	13	21,627.91	10.11.1992 23.12.1996 31.05.2000 31.12.2012	12,660.16	31/12/2014	35,771,637.00
16 PARCELS IN İSTANBUL, BAŞAKŞEHİR, HOŞDERE	16	277,090.03	06.10.2011 07.08.2012	60,366,144.21	31/12/2014	76,938,700.00
2 PARCELS IN KASTAMONU CİDE	2	10,262.82	11/04/2011	66,866.81	31/12/2014	62,000.00
5 PARCELS IN İSTANBUL, KARTAL	5	10,020.76	22/04/2012	20,015,722.61	31/12/2014	21,191,627.25
8 PARCELS IN İSTANBUL, ESENYURT, HOŞDERE	8	149,532.50	14.06.2011 30.07.2012	119,879,171.84	31/12/2014	140,685,000.00
36 PARCELS IN İSTANBUL, BAŞAKŞEHİR	36	139,392.70	01.12.2010 07.03.2012 14.09.2012 25.09.2012 01.10.2012	104,375,343.89	31/12/2014	125,171,310.20
16 PARCELS IN İSTANBUL, BAŞAKŞEHİR, HOŞDERE	14	161,693.01	14.06.2011 30.07.2012	90,878,591.55	31/12/2014	119,191,604.00
4 PARCELS IN İSTANBUL, ÜMRANIYE	4	17,067.99	01/11/2005	1,840,000.03	31/12/2014	16,020,000.00
4 PARCELS IN İSTANBUL, TUZLA	4	1,287.83	31/12/2012	0.04	31/12/2014	418,545.00
1 PARCEL IN İZMİR, KARŞIYAKA	1	2,787.00	30/12/2005	0.01	31/12/2014	865,000.00
1 PARCEL IN İSTANBUL SARIYER ZEKERİYAKÖY	1	992.00	02/03/2011	1,823,539.78	31/12/2014	645,000.00
1 PARCEL IN İSTANBUL, BEŞİKTAŞ	1	1,298.32	22/12/1989	296,673.67	31/12/2014	3,895,000.00
3 PARCELS IN İSTANBUL ŞİŞLİ	1	23.30	18/05/1990	50.49	31/12/2014	134,000.00
3 PARCELS IN ANKARA, ÇANKAYA	3	525.00	31/08/1987	0.10	31/12/2014	560,000.00
4009 NUMBERED PARCEL IN İSTANBUL, BÜYÜKÇEKMECE	1	78.10	28/04/2006	1.00	31/12/2014	15,000.00
14 PARCELS IN İSTANBUL, ARNAVUKKÖY DURSUNLU	14	3,645,527.92	05/06/2013	333,309,400.26	31/12/2014	375,915,000.00
13 PARCELS IN İSTANBUL, KARTAL	13	63,249.23	24/04/2013	112,267,383.25	31/12/2014	113,577,563.60
1 PARCEL IN İZMİR, URLA, BADEMLER	1	368,342.54	24/04/2013	19,536,918.32	31/12/2014	20,260,000.00
48 PARCELS IN İSTANBUL,MALTEPE, KÜÇÜKYALI AND BAŞIBÜYÜK	48	122,977.44	28/05/2014	688,673,664.00	31/12/2014	688,673,664.00
1 PARCEL IN İSTANBUL,BAHÇELİEVLER YENİBOSNA QUARTER	1	36,332.34	28/05/2014	66,208,901.63	31/12/2014	67,214,829.00
1 PARCEL IN İSTANBUL,ATAŞEHİR,KÜÇÜKBAKKALKÖY QUARTER	1	1,788.00	28/05/2014	7,295,040.00	31/12/2014	7,152,000.00
4 PARCELS IN BURSA, OSMANGAZİ, DEMİRTAŞ QUARTER	4	54,745.33	28/05/2014	27,313,338.56	31/12/2014	27,309,349.20
2 PARCELS BALIKESİR, MERKEZ, AKINCILAR QUARTER	2	50,000.00	28/05/2014	44,001,330.71	31/12/2014	44,000,000.00
1 PARCEL IN ESKİŞEHİR,ODUNPAZARI, YILDIZTEPE QUARTER	1	23,941.74	28/05/2014	4,909,148.56	31/12/2014	4,908,057.00
2 PARCELS IN ANKARA, ÇANKAYA, MÜHYE QUARTER	2	300,000.00	03/04/2014	325,319,500.00	31/12/2014	328,314,175.00
1 PARCEL IN ANKARA,ÇANKAYA, ÇAYYOLU QUARTER	1	50,750.00	03/04/2014	95,164,836.00	31/12/2014	95,156,250.00
1 PARCEL IN ANKARA,YENİMAHALLE, İSTASYON QUARTER	1	124,475.80	03/04/2014	622,000,000.00	31/12/2014	622,000,000.00
9 PARCELS IN İSTANBUL,BAŞAKŞEHİR, KAYABAŞI QUARTER	9	547,300.77	03/04/2014	381,248,696.30	31/12/2014	381,745,000.00
6 PARCELS IN İSTANBUL, SARIYER, İSTİNYE QUARTER	6	158,497.62	28/05/2014	1,005,627,000.00	31/12/2014	1,062,270,000.00
<b>TOTAL FOR LAND STOCK</b>	<b>395</b>	<b>9,198,026.77</b>		<b>4,755,202,636.75</b>		<b>5,236,548,768.50</b>

**APPENDIX - 7**  
**CONSTRUCTION PROGRESS PHASES TABLE**

<b>Emlak Konut GYO A.Ş. CONSTRUCTION WORK TABLE FOR HOUSING, COMMERCIAL, SCHOOL, etc. WITH REVENUE SHARING MODEL BASED PROJECT IN RETURN FOR LAND SALE</b>			
SERIAL NUMBER	PROJECT NAME	MANUFACTURING COMPLETION DATE OF THE WORK (BASED ON THE SCHEDULE)	CONTRACTOR NAME
1	KUASAR İSTANBUL	10/03/2016	VIATRANS ~ MEYDANBEY
2	METROPOL İSTANBUL	19/01/2015	VARYAP ~ GAP
3	SARPHAN FINANS PARK	29/06/2015	YENİ SARP ~ ÖZ AKAR
4	BATIŞEHİR	06/12/2015	EGE YAPI ~ EPP
5	MASLAK 1453	16/07/2016	AKDENİZ
6	EVORA İSTANBUL DENİZ/ MARMARA	05/04/2015	TEKNİK YAPI
7	EVORA İSTANBUL/ ADALAR	05/04/2015	TEKNİK YAPI
8	DUMANKAYA MİKS	08/04/2015	DUMANKAYA
9	BAHÇETEPE İSTANBUL	15/05/2015	MAKRO ~ AKYAPI
10	KÖY	12/08/2018	SIYAHKALEM
11	İSTANBUL FINANCE CENTER	26/04/2017	AKDENİZ ~ İFM İSTANBUL FİNANS MERKEZİ
12	İSTMARİNA	14/05/2017	DAP~ ELTES
13	BULVAR İSTANBUL	08/10/2016	BULVAR İSTANBUL BUSINESS VENTURE (ÖZÜLKE ~ ÖZ-KAR)
14	NİDAKULE ATAŞEHİR	02/03/2016	TAHİNCİOĞLU ~ KOZKEN
15	AVRUPA KONUTLARI TEM 2	02/03/2016	ARTAŞ
16	GÖL PANAROMA EVLERİ	11/07/2016	BE-MA
17	FATİH YEDİKULE	15/12/2016	EGE YAPI- METROPOLİST YAPI- SENA- BUKTOR
18	SEYRANŞEHİR	14/03/2016	MAKRO ~ AKYAPI
19	BAHÇEKENT FLORA	01/12/2016	İZKA ~ DAĞ ~SITAR
20	EVVEL İSTANBUL	02/01/2017	İNTAYA ~ EYG ~ İNTES
21	ZEYTİNBURNU KAZLIÇEŞME	03/09/2018	ÖZAK ~ YENİGÜN ~ ZİYLAN
22	PARK MAVERA	28/10/2017	MAKRO ~ AKYAPI
23	AVRUPARK	29/11/2017	CIHAN ~ KONUT YAPI
24	SOFALOCA	21/02/2017	BAŞ YAPI ~ SOLAR YAPI
25	KOCAELİ DERİNCE	27/02/2018	KUMUŞOĞLU ~ TOKAL
26	KARTAL YAKACIK	07/10/2017	DAĞ
27	BAHÇELİEVLER YENİBOSNA	17/07/2017	DOĞA ~ BAŞ YAPI

<b>Emlak Konut GYO A.Ş. CONSTRUCTION WORK TABLE FOR HOUSING, COMMERCIAL, SCHOOL, etc. WITH REVENUE SHARING MODEL BASED PROJECT IN RETURN FOR LAND SALE</b>			
SERIAL NUMBER	PROJECT NAME	MANUFACTURING COMPLETION DATA OF THE WORK (BASED ON THE SCHEDULE)	CONTRACTOR NAME
1	UNİKONUT	29/04/2015	İSFAT ~ YENİ DOĞUŞ

<b>EMLAK KONUT GYO A.Ş. TURNKEY</b>			
SERIAL NUMBER	PROJECT NAME	MANUFACTURING COMPLETION DATE OF THE WORK (BASED ON THE SCHEDULE)	CONTRACTOR NAME
1	KÖRFEZKENT 3	19/12/2015	MUSTAFA EKŞİ- AYDUR
2	ATAŞEHİR HEADQUARTER	05/05/2015	TURYAPI
3	BAHÇEKENT EMLAK KONUTLARI 1	07/12/2015	EGEMEN
4	BAHÇEKENT EMLAK KONUTLARI 2	16/03/2016	ILGIN
5	BAHÇEKENT EMLAK KONUTLARI 3	07/12/2015	ZEK-SAN
6	EMLAK KONUT BAŞAKŞEHİR EVLERİ 2	06/10/2015	BİNBAY~ ZİRVE
7	EMLAK KONUT BAŞAKŞEHİR EVLERİ 1	01/02/2016	TÜRKERLER
8	EMLAK KONUT BAŞAKŞEHİR EVLERİ 3	12/11/2015	ALTINDAĞ
9	EMLAK KONUT BAŞAKŞEHİR EVLERİ 4	12/11/2015	MAKSEM - CENT

<b>Emlak Konut GYO A.Ş. TURNKEY URBAN TRANSFORMATION CONSTRUCTION WORKS TABLE</b>			
SERIAL NUMBER	PROJECT NAME	MANUFACTURING COMPLETION DATE OF THE WORK (BASED ON THE SCHEDULE)	CONTRACTOR NAME
1	ESENLER EMLAK KONUTLARI STAGE 1 PART 1	16/04/2016	SIYAHKALEM
2	ESENLER EMLAK KONUTLARI STAGE 2	10/12/2016	ÖZYAZICI
3	ESENLER EMLAK KONUTLARI STAGE 1 PART 2	23/06/2016	GÜRYAPI

**APPENDIX - 8**  
**LIST OF APPRAISAL COMPANIES**

Serial No.	EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. ASSETS LIST	APPRAISAL COMPANY
1	"İSTANBUL ATAŞEHİR DOĞU BÖLGESİ STAGE 1 REVENUE SHARING MODEL BASED PROJECT IN RETURN FOR LAND SALE" SKYTOWERS TOWERLAND PROJECT+COMMERCIAL BLOCK (AKDENİZ İNŞ.)	Yetkin Gayrimenkul Değ. ve Danış. A.Ş.
2	"İSTANBUL ATAŞEHİR BATI BÖLGESİ STAGE 1 REGION 4 REVENUE SHARING MODEL BASED PROJECT IN RETURN FOR LAND SALE" VARYAP MERIDIAN PROJECT	Yetkin Gayrimenkul Değ. ve Danış. A.Ş.
3	"İSTANBUL SULTANGAZI HABİPLER REVENUE SHARING MODEL BASED PROJECT IN RETURN FOR LAND SALE (EGE YAPI-ARCTON-E.P.P) BATIŞEHİR PROJECT	Yetkin Gayrimenkul Değ. ve Danış. A.Ş.
4	"İSTANBUL BAHÇEŞEHİR İSPARTAKULE REGION 1 PART 4 REVENUE SHARING MODEL BASED PROJECT IN RETURN FOR LAND SALE" (YENİ DOĞUŞ) UNICONUT PROJECT	Yetkin Gayrimenkul Değ. ve Danış. A.Ş.
5	"İSTANBUL BAHÇEŞEHİR İSPARTAKULE REGION 1 PART 5 REVENUE SHARING MODEL BASED PROJECT IN RETURN FOR LAND SALE" PARCEL 525/2 (CATHAY-E.P.P) STÜDYO 24	Yetkin Gayrimenkul Değ. ve Danış. A.Ş.
6	"İSTANBUL ÜMRANIYE STAGE 1 REVENUE SHARING MODEL BASED PROJECT IN RETURN FOR LAND SALE" (YENİSARP-E.P.P) SARPHAN FİNANSPARK PROJECT	Yetkin Gayrimenkul Değ. ve Danış. A.Ş.
7	"İSTANBUL, TUZLA STAGE 2 REGION 2 REVENUE SHARING MODEL BASED PROJECT IN RETURN FOR LAND SALE" (TEKNİK YAPI) EVORA PROJECT-2	Yetkin Gayrimenkul Değ. ve Danış. A.Ş.
8	"İSTANBUL, TUZLA STAGE 2 REGION 1 REVENUE SHARING MODEL BASED PROJECT IN RETURN FOR LAND SALE" (TEKNİK YAPI) EVORA PROJECT-1	Yetkin Gayrimenkul Değ. ve Danış. A.Ş.
9	"İSTANBUL ATAŞEHİR DOĞU BÖLGESİ STAGE 2 REVENUE SHARING MODEL BASED PROJECT IN RETURN FOR LAND SALE" (VARYAP-GAP) METROPOL PROJECT	Yetkin Gayrimenkul Değ. ve Danış. A.Ş.
10	"İSTANBUL ŞİŞLİ AYAZAĞA STAGE 1 REVENUE SHARING MODEL BASED PROJECT IN RETURN FOR LAND SALE" PARCEL 1 ON PLOT 10622 (AKDENİZ İNŞ.) 5322 INDEPENDENT UNITS (MASLAK 1453)	Yetkin Gayrimenkul Değ. ve Danış. A.Ş.
11	"İSTANBUL KÜÇÜKÇEKMECE HALKALI STAGE 2 REVENUE SHARING MODEL BASED PROJECT IN RETURN FOR LAND SALE" PARCEL 800/11 (DUMANKAYA İNŞ.) DUMANKAYA MİKS PROJECT	Yetkin Gayrimenkul Değ. ve Danış. A.Ş.
12	"İSTANBUL ŞİŞLİ DİKLİTAŞ REVENUE SHARING MODEL BASED PROJECT IN RETURN FOR LAND SALE" PREVIOUS TEKEL LIQUOR FACTORY LAND PARCEL 1199/230 (VIATRANS-MEYDANBEY)	Yetkin Gayrimenkul Değ. ve Danış. A.Ş.
13	"İSTANBUL BAŞAKŞEHİR AYAZMA STAGE 2 REVENUE SHARING MODEL BASED PROJECT IN RETURN FOR LAND SALE" ( MAKRO-AKYAPI) BAHCETEPE-İSTANBUL	Yetkin Gayrimenkul Değ. ve Danış. A.Ş.
14	"İSTANBUL SULTANBEYLİ EMLAK KONUTLARI HOUSING CONSTRUCTION AND INFRASTRUCTURE AND LANDSCAPING PROJECT" 4 parcels (PROJECT)	Yetkin Gayrimenkul Değ. ve Danış. A.Ş.
15	"KOCAELİ KÖRFEZKENT EMLAK KONUTLARI STAGE 3 HOUSING, SOCIAL FACILITIES, INFRASTRUCTURE AND LANDSCAPING PROJECT" 2 parcels (PROJECT)	Yetkin Gayrimenkul Değ. ve Danış. A.Ş.
16	"İSTANBUL HOŞDERE EMLAK KONUTLARI, STAGE 1, PART 1 HOUSING CONSTRUCTION AND INFRASTRUCTURE AND LANDSCAPING PROJECT WITHIN THE PLOT"	Yetkin Gayrimenkul Değ. ve Danış. A.Ş.
17	"İSTANBUL HOŞDERE EMLAK KONUTLARI, STAGE 1, PART 2 HOUSING CONSTRUCTION AND INFRASTRUCTURE AND LANDSCAPING PROJECT WITHIN THE PLOT"	Yetkin Gayrimenkul Değ. ve Danış. A.Ş.
18	"İSTANBUL HOŞDERE EMLAK KONUTLARI STAGE 1 REGION 3 COMMERCIAL, SCHOOL, SPORTS CENTER, NURSERY AND MOSQUE AND GENERAL INFRASTRUCTURE, AND HOUSING CONSTRUCTION AND INFRASTRUCTURE AND LANDSCAPING PROJECT WITHIN THE PLOT"	Yetkin Gayrimenkul Değ. ve Danış. A.Ş.
19	"İSTANBUL BAŞAKŞEHİR AYAZMA STAGE 3 REVENUE SHARING MODEL BASED PROJECT IN RETURN FOR LAND SALE" (BULVAR İSTANBUL) Özüлке	Yetkin Gayrimenkul Değ. ve Danış. A.Ş.
20	"GOVERNMENT AGENCY BUILDING AND INFRASTRUCTURE AND LANDSCAPING PROJECT IN ATAŞEHİR DISTRICT, İSTANBUL" (PARCEL 5 ON PLOT 3331)	Yetkin Gayrimenkul Değ. ve Danış. A.Ş.
21	"İSTANBUL GAZİOSMANPAŞA KÜÇÜKKÖY STAGE 2 REVENUE SHARING MODEL BASED PROJECT IN RETURN FOR LAND SALE" ( TEM-2) ARTAŞ	Yetkin Gayrimenkul Değ. ve Danış. A.Ş.
22	"İSTANBUL ATAŞEHİR BATI BÖLGESİ STAGE 1 REGION 6 REVENUE SHARING MODEL BASED PROJECT IN RETURN FOR LAND SALE" (TAHİNCİOĞLU-KOZKEN)	Yetkin Gayrimenkul Değ. ve Danış. A.Ş.
23	"İSTANBUL KAYABAŞI EMLAK KONUTLARI, STAGE 1, PART 1 HOUSING CONSTRUCTION AND INFRASTRUCTURE AND LANDSCAPING PROJECT WITHIN THE PLOT"	Yetkin Gayrimenkul Değ. ve Danış. A.Ş.
24	"İSTANBUL KAYABAŞI EMLAK KONUTLARI, STAGE 1, PART 2 HOUSING CONSTRUCTION AND INFRASTRUCTURE AND LANDSCAPING PROJECT WITHIN THE PLOT"	Yetkin Gayrimenkul Değ. ve Danış. A.Ş.
25	"İSTANBUL KAYABAŞI EMLAK KONUTLARI, STAGE 1, PART 3 HOUSING AND SCHOOL CONSTRUCTION AND INFRASTRUCTURE AND LANDSCAPING PROJECT WITHIN THE PLOT"	Yetkin Gayrimenkul Değ. ve Danış. A.Ş.
26	"İSTANBUL KAYABAŞI EMLAK KONUTLARI, STAGE 1, PART 4 HOUSING CONSTRUCTION AND INFRASTRUCTURE PROJECT WITHIN THE PLOT"	Yetkin Gayrimenkul Değ. ve Danış. A.Ş.
27	"İSTANBUL SARIYER ZEKERİYAKÖY REVENUE SHARING MODEL BASED PROJECT IN RETURN FOR LAND SALE" (SİYAH KALEM) (9 parcels) PROJECT	Yetkin Gayrimenkul Değ. ve Danış. A.Ş.
28	"İSTANBUL KARTAL REVENUE SHARING MODEL BASED PROJECT IN RETURN FOR LAND SALE" (ELTES İNŞ.-DAP YAPI İNŞ.) (4 parcels) PROJECT	Yetkin Gayrimenkul Değ. ve Danış. A.Ş.
29	"İSTANBUL AVCILAR KAPADIK REVENUE SHARING MODEL BASED PROJECT IN RETURN FOR LAND SALE" (BE-MA İNŞ.) (1 parcel) PROJECT	Yetkin Gayrimenkul Değ. ve Danış. A.Ş.
30	"İSTANBUL FATİH YEDİKULE REVENUE SHARING MODEL BASED PROJECT IN RETURN FOR LAND SALE" (EGE YAPI-MYMETROPOL-SENA-BUKTOR) 4 parcels on plot 2384 PROJECT	Yetkin Gayrimenkul Değ. ve Danış. A.Ş.
31	"İSTANBUL BAŞAKŞEHİR KAYABAŞI STAGE 2 REVENUE SHARING MODEL BASED PROJECT IN RETURN FOR LAND SALE" 1 parcel on plot 536/3 PROJECT	Yetkin Gayrimenkul Değ. ve Danış. A.Ş.
32	"İSTANBUL BAŞAKŞEHİR KAYABAŞI STAGE 3 REVENUE SHARING MODEL BASED PROJECT IN RETURN FOR LAND SALE" İntaya-İntes İnş. 3 parcels PROJECT	Yetkin Gayrimenkul Değ. ve Danış. A.Ş.
33	"İSTANBUL BAŞAKŞEHİR HOŞDERE STAGE 2 REVENUE SHARING MODEL BASED PROJECT IN RETURN FOR LAND SALE" 5 parcels in Hoşdere PROJECT	Yetkin Gayrimenkul Değ. ve Danış. A.Ş.
34	2 PARCELS (LAND) IN KAZLIÇEŞME Area, ZEYTİNBURNU District, İSTANBUL PROJECT	Yetkin Gayrimenkul Değ. ve Danış. A.Ş.
35	"İSTANBUL INTERNATIONAL FINANCE CENTER SPECIAL PROJECT AND RECREATION AREA REVENUE SHARING MODEL BASED PROJECT IN RETURN FOR LAND SALE" 3 parcels (land) PROJECT	Yetkin Gayrimenkul Değ. ve Danış. A.Ş.
36	1 INDEPENDENT UNIT IN ATAŞEHİR HEADQUARTERS BUILDING	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
37	SİLİVRİ SELİMPAŞA EMLAK KONUTLARI	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
38	NOVUS RESIDENCE PROJECT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
39	"İSTANBUL BAHÇEŞEHİR REVENUE SHARING MODEL BASED PROJECT IN RETURN FOR LAND SALE" SPRADON QUARTZ PROJECT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
40	KIRKLAERELİ LÜLEBURGAZ ÇARŞI COMMERCIAL CENTER PROJECT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
41	"İZMİR MAVİŞEHİR UPPER NORTH SIDE STAGE 2 HOUSING AND INFRASTRUCTURE, LANDSCAPING SUPPLY PROJECT WITHIN THE PLOT REVENUE SHARING MODEL BASED PROJECT IN RETURN FOR LAND SALE" EMLAK KONUT MAVİŞEHİR EVLERİ PROJECT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
42	"İSTANBUL ÜSKÜDAR BURHANİYE REVENUE SHARING MODEL BASED PROJECT IN RETURN FOR LAND SALE" ŞEHRİZAR KONAKLARI PROJECT ( GAP İNŞAAT)	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
43	"İSTANBUL TUZLA EMLAK KONUTLARI, STAGE 1, PART 2 HOUSING CONSTRUCTION AND INFRASTRUCTURE AND LANDSCAPING PROJECT WITHIN THE PLOT" TUZLA EMLAK KONUTLARI, STAGE 1, PART 2 PROJECT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
44	"İSTANBUL TUZLA EMLAK KONUTLARI, STAGE 1, PART 1 HOUSING AND SOCIAL FACILITIES CONSTRUCTION, AND ATAŞEHİR DISTRICT REGIONAL PARK CONSTRUCTION AND INFRASTRUCTURE AND LANDSCAPING PROJECT WITHIN THE PLOT" TUZLA EMLAK KONUTLARI, STAGE 1, PART 1 PROJECT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
45	"İSTANBUL AVCILAR İSPARTAKULE REGION 3 REVENUE SHARING MODEL BASED PROJECT IN RETURN FOR LAND SALE" (İSTANBUL PROJECT)	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
46	"İSTANBUL KÜÇÜKÇEKMECE HALKALI STAGE 3 REVENUE SHARING MODEL BASED PROJECT IN RETURN FOR LAND SALE" SOYAK PARK APARTS-EVOSTAR (SOYAK İNŞ.)	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
47	"İZMİR MAVİŞEHİR UPPER NORTH SIDE STAGE 4 REVENUE SHARING MODEL BASED PROJECT IN RETURN FOR LAND SALE" PARK LIVING PROJECT (TÜRKERLER-DURMAZ-İZKA)	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
48	"İSTANBUL BAŞAKŞEHİR İKİTELLİ AYAZMA STAGE 1 REVENUE SHARING MODEL BASED PROJECT IN RETURN FOR LAND SALE" MY WORLD EUROPE PROJECT (AKDENİZ İNŞ.)	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.

**APPENDIX - 8**  
**LIST OF APPRAISAL COMPANIES**

Serial No.	EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. ASSETS LIST	APPRAISAL COMPANY
49	"İSTANBUL BAĞÇEŞEHİR İSPARTAKULE REGION 2 PART 3 REVENUE SHARING MODEL BASED PROJECT IN RETURN FOR LAND SALE" (BİZİMEVLER 4)	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
50	91 PARCELS IN BALIKUYUMCU QUARTER, YENİ MAHALLE DISTRICT, ANKARA	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
51	3 PARCELS IN ÖNCEBECİ QUARTER, ÇANKAYA DISTRICT, ANKARA	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
52	13 PARCELS IN K.BAKKALKÖY AND BARBOROS MUNICIPALITIES, ATAŞEHİR DISTRICT, ISTANBUL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
53	10 PARCELS IN FİRÜZKÖY QUARTER, AVCILAR DISTRICT, ISTANBUL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
54	16 PARCELS IN ESENYURT HOŞDERE QUARTER, BAŞAKŞEHİR DISTRICT, ISTANBUL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
55	16 PARCELS IN ESENYURT QUARTER, BAŞAKŞEHİR DISTRICT, ISTANBUL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
56	40 PARCELS IN İKİTELLİ-2 QUARTER, BAŞAKŞEHİR DISTRICT, ISTANBUL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
57	2 PARCELS KAYABAŞI QUARTER, BAŞAKŞEHİR DISTRICT, ISTANBUL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
58	1 PARCEL (arsa) IN RUMELİHİSARI QUARTER, BEŞİKTAŞ DISTRICT, ISTANBUL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
59	PARCEL NO. 4009 IN MİMARŞINAN QUARTER, BÜYÜKÇEKMECE DISTRICT, ISTANBUL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
60	18 PARCELS IN ÇAVUŞOĞLU QUARTER, KARTAL DISTRICT, ISTANBUL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
61	8 PARCELS IN HOŞDERE QUARTER, ESENYURT DISTRICT, ISTANBUL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
62	3 LANDS IN ORTAKÖY and AYAZAĞA MUNICIPALITIES, ŞİŞLİ DISTRICT, ISTANBUL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
63	4 PARCELS IN AYDINLI QUARTER, TUZLA DISTRICT, ISTANBUL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
64	4 PARCELS IN K.BAKKALKÖY QUARTER, ÜMRANİYE DISTRICT, ISTANBUL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
65	3 LANDS IN ZEKERİYAKÖY QUARTER, SARIYER DISTRICT, ISTANBUL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
66	14 PARCELS (land) IN DURSUNKÖY QUARTER, ARNAVUTKÖY DISTRICT, ISTANBUL	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
67	1 PARCEL IN ŞEMİKLER QUARTER, KARŞIYAKA DISTRICT, İZMİR	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
68	PARCEL 236 ON PLOT 3169 IN UMURBEY QUARTER, KONAK DISTRICT, İZMİR	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
69	1 PARCEL (land) IN BADEMLER VILLAGE, URLA DISTRICT, İZMİR	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
70	1 LAND IN KURTULUŞ QUARTER, LÜLEBURGAZ DISTRICT, KIRKLARELİ	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
71	2 LANDS IN DOĞANKAYA VILLAGE, CİDE DISTRICT, KASTAMONU	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
72	8 PARCELS IN YARIMÇA QUARTER, KÖRFEZ DISTRICT, KOCAELİ	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
73	49 PARCELS IN GÜZELLER QUARTER, GEBZE DISTRICT, KOCAELİ	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
74	17 LANDS IN KAPAKLI TOWN, ÇERKEZKÖY DISTRICT, TEKİRDAĞ	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
75	13 LANDS IN KAZIMIYE QUARTER, ÇORLU DISTRICT, TEKİRDAĞ	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.

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**EMLAK KONUK REAL ESTATE INVESTMENT COMPANY**  
**PROFIT DISTRIBUTION TABLE (TL) FOR THE YEAR 2013**

1.	Paid / Issued Capital		3.800.000.000,00
2.	Total Legal Contingency Reserve (According to Legal Records)		195.617.938,31
Information on concession, if any, regarding profit distribution as required by the articles of incorporation			
		According to Legal Records (LR)	According to CMB
3.	Period Income	1.230.195.821,49	1.060.536.511,00
4.	Taxes to be paid (-)	0,00	0,00
5.	<b>Net Period Income (=)</b>	<b>1.230.195.821,49</b>	<b>1.060.536.511,00</b>
6.	Losses from previous years (-)	0,00	0,00
7.	Primary Legal Reserve (-)	61.509.791,07	61.509.791,07
8.	<b>NET DISTRIBUTABLE PERIOD INCOME (=)</b>	<b>1.168.686.030,42</b>	<b>999.026.719,93</b>
9.	Donations Made Throughout the Year (+)	0,00	
10.	<b>Net Distributable Period Income by adding Donations to be calculated for First Dividend</b>	<b>1.168.686.030,42</b>	
11.	First Dividend for Shareholders (*)	467.780.000,00	
	- Cash	467.780.000,00	
	- No-par		
	- Total	467.780.000,00	
12.	Dividends Distributed to Preference Shareholders		
13.	Dividends to Members of the Board of Directors, Employees etc.		
14.	Dividends Distributed to Dividend Shareholders		
15.	Second Dividend for Shareholders		
16.	Secondary Legal Reserve	27.778.000,00	
17.	Status Reserves		
18.	Special Reserves		
19.	<b>EXCESS RESERVE</b>	<b>673.128.030,42</b>	<b>503.468.719,93</b>
20.	Other Resources Estimated to be Distributed		
	- Profit of previous year		
	- Excess reserves		
	- Other Reserves Distributable as Required by the Law and Articles of Incorporation		

**INFORMATION ON DISTRIBUTED PROFIT SHARE PERCENTAGES**

**DIVIDEND INFORMATION PER SHARE**

	GROUP	TOTAL DIVIDEND AMOUNT (TL)	DIVIDEND CORRESPONDING TO SHARE WITH A NOMINAL VALUE OF 1 TL	
			AMOUNT (TL)	PERCENTAGE (%)
GROSS	A	31.189.837,03	0,1231000000000000	12,31000000000000
	B	436.590.162,97	0,1231000000000000	12,31000000000000
	<b>TOTAL</b>	<b>467.780.000,00</b>		
NET	A	31.189.837,03	0,1231000000000000	12,31000000000000
	B	436.590.162,97	0,1231000000000000	12,31000000000000
	<b>TOTAL</b>	<b>467.780.000,00</b>		

**RATIO OF AMOUNT OF PROFIT SHARE DISTRIBUTED TO THE NET DISTRIBUTABLE PERIOD INCOME INCLUDING DONATIONS (%)**

AMOUNT OF PROFIT SHARE DISTRIBUTED TO SHAREHOLDERS (TL)	RATIO OF AMOUNT OF PROFIT SHARE DISTRIBUTED TO SHAREHOLDERS TO THE NET DISTRIBUTABLE PERIOD INCOME INCLUDING DONATIONS (%)
467.780.000,00	0,40026147983790900