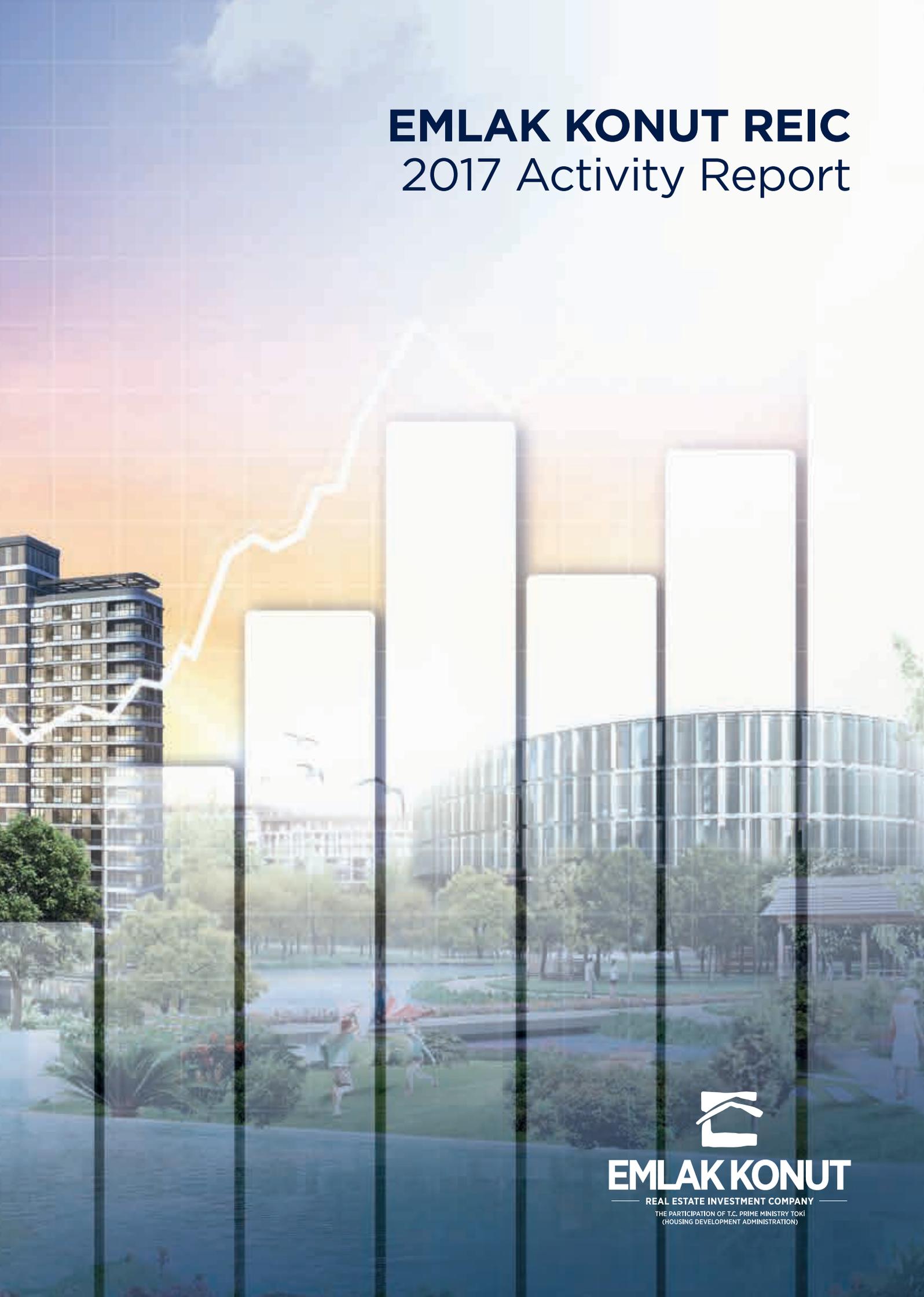


EMLAK KONUT REIC

2017 Activity Report



EMLAK KONUT

REAL ESTATE INVESTMENT COMPANY

THE PARTICIPATION OF T.C. PRIME MINISTRY TOKİ
(HOUSING DEVELOPMENT ADMINISTRATION)



EMLAK KONUT REIC
01.01.2017 - 31.12.2017
BOARD OF DIRECTORS ACTIVITY REPORT



EMLAK KONUT

REAL ESTATE INVESTMENT COMPANY

THE PARTICIPATION OF T.C. PRIME MINISTRY TOKI
(HOUSING DEVELOPMENT ADMINISTRATION)

We set out on this journey 65 years ago to meet our citizens' housing needs. Today, we undertake Turkey's most prestigious projects. We are pleased to share that we pride ourselves on becoming the leading actor of the national economy.

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EMLAK KONUT

REAL ESTATE INVESTMENT COMPANY

THE PARTICIPATION OF T.C. PRIME MINISTRY TOKİ
(HOUSING DEVELOPMENT ADMINISTRATION)

**Planned and quality
modern urban life,**

**Peaceful and safe
warmth of a house,**

**Awareness of green
and environment.**

Vision (Target)

Maintaining and enhancing its position in the domestic real estate industry by improving management approach and quality standards,

Becoming one of the world's top real estate investment trusts by improving its planned, quality, and environment-friendly city approach according to international criteria,

Increasing the number of residential and commercial units to 250,000 by the end of 2023.

Mission (Goal)

Following real estate developments and innovations closely as one of the leading organizations shaping the domestic industry,

Caring about the social value and customer satisfaction and producing planned, quality and environment-friendly establishment centers that offer peaceful and safe living places,

Caring about employees' and shareholders' material and spiritual satisfaction.

THE POSITION OF EMLAK KONUT REIC

▶ **63rd REIT
in the World**

Global

Real Estate Investment Company		TOTAL EQUITY * (Billion USD)
56	INVITATION HOMES INC	3,60
57	CAMDEN PROPERTY TRUST	3,54
58	KLCCP STAPLED GROUP	3,51
59	APPLE HOSPITALITY REIT INC	3,50
60	WP CAREY INC	3,45
61	SABRA HEALTH CARE REIT INC	3,37
62	EQUITY COMMONWEALTH	3,32
▶ 63	EMLAK KONUT REIC	3,31
64	SENIOR HOUSING PROP TRUST	3,29
65	HEALTHCARE TRUST OF AME-CL A	3,26
66	SPIRIT REALTY CAPITAL INC	3,25
67	GRAMERCY PROPERTY TRUST	3,24
68	DDR CORP	3,19
69	STORE CAPITAL CORP	3,09
70	COMINAR REAL ESTATE INV-TR U	3,08

▶ **3rd REIT
in the
EMEA Region**

EMEA Region

Real Estate Investment Company		TOTAL EQUITY * (Billion USD)
1	MERLIN PROPERTIES SOCIMI SA	6,14
2	INMOBILIARIA COLONIAL SOCIMI	5,70
▶ 3	EMLAK KONUT REIC	3,31
4	COFINIMMO	2,29
5	ALSTRIA OFFICE REIT-AG	2,08
6	HISPANIA ACTIVOS INMOBILIARI	2,07
7	EUROCOMMERCIAL PROPERTIE-CV	1,99
8	BEFIMMO	1,76
9	TORUNLAR GYO A.Ş.	1,69
10	NBG PANGAEA REIC	1,42
11	WAREHOUSES DE PAUW SCA	1,40
12	AXIARE PATRIMONIO SOCIMI SA	1,37
13	IMMOBILIARE GRANDE DISTRIBUZ	1,29
14	GRIVALIA PROPERTIES REIC	1,04
15	LAR ESPANA REAL ESTATE SOCIM	1,01

▶ **Turkey's
largest REIC
with total
assets of
TRY 20.62 bn**

Turkey

Real Estate Investment Company		TOTAL EQUITY * (Billion USD)
▶ 1	EMLAK KONUT REIC	3,31
2	TORUNLAR GYO	1,69
3	İŞ GYO	0,89
4	AKİŞ GYO	0,64
5	YENİ GİMAT GYO	0,52
6	HALK GYO	0,47
7	ÖZAK GYO	0,34
8	KİLER GYO	0,29
9	SİNPAŞ GYO	0,27
10	VAKIF GYO	0,24
11	DOĞUŞ GYO	0,23
12	REYSAŞ GYO	0,23
13	PANORA GYO	0,21
14	ALARKO GYO	0,21
15	AKFEN GYO	0,13
16	SERVET GYO	0,10
17	MARTI GYO	0,10
18	ÖZDERİCİ GYO	0,08
19	ATAKULE GYO	0,08
20	YEŞİL GYO	0,06

*As of 30.09.2017

Source: BLOOMBERG/GICS/ All REITs

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Emlak Konut REIC

A) Report on the Audit of the Financial Statements

1) Opinion

We have audited the financial statements of Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş. ("the Company"), which comprise the statement of financial position as at 31 December 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with Turkish Accounting Standards "TAS".

2) Basis for Opinion

We conducted our audit in accordance with the standards on auditing issued by Capital Markets Board and the Standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") published by the POA, together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter (Revenue recognition)

Emlak Konut GYO actualizes sales mostly in the form of turnkey and Land Subject to Revenue Sharing Agreements ("LSRSA") projects. In turnkey projects, it is the Company's responsibility to maintain and complete the project and revenue is recognized when the Company has transferred to the buyer the significant risks and rewards of independent units and the amount

of revenue can be measured reliably. In LSRSA projects, the contractor completes the construction. Regarding the project, the Company receives advance payments from the buyer and makes payments to the contractor. Revenue is recognized when admission forms are signed by the Company or the significant risks and rewards of independent units pass to the buyer and the amount of revenue can be measured reliably. As of the balance sheet date, there are cases where the construction has been completed, but the delivery has not been realized for turnkey projects. In LSRSA projects, there are cases where the construction has been completed as of the balance sheet date, but the delivery has not been realized and the admission form has not been signed. Therefore, revenue recognition for those projects in the correct accounting period is a key matter for our audit. Explanations regarding the Company's revenue accounting policies and amounts are given in Note 2.4 and Note 17.

How the matter was addressed in the audit

We performed the following procedures in relation to the revenue recognition in turnkey and LSRSA projects: The design and implementation of the controls on the revenue process have been evaluated. The sales and delivery procedures have been analyzed. Terms of delivery and the timing of revenue recognition with respect to contracts made with customers in turnkey projects have been examined. Special emphasis is given to the recording of the advances received from the buyers and the accounting of the cases where the delivery has not occurred as of balance sheet date by substantive procedures. Terms of trade and delivery with the contractors and buyers and the timing of revenue recognition with respect to LSRSA projects have been examined. Special emphasis is given to the recording of the advances received from the buyers and the accounting of the cases where the delivery has not occurred and the admission form has not been signed as of balance sheet date by substantive procedures. In addition, we have assessed the adequacy of the revenue and cost of sales disclosures in Note 17 in accordance with TAS.

4) Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TAS, 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. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable,

matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

5) Auditor's Responsibilities for the Audit of the Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the standards on auditing issued by Capital Markets Board and SIA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with the standards on auditing issued by Capital Markets Board and SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements

or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication..

B) Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 398 of the Turkish Commercial Code No. 6102 ("TCC"), the auditor's report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Company on 26 February 2018. In accordance with paragraph four of the Article 402 of TCC, nothing has come to our attention that may cause us to believe that the Company's set of accounts and financial statements prepared for the period 1 January-31 December 2017 does not comply with TCC and the provisions of the Company's articles of association in relation to financial reporting. In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit. The engagement partner on the audit resulting in this independent auditor's report is Koray Öztürk..

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş. Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Koray Ozturk, SMMM - Sorumlu Denetçi
İstanbul, 26 February 2018

2017 BUSINESS RESULTS

► Solid net profit results and balance land portfolio...

Year-End Figures

1.76 Billion TRY

Year- End Net Profit

4.8 Billion TRY

Land Portfolio Value

► Total sales revenue is increasing...

2017 Pre-Sales Figures

7,7 Billion TRY

2017 Pre-sales Revenue

6.714

Number of Units Sold

1.093 k sqm

Sold Area

415 Million TRY

Sold to Foreigners

► We increase our tender capacity by 100%...

2017 Tenders and Land Purchase

9 Tenders

Completed

1,83

Average Multiplier

2,06 Billion TRY

Total Min Emlak Konut Share*

13 Billion TRY

Total Sales Revenue from tenders

1,27 Billion TRY

Billion worth of land purchase

*In Beykoz Riva and İzmir Konak tenders, Emlak REIC owns 20% of the Min. Company Share and 80% will belong to the land owners. Therefore, actual aggregated Min. Emlak Konut Share in 2017 is TRY 2,06 BN.

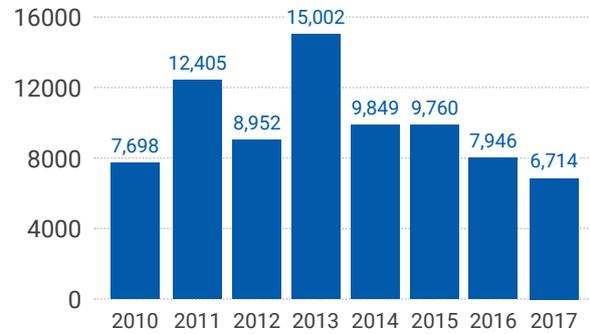
SUMMARY TABLE OF SIGNIFICANT FIGURES

TOTAL ASSETS	
20,623,660,000	
Appraisal Value of Land Stock	Cost of Land and Residential Unit Inventories
4,832,189,264	13,646,631,000
Appraisal Value of Buildings	Cost of Investment Property
1,289,171,425	57,283,000
Company Share of Total Revenue for RSM Projects	Liabilities
13,737,036,172	8,158,141,000
Cost of Purchase + Progress Payments (Turn- Key)	
2,435,592,724	
21,055,594,585	

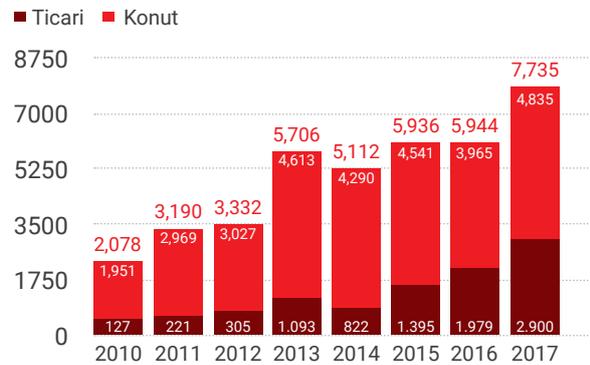
COMPANY SALES DATA

- ▶ We completed the year in line with our sales targets...
- ▶ We increased our total sales revenues by 30% in 2017...
- ▶ We generated above TRY 1 billion revenue from the sale of the shopping mall comprising 471 units within Metropol Istanbul, one of our most prestigious projects in 2017...

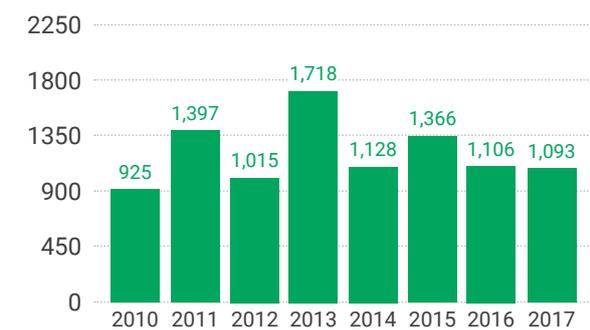
Unit Sales (Number)



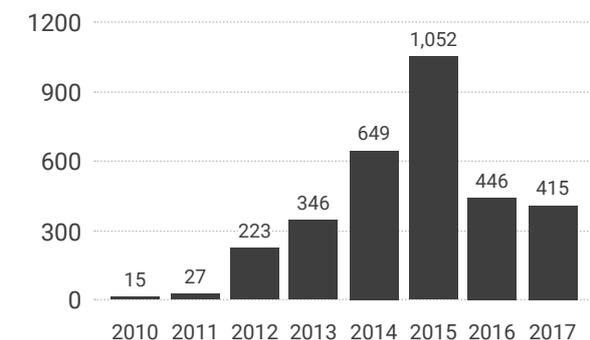
Sales Total Value (ˆmn TRY)



Total Unit Size Sold (ˆ000 sqm)



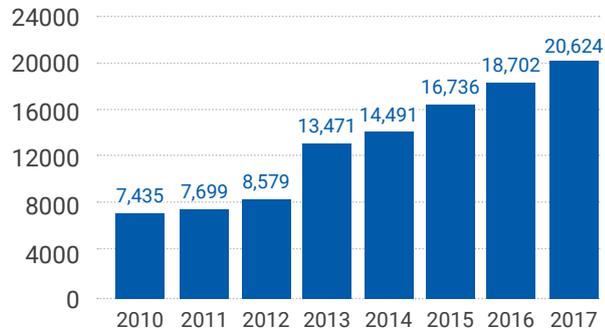
Sales to Foreigners (ˆmn TRY)



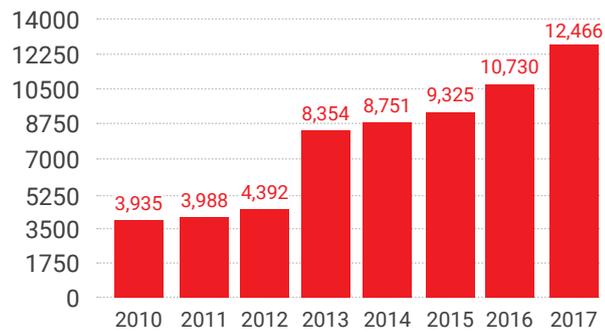
FINANCIAL TRACK RECORD

- ▶ Our total assets grew by 177 % in seven years.
- ▶ Our equity has turned into a robust source of financing with a remarkable surge over the same period.
- ▶ High Profitability...

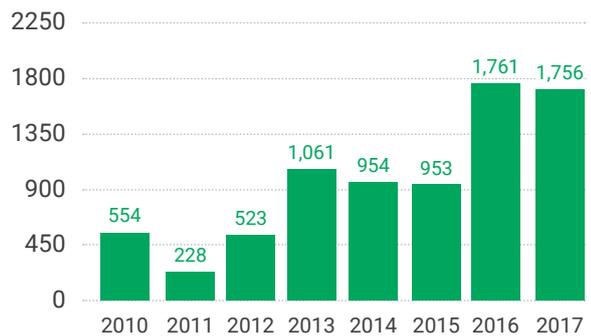
Total Assets (TRY mn)



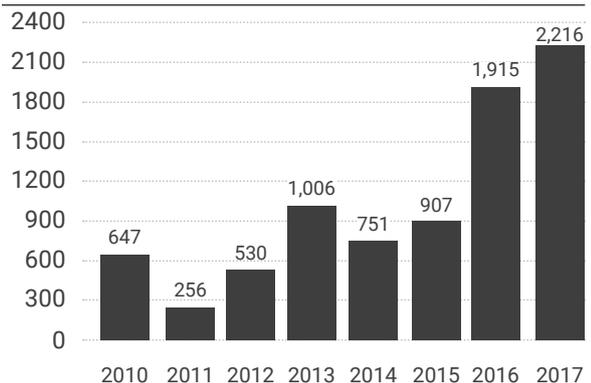
Equity (TRY bn)



Profit for Period (TRY mn)



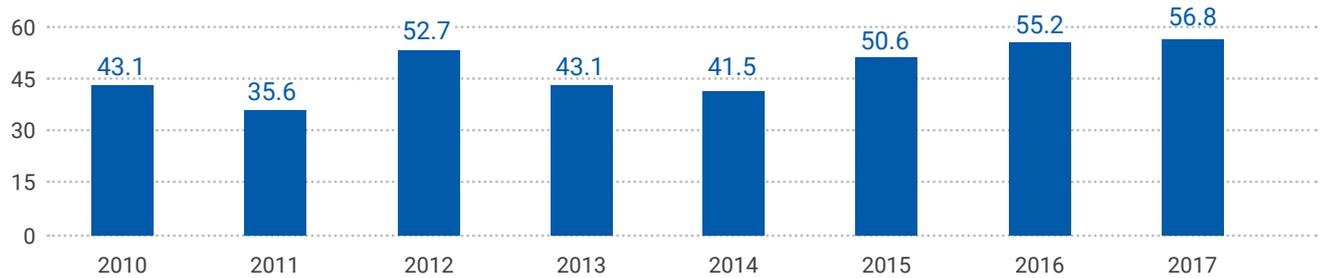
EBITDA for Period (TRY mn)



KEY FINANCIAL HIGHLIGHTS

▶ EBITDA margin is watching at high levels...

EBITDA Margin (%)



Key Financials (mn TRY)

	2010	2011	2012	2013	2014	2015	2016	2017
Net Sales	1,497.9	716.6	1,004.6	2,331.1	1,804.5	1,786.8	3,455.9	3,900.6
EBITDA ⁽¹⁾	646.5	255.6	530.4	1,005.8	750.8	907.4	1,914.6	2,215.9
EBITDA Margin (%) ⁽²⁾	43.2	35.7	52.8	43.1	41.6	50.8	55.4	56.8
Profit for Period	554.3	228.3	523.4	1,060.5	954.4	952.6	1,761.3	1,756.1
Total Assets	7,434.7	7,698.8	8,578.9	13,471.0	14,490.6	16,736.0	18,702.4	20,623.7
Shareholder's Equity	3,934.7	3,987.5	4,392.3	8,353.6	8,751.3	9,325.4	10,730.2	12,465.5
Dividend Per Share (TRY)	0.0702	0.0474	0.0800	0.1231	0.0965	0.0968	0.0000	-
Return on Equity (%)	0.14	0.06	0.12	0.13	0.11	0.10	0.16	0.14
Cash Flow	1,538.6	470	1,171.1	4,298	1,453.4	759	956	385

1: EBITDA: Profit Before Income Tax -Financial Expenses +Financial Income -Income From Investing Activities -Amortizations.

2: EBITDA Margin: Margin calculated as EBITDA /Net sales.

Receivables Yearly Basis ('000 TRY)*

	Trade Receivables	Off Balance Sheet Deferred Income	TOTAL
2018	721,531	755,373	1,476,904
2019	480,164	564,401	1,044,565
2020	343,526	488,004	831,530
2021	217,240	345,673	562,913
2022	195,767	289,508	485,275
2023	171,798	200,906	372,704
2024 - 2028	364,850	848,613	1,213,463
2029 - 2033	92,116	189,402	281,518
2034 - 2039	79,537	93,792	173,329
TOTAL	2,666,529	3,775,672	6,442,201

* Please see note 12 p: 38 for details.

FINANCIAL RATIOS

Liquidity Ratios

Current Ratio
3.090

Cash Ratio
0.178

Acid-Test Ratio
0.759

Financial Structure Ratios

Financial Leverage Ratio
0.396

Financial Leverage Ratio
0.654

Shareholder's Equity/Total Assets
0.604

Self-Financing Ratio
1.528

Operating Ratios

Assets Turnover Ratio
0.189

Shareholder's Equity Turnover Ratio
0.313

Net Working Capital Turnover Ratio
0.307

Profitability Ratios

Return on Equity
0.141

Return on Assets
0.085

Net Profit Margin
0.450

Gross Profit Margin
0.542

Operating Profit Margin
0.566



I am fully convinced that 2018 will be a much better year for both our country and our industry. At Emlak Konut, we have prepared well for the new year establishing robust goals and identifying the means to achieve them.

**Dear esteemed Investors, Shareholders,
Business Partners, and Colleagues,**

Despite unexpected developments in the national and global markets, the Turkish economy grew by 11% in the third quarter of 2017 thanks to the sound fiscal policies, investment incentives and the establishment of the Treasury-backed Credit Guarantee Fund during the year. Turkey is projected to see 6-7% growth by the end of 2017 as one of the world's fastest-growing economies.

As well, despite high interest rates and foreign exchange fluctuations, the real estate industry achieved 5% growth in 2017 over the previous year thanks to the sales of more than 1.4 million units. At Emlak Konut REIC, we achieved unprecedented sales success, with revenues worth 7.7 billion TRY for a gross area of 1,093 million square meters; a major force in this success included campaigns that contributed considerably to the revival of the real estate industry and the national economy following the treacherous coup attempt in 2016. These results not only demonstrated the robustness of our activities but also proved that we could respond to such issues with a strategic approach.

Emlak Konut REIC generated a preliminary sales value of 5.6 billion TRY for an average area of 1 million square meters between 2014 and 2016. In 2017, this figure rose to 7.7 billion TRY with a 30% higher performance over the previous year.

Although we observed a downturn in the number of units sold, we reached sales of more than 1 million square meters on the back of intensive project sales including qualified and relatively larger units such as villas, commercial areas, and shopping centers. Our company succeeded in delivering a historical sales performance in the face of conjectural fluctuations over the course of the year.

An examination of the building projects - including those completed to a large extent in 2017 and those to be completed in 2018 - 2019 - indicates that we sold 9,291 out of 10,243 units produced in 2017. For the 2018 projects, we have completed more than 70% of the sales of 9,474 units as of today. As for the projects we plan to complete by 2019, the pre-sales ratio has reached 41%. Accordingly, a parallel or higher course of the project pre-sales vis-a-vis the construction progress rate shows that Emlak Konut REIC finances and completes its projects with pre-sales and without accumulating stock.

Completing the tender schedule with a multiplier of 1,8x in 2017, Emlak Konut REIC managed to obtain a total revenue guarantee of over 2 billion TRY as minimum company share from the land sale-based revenue sharing tenders for which we target total sales revenue of approximately 13 billion TRY.

In 2017, we continued land purchases, one of the building blocks of our activities, while improving our company's cash flow position by selling some of the lands in our inventory: thus, we have prepared our dynamically updated land portfolio for more comprehensive projects. As of today, our company's land portfolio includes 4.83 square meters of land worth 6.13 billion TRY.

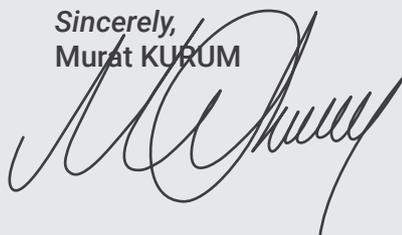
Our total annual net profit stood at 1.76 TRY in line with our forecasts thanks to the many significant projects completed in 2017. I would like to state once again that, with the approval of the General Assembly, Emlak Konut REIC's Board of Directors would like to continue its 40% profit distribution policy, which has been implemented since 2010 in accordance with CMB communiques and regulations.

As stated, our Company also declared its goals for the coming year. In brief, we have defined these targets as 7.3 billion TRY sales value and 830,000 square meters of saleable area. In preparing these 2018 targets, we assessed current and projected market conditions for the year, our Company's historic sales performance, and the prospects for preliminary sales driven by prospective 2018 launch events for projects to be built on lands we tendered in 2017. I believe that our company will achieve these goals.

We conduct our operations with determination, and with the responsibility of being the engine company of our industry. We anticipate that our Company will continue to grow steadily over the next five years, thanks to our tendered and ongoing projects.

As Emlak Konut's General Manager, I would like to greet our esteemed partners on behalf our Board of Directors, extend our thanks to our whole nation for their contributions to our activities, and wish a very successful year to all who have contributed to our achievements.

Sincerely,
Murat KURUM



BİZİM MAHALLE

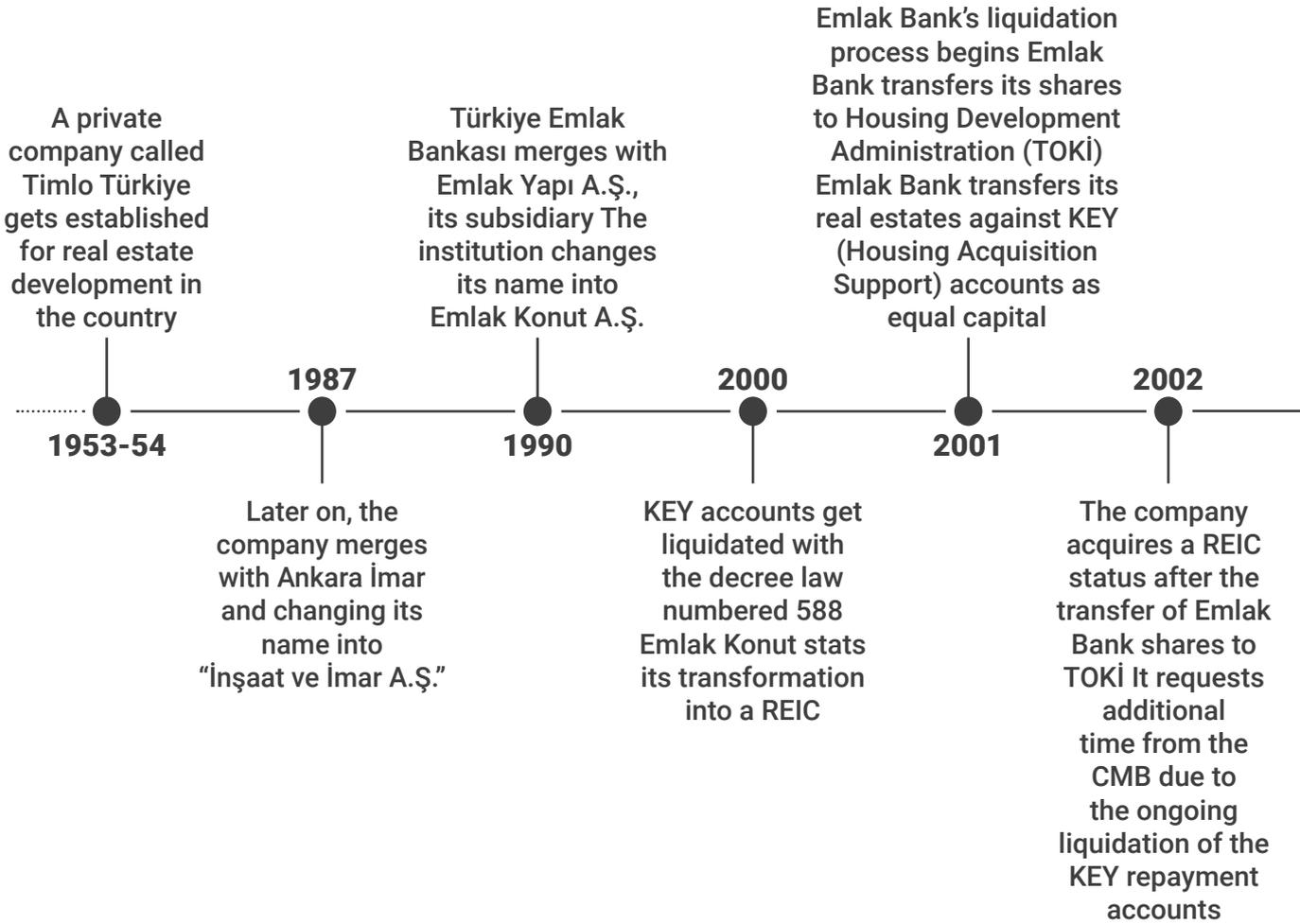
İstanbul's new
neighborhood

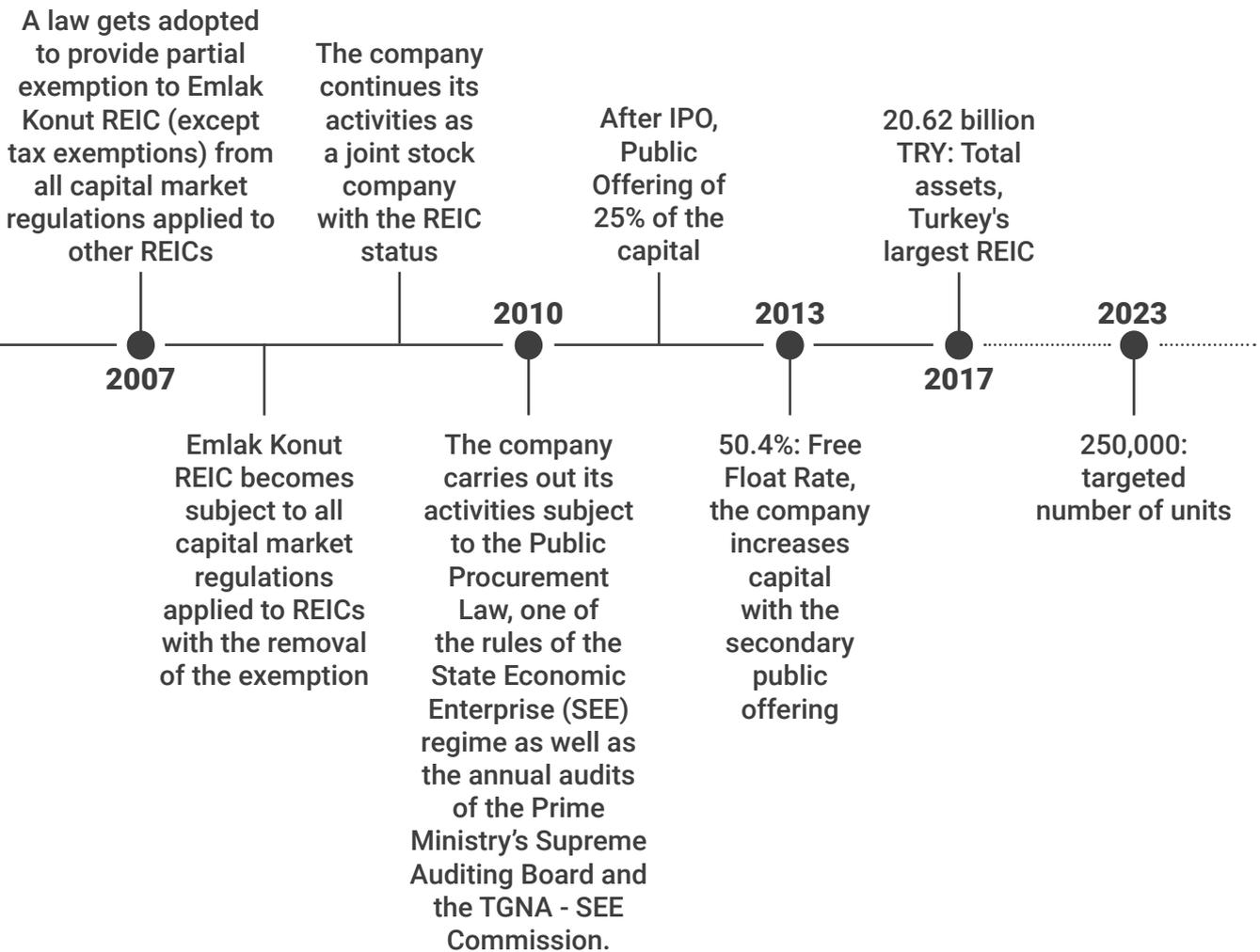
Neighborhood means the place where sincere relationships are established. With Bizim Mahalle Project, Emlak Konut REIC is reviving the old neighborhood life that is longed for in an area of 1 million square meters in Küçükçekmece.





EMLAK KONUT REIC MILESTONES





EMLAK KONUT REIC WITH NUMBERS

► The leading developer company in Turkey...

Total Sales Revenue in Revenue Sharing Model

75 Billion TRY

► Strategic partnership with TOKI...

Total Sales Revenue in Turn-Key Model

8,7 Billion TRY

successfully driving or delivered since 2003

91 Revenue Sharing Model Projects

► The pre-sales ratio of the projects to be completed in 2018 is %84...

Successfully driving or delivered since 2003

43 Turn Key Model Projects

Total Profit Target in 4 Years

7,33 Billion TRY

Strong launch to sales ratio

84% in 2018
46% in 2019

Completed and Tendered Units

130 k Units

2018 TENDER SCHEDULE AND PRE-SALES TARGETS

2018 Tender Schedule

Revenue Sharing Model	
Project	Appraisal Value
1. İstanbul Şişli Teşvikiye	455,121,540
2. İstanbul Bakırköy Şevketiye	422,925,600
3. İstanbul Çekmeköy Taşdelen	247,830,000
4. İstanbul Küçükçekmece Bizim Mahalle 1st Stage	514,036,001
5. İstanbul Florya	383,554,450
6. Ankara Çankaya Saraçoğlu	0
7. Hoşdere Mass Housing Area 2nd Stage	109,528,318
Total	2,132,995,909
Turn - Key Model	
1. Samsun Canik	94,264,873

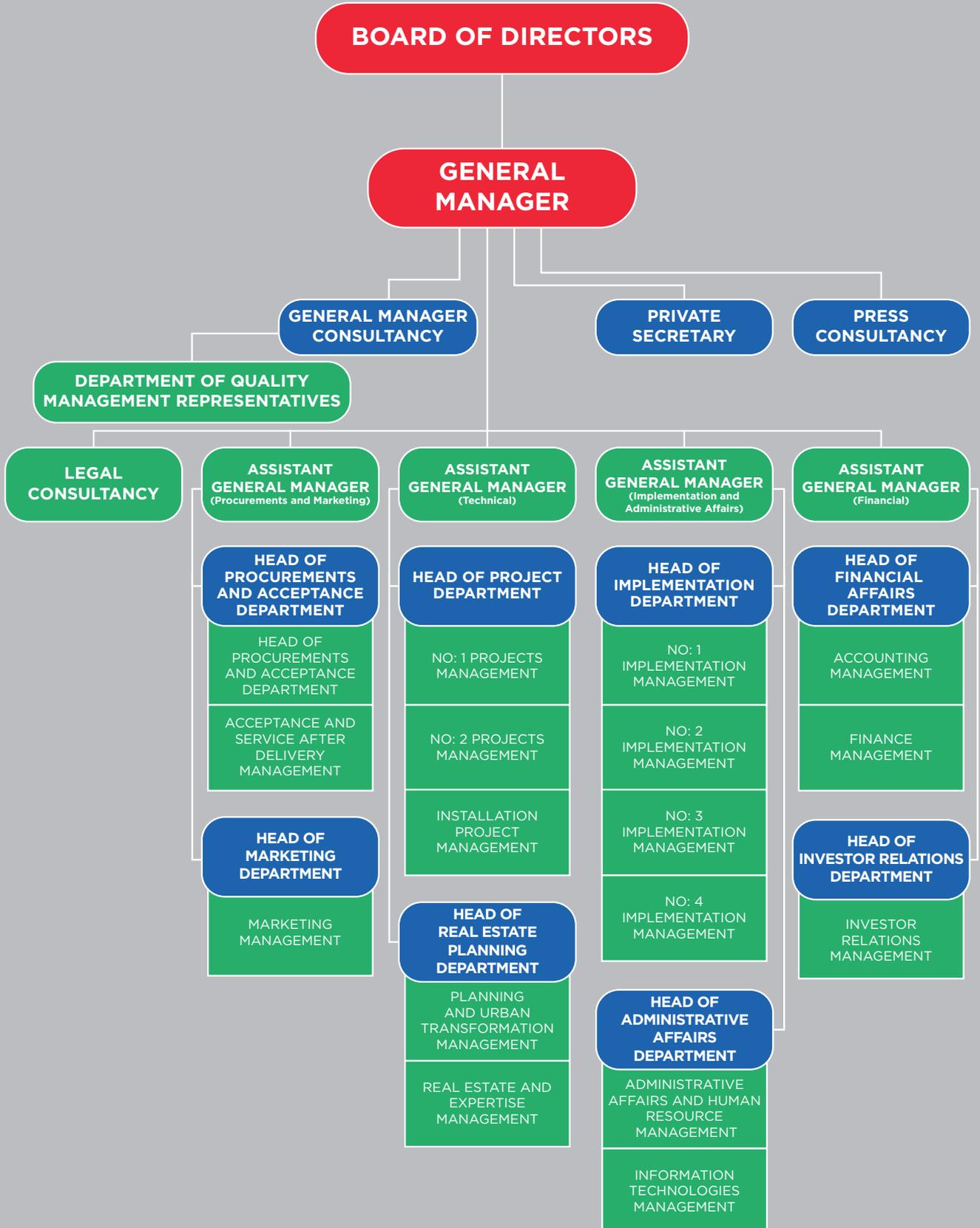
2018 Sales Target

FIRST QUARTER	Sales Value 1.14 Billion TRY	Gross Saleable Area 144 k
SECOND QUARTER	Sales Value 1.51 Billion TRY	Gross Saleable Area 192 k
THIRD QUARTER	Sales Value 1.43 Billion TRY	Gross Saleable Area 178 k
FOURTH QUARTER	Sales Value 3.16 Billion TRY	Gross Saleable Area 315 k
TOTAL PRE-SALES TARGET	Sales Value 7.3 Billion TRY	Gross Saleable Area 830 k sqm

**2018
Profit Target**

Net Profit Target
1.8 Billion TRY

ORGANIZATION CHART



ACCESS TO INSIDER INFORMATION

BOARD OF DIRECTORS

NAME	PROFESSION	POSITION
ERTAN YETİM	Civil Engineer	Chairman
ERTAN KELEŞ	Civil Engineer	Vice Chairman
MURAT KURUM	Civil Engineer	Member and CEO
SAMİ ER	Mechanical Engineer (MSc.)	Member
MEHMET ÖZÇELİK	Civil Engineer	Member
MUHTEREM İNCE	Public Administration	Member
HAVVANUR YURTSEVER	Lawyer	Member

SENIOR MANAGEMENT

NAME	PROFESSION	POSITION
Murat Kurum	Civil Engineer	General Manager, Board Member
Sinan Ayoğlu	Civil Engineer	Deputy General Manager
Hakan Akbulut	Public Administration	Deputy General Manager
Metin Tekin	Civil Engineer	Deputy General Manager
Hakan Gedikli	Topographical Engineer	Deputy General Manager
Nurettin Şam	Lawyer	First Legal Advisor
Zeynep Basa	Economics	Head of Marketing Department
Hasan Vehbi Arslantürk	Civil Engineer; Business Administration	Head of Investor Relations Department
Hasan Saka	Civil Engineer MSc.	Head of Procurement and Acceptance Department
Hicran Çakmak	Architect	Head of Projects Department
Mustafa Aşıkutlu	Civil Engineer MSc.	Head of Real Estate and Planning Department
Ercan Alioğlu	Business Administration	Head of Real Estate and Planning Department
Halil İbrahim Şahin	Economics	Head of Administrative Affairs Department
Nurullah Öztürk	Civil Engineer	Head of Implementation Department
Halim Ataş	Business Administration	Private Secretary
İlyas Fehim Çelik	Architect	Project Manager No.1
Yaşar Altun	Civil Engineer	Project Manager No.2
İbrahim Oflaz	Mechanical Engineer Msc.	Installation Project Manager
Hakan Bakırdal	Topographical and Civil Engineer	Real Estate and Appraisal Manager
Fatih Kanitoğlu	Civil Engineer	Acceptance and Service After Delivery Manager
Selçuk Aydemir	Topographical Engineer	Planning and Urban Transformation Manager
Mehmet Akif Aydoğan	Public Administration	Marketing Manager
Mehmet Akagündüz	Public Administration	Finance Manager
Adem Hacıhasanoğlu	Forest Engineer	Procurement and Progress Payments Manager
Serdar Bala	Physics	Information Technology Manager
Salih Çetin	Business Administration	Accounting Manager
Enver Turan	Civil Engineer MSc.	Implementation Manager No.1
Mecit Altiner	Civil Engineer MSc.	Implementation Manager No.2
Alim Kaplaner	Civil Engineer MSc.	Implementation Manager No.3
Yasir Yılmaz	Civil Engineer MSc. / Business adm.	Implementation Manager No.4
Ali Haydar Yıldırım	Business Administration	Administrative Affairs, Human Resources Manager
Mustafa Buğa	Business and Finance	Acting Investor Relations Manager
Fatih İbiş	Public Relations and Press	Press Advisor
İsmet Kubilay	Lawyer	Legal Advisor
Eyyüp Ocak	Lawyer	Legal Advisor
Rasim Faruk Kadioğlu	Civil Technician	Consultant to the General Manager
Sadık Soylu	High School Graduate	Consultant to the General Manager
Mustafa Bayraktar	Civil Engineer	Consultant to the General Manager
Özlem Hanoğlu Çelik	Economics	Consultant to the General Manager
Yasemin Ülkü	Civil Engineer	Consultant to the General Manager

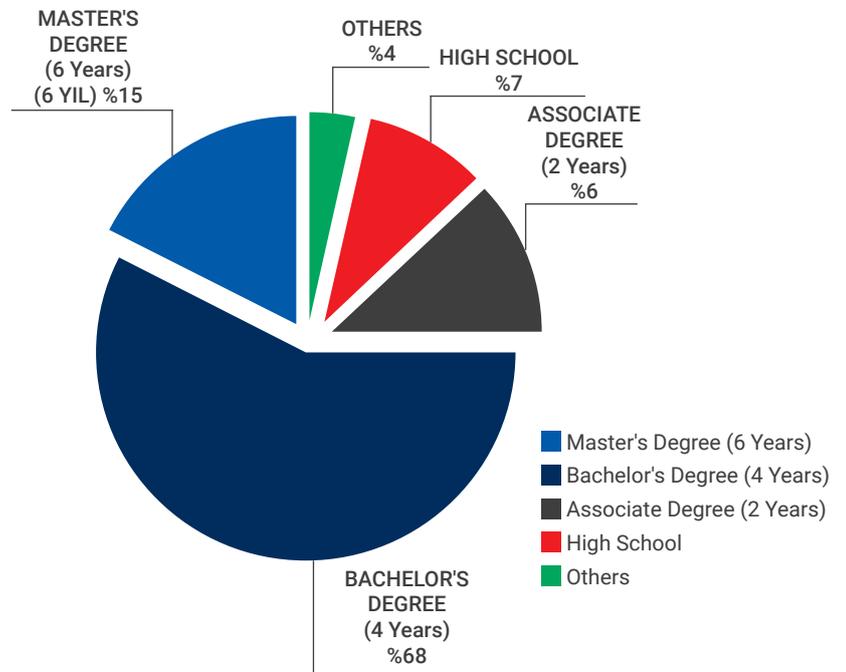
HUMAN RESOURCES

► An effective and efficient human resources policy with young human resources...

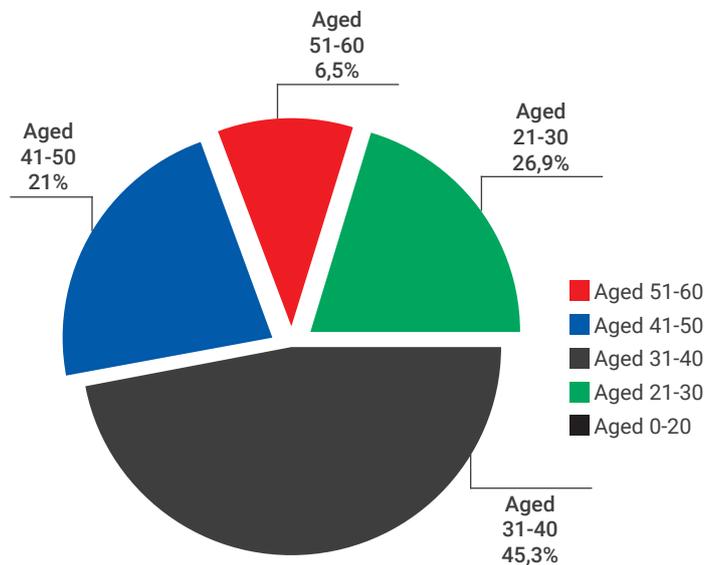
► Our Company believes in the power of human capital and attaches particular importance to professional and specialist training for its personnel...

► Our Company adopts a human resources policy that aspires to create values in alignment with our corporate vision and mission...

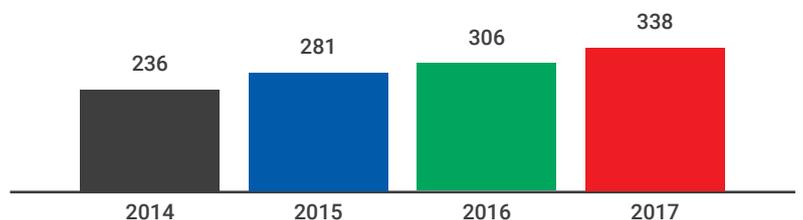
Personnel Education Status (2017)



Personnel Age Range (2017)



Number of Employees



OTHER DEVELOPMENTS

Significant Developments in the Period Ahead

1. The amount of TRY 470,980,396 receivables stem from installment sales have been assigned irrevocably against 350 million TRY cash amounts. On the other hand, "CPI escalation differences" arising from CPI based receivables in the amount of TRY 470,980,396 are not subjected to the assignment and will be received by our company.
2. Company have used a credit from Ziraat Bank with an amount of 200.000.000 TL under the conditions below; First year grace period (no principal amount payment), totally 4 years payback period, Only interest payments every 3 months in the first year, After the grace period, the principal + interest payments every 3 months.
3. The Company decided to get valuation services from "Terra Gayrimenkul Değerleme ve Danışmanlık A.Ş." and "Yetkin Gayrimenkul Değerleme A.Ş." for the assets that can be added to its portfolio in 2018.

Significant Developments Within the Period

1. The Company's two projects, Bizim Mahalle Stage 1 Land Sale-based Revenue Sharing Project and Bakırköy Şevketiye Land Sale-based Revenue Sharing Project, were postponed to a future date.
2. The Company signed a protocol with the Ministry of Finance to invite tenders according to the land sale-based revenue sharing model for the State Treasury's 88,089-square-meter lands in Yenışehir and Namık Kemal neighborhoods in Çankaya district, Ankara. According to the this protocol, 85% of the tender-based revenues will be provided to the Ministry, whereas 15% will be transferred to the Company.
3. The Company received loans/financing support worth 1,055,000,000 TRY from various banks under the following conditions:
 - No principal payment for one year with a payback period of four years,
 - quarterly interest/annuity payment throughout the first year, and quarterly principal+interest/annuity payment after one year.
4. The shopping mall, which has a gross salable area of 103,020.33 square meters and 471 independent units within the Metropolitan Istanbul project, was sold at 1,154,150,847.46

TRY excluding VAT (1,361,898,000 TRY including VAT). Emlak Konut REIC's share of this sales is worth 587,658,987 TRY (VAT included). Emlak Konut REIC will receive 114,347,500 TRY as an advance payment, and the remaining 473,311,487 TRY in 27 equal installments.

5. As a new example of its long-standing social responsibility projects in line with its vision, Emlak Konut REIC offers sponsorship to Emlak Konut Sports Club, which was founded in 2017. Instilling the sports discipline into the Turkish youth and contributing to the development of sports, the company aspires to raise honest, and sports-loving generations who benefit their country.

Emlak Konut REIC aims to reflect the success it garners within its industry to sports thanks to its growth momentum, a human-focused corporation philosophy, and its leading position in the industry. The Company's sports club now competes in basketball with five different teams with over 50 licensed sportspeople aged from 13-18 in the following categories: U13 Men, U13 Women, U14 Women, U15 Women and U18 Women.

The company has already started our main activities for the U11, U12, U13, U14, U15, U16, U18 and regional league teams that are to be established or strengthened in the coming years.

Consultancy, Audit and Appraisal Enterprises Offering Services

INDEPENDENT AUDIT FIRM

DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of DELOITTE TOUCHE TOHMATSU LIMITED)

APPRAISAL COMPANIES

"Atak Gayrimenkul Değerleme A.Ş." and "Nova Taşınmaz Değerleme ve Danışmanlık A.Ş."

CERTIFIED PUBLIC ACCOUNTANT

Sırdaş Denetim ve Yönetim Danışmanlığı Yeminli Mali Müşavirlik A.Ş.

PRESS AND PR COMPANY

Native Reklam ve Medya İletişim Hizmetleri Ticaret A.Ş.

CORPORATE RESOURCE MANAGEMENT SYSTEM SOFTWARE CONSULTANCY COMPANY

SAP Türkiye Çözüm Ortağı olan Detay Danışmanlık Bilgisayar Hizmetleri Sanayi Dış Ticaret A.Ş.

EMLAK KONUT REIC SCOPE OF BUSINESS

Founded in 1953, Emlak Konut REIC one of Turkey's oldest enterprises whose main field of expertise is residential production.

Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş. was established under the title Emlak Konut A.Ş. as a subsidiary of Türkiye Emlak Bankası A.Ş. and started its operations after its registration and announcement on March 6, 1991. The company's Articles of Association was amended in 2001. Our Company was transformed into a Real Estate Investment Company with the the amendment bill for the Articles of Association and it was submitted to the General Assembly for its approval. The amendment bill was adopted by the Extraordinary General Assembly on July, 22, 2002.

The Articles of Association was registered at İstanbul Trade Registry Office on July 29, 2002, and entered into force after their publication in the Trade Registry Gazette on August 1, 2002. (Our Company's Trade Registration No. is 273488-221070, Central Registration System (MERSİS) No. is 5669-3333-4423-6524). The Company's name was changed from Emlak Gayrimenkul Yatırım Ortaklığı A.Ş. to Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş. following the General Assembly on February 28, 2006. No time limit was set on the legal entity of the Company. This value, which has been obtained in years and through many projects, was transformed to Real Estate Company in 2002 and has been continuing its operations since then.

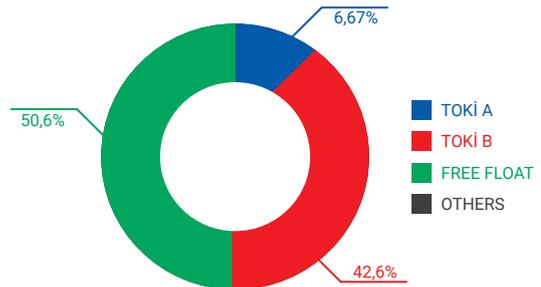
Our activities include purchasing land in Turkey, developing real estate for the middle and upper-middle class, and marketing and selling real estate. Our Company considers producing value for our country as one of the most important aspects. Emlak Konut REIC conducted its initial public offering in

2010 and secondary public offering in 2013 to sustain its rapid growth. These public offerings achieved a significant success by attracting record individual investor demand and turning out to be 5th biggest public offering in the history of Republic. Taking place in November 2013, the secondary public offering oversubscribed 2.3 times. It attracted over 100 international investors from 20 countries becoming the biggest public offering in the form of raising capital in Central and Eastern Europe, the Middle East and Africa.

Emlak Konut REIC., whose main shareholder is TOKİ, is the biggest real estate investment company in Turkey in terms of market value, real estate portfolio and land inventory. Our 3,800,000,000 TL paid capital and 4,000,000,000 TL registered capital demonstrate the Company's leading role in the sector.

Emlak Konut REIC's goal and area of activity:

- developing real estate projects majority of them consisting of residential, as well as commercial units, education units, social facilities, infrastructure, highways, and all kinds of landscapes;
- supervision of construction in developed projects;
- marketing and sales of completed units.



Capital and Partnership Structure

	Group	Type	Share Amount	Number of Shares	%
Housing Development Adm. (TOKİ)	A	Registered (Privileged)	253,369,919.00	25,336,991,900	6.67
Housing Development Adm. (TOKİ)	B	Bearer	1,621,460,838.35	162,146,083,835	42.6
Free Float	B	Bearer	1,925,117,977.32	192,511,797,732	50.6
Others	B	Bearer	51,265.33	5,126,533	<1
		Total	3,800,000,000.00	380,000,000,000	100

BUSINESS MODELS

Emlak Konut REIC applies two different business models effectively to achieve its administrative goals and strategies. The first business model is "Revenue Sharing Model (RSM)", and second is Turn-Key Model.

- One of the most important values of Emlak Konut REIC is the models it executes and develops.
- Emlak Konut REIC procures lands for project development majorly from TOKİ, and partially from third parties.
- By virtue of the construction and real estate sector accounting, sales and costs are added to the income statement only when it is confirmed that the project has been completed by Emlak Konut REIC.
- Our Company has a conscientiously developed 65- year brand value. It proves effective in the relevant models contributing positively to the construction, marketing and sales stages.

Revenue Sharing Model

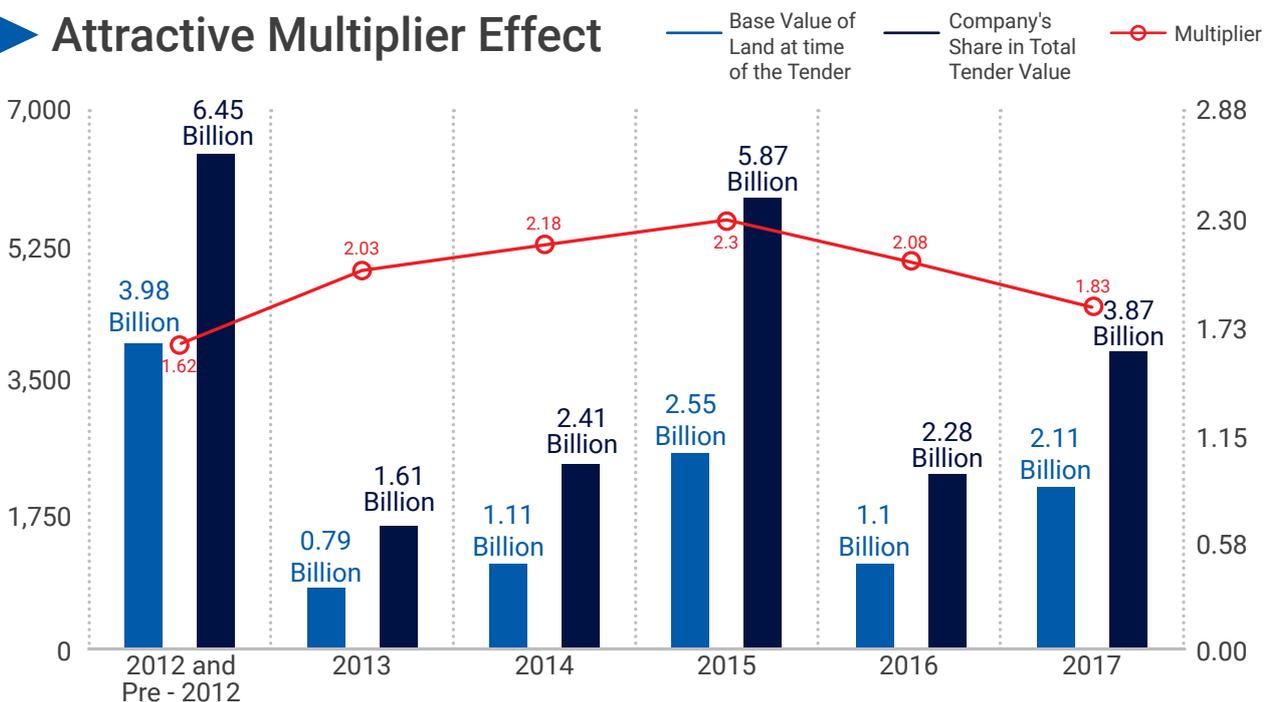
This is the primary income creation model of the Company. This is an original model used especially for projects intended for the upper- middle and upper income groups and provides profitability and fund flow for the Company. When it is deemed necessary, our Company purchase units in revenue sharing model- based projects throughout or after the completion of a project or may share such units with the contractor at the end of a project. Company Share in Total Revenue" given in the charts is the amount that contractors committed to pay to our company in tenders or after with protocols; Emlak Konut's share of the bank commisions that have been paid to decrease the interest rate for mortgage loans in unit sales will be added to related project cost along with the completion.

Turn- Key Model Projects

The contractor is selected via a tender process pursuant to some criterias among the most appropriate and the lowest bid. Emlak Konut assumes all risks and responsibilities for the project development. All income earned from the sales of the units belong to Emlak Konut.

The Progress of Multiplier for Revenue Sharing Model Projects (2003 - 2017)

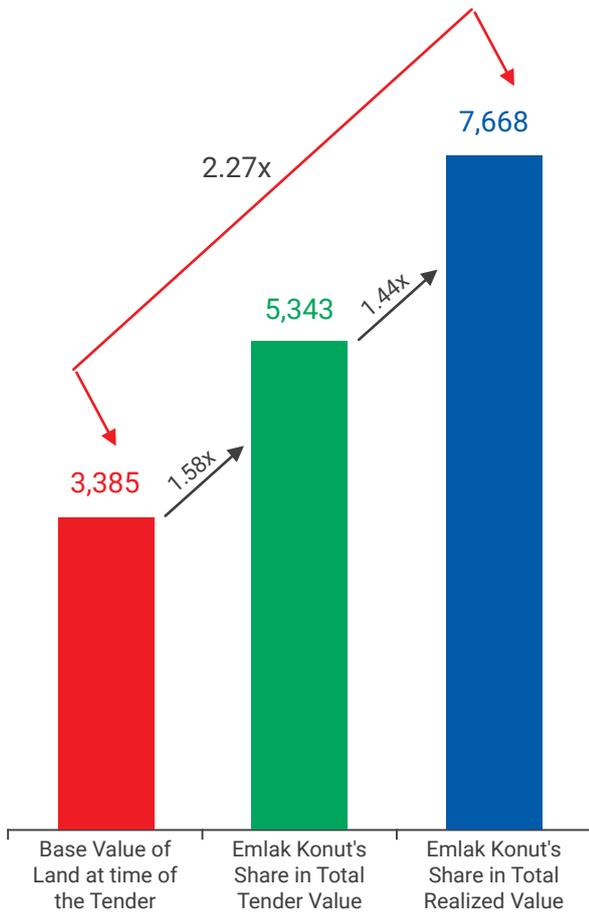
► Attractive Multiplier Effect



MULTIPLIER FOR REVENUE SHARING MODEL

▶ Multiplier for Completed Projects is 2.27...

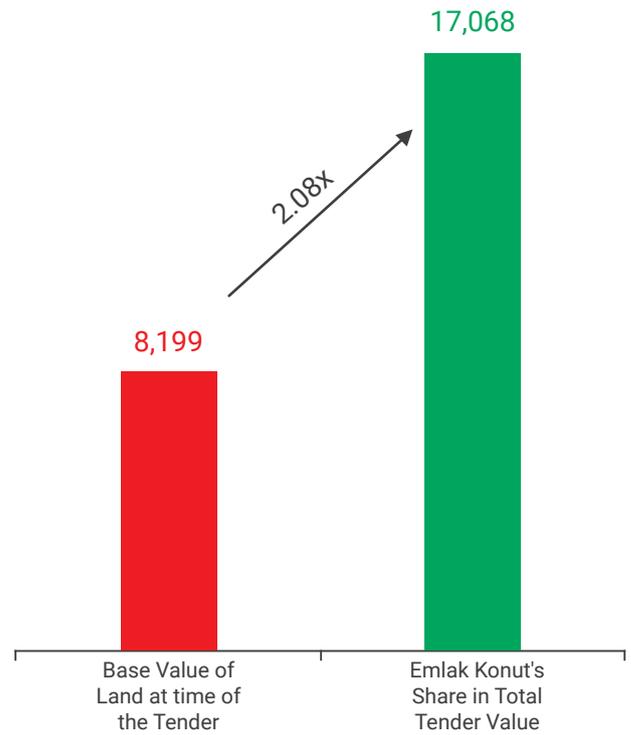
▶ Emlak Konut REIC expects to maintain high multiplier on ongoing projects...



■ Base Value of Land at time of the Tender
■ Emlak Konut's Share in Total Tender Value
■ Emlak Konut's Share in Total Realized Value

Completed Projects

- The figures are in billion TRY. Please note that, the past performance is not necessarily an indicator of future performance.



■ Base Value of Land at time of the Tender
■ Emlak Konut's Share in Total Tender Value

Ongoing Projects

- The figures are in billion TRY. Please note that, the past performance is not necessarily an indicator of future performance.

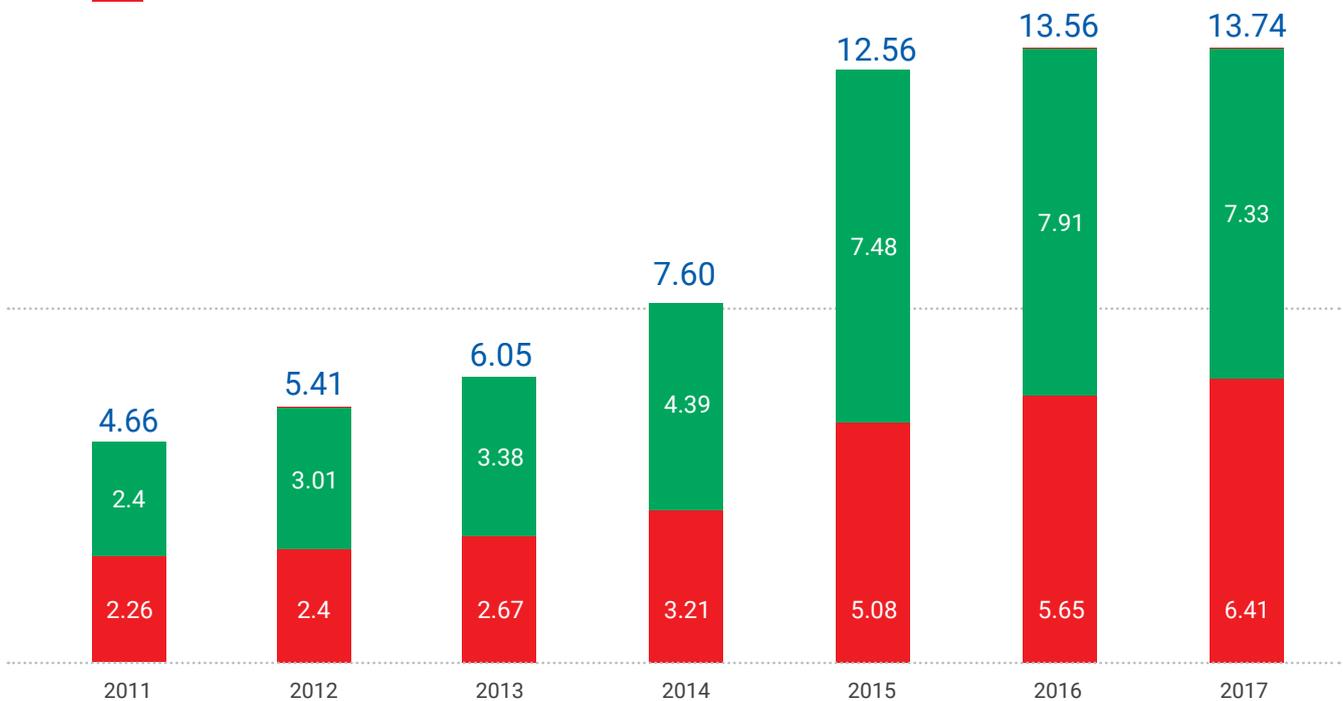
PROGRESS OF GUARANTEED PROFIT IN RSM PROJECTS (BILLION TRY)

► Strong earnings visibility ahead from RSM projects...

Emlak REIC expects to recognize 7.33 Billion TRY of profit over the next 4 years.

Emlak REIC Min. Guaranteed Revenue recognition depends on completion of construction. Abovementioned values will be recognized when we complete our projects.

■ Guaranteed Minimum Profit
■ Book value



NİDAPARK İSTİNYE

Constructed on a 73,000-square-meter area, Nidapark İstinye Project will raise your living standards to the highest level with its magnificent sea view and architectural features including 55 blocks, 538 apart units, indoor and outdoor swimming pools, fitness centers, park and parking lot sections that breath new life into the area with a width of 47,500 square meters.





ONGOING REVENUE SHARING MODEL PROJECTS

MASLAK 1453

CONTRACTOR
AKDENİZ

EXP. COMPLETION DATE
05.10.2017

LAND AREA
241,905 sqm

NUMBER OF UNITS
5,258

Estimated Total Sales Revenue
3,250,000,000 TRY

Company Revenue Share Ratio
35.50 %

Min. Company Share in
Total Revenue
1,153,750,000 TRY

Progress Level
94.48 %



BAHÇEKENT FLORA

CONTRACTOR
İZKA & DAĞ & SITAR

EXP. COMPLETION DATE
30.03.2018

LAND AREA
119,757 sqm

NUMBER OF UNITS
1,219

Estimated Total Sales Revenue
320,000,000 TRY

Company Revenue Share Ratio
25.26 %

Min. Company Share in
Total Revenue
80,832,000 TRY

Progress Level
95.76 %



ONGOING REVENUE SHARING MODEL PROJECTS

GÖL PANAROMA



CONTRACTOR
BE-MA

EXP. COMPLETION DATE
31.12.2017

LAND AREA
94,255 sqm

NUMBER OF UNITS
1,471

Estimated Total Sales Revenue
530,000,000 TRY

Company Revenue Share Ratio
28.00 %

Min. Company Share in
Total Revenue
148,400,000 TRY

Progress Level
95.02 %

SOFALOCA



CONTRACTOR
BAŞYAPI & SOLARYAPI

EXP. COMPLETION DATE
15.11.2017

LAND AREA
18,228 sqm

NUMBER OF UNITS
156

Estimated Total Sales Revenue
180,000,000 TRY

Company Revenue Share Ratio
30.00 %

Min. Company Share in
Total Revenue
54,000,000 TRY

Progress Level
80.19 %

ONGOING REVENUE SHARING MODEL PROJECTS

EVVEL / ADIM İSTANBUL

CONTRACTOR
İNTAYA & İNTES & EYG

EXP. COMPLETION DATE
02.04.2018

LAND AREA
94,637 sqm

NUMBER OF UNITS
1,423

Estimated Total Sales Revenue
726,000,000 TRY

Company Revenue Share Ratio
26.00 %

Min. Company Share in
Total Revenue
188,760,000 TRY

Progress Level
75.24 %



İSTMARİNA

CONTRACTOR
DAP-ELTES

EXP. COMPLETION DATE
30.05.2018

LAND AREA
64,502 sqm

NUMBER OF UNITS
1,625

Estimated Total Sales Revenue
1,335,000,000 TRY

Company Revenue Share Ratio
40,00 %

Min. Company Share in
Total Revenue
534,000,000 TRY

Progress Level
81.83 %



ONGOING REVENUE SHARING MODEL PROJECTS

PARK MAVERA



CONTRACTOR
MAKRO & AKYAPI

EXP. COMPLETION DATE
25.06.2018

LAND AREA
143,701 sqm

NUMBER OF UNITS
1,815

Estimated Total Sales Revenue
1,400,000,000 TRY

Company Revenue Share Ratio
30.00 %

Min. Company Share in
Total Revenue
420,000,000 TRY

Progress Level
92.02 %

AVRUPARK



CONTRACTOR
CİHAN & KONUT YAPI

EXP. COMPLETION DATE
27.07.2018

LAND AREA
106,834 sqm

NUMBER OF UNITS
1,480

Estimated Total Sales Revenue
602,000,000 TRY

Company Revenue Share Ratio
26.00 %

Min. Company Share in
Total Revenue
156,520,000 TRY

Progress Level
59.81 %

ONGOING REVENUE SHARING MODEL PROJECTS

AVRUPA KONUTLARI BAŞAKŞEHİR

CONTRACTOR
ARTAŞ

EXP. COMPLETION DATE
23.08.2018

LAND AREA
89,247 sqm

NUMBER OF UNITS
968

Estimated Total Sales Revenue
876,000,000 TRY

Company Revenue Share Ratio
40.00 %

Min. Company Share in
Total Revenue
350,400,000 TRY

Progress Level
80.09 %



KARAT 34

CONTRACTOR
KELİF JOINT VENTURE

EXP. COMPLETION DATE
16.09.2018

LAND AREA
36,175 sqm

NUMBER OF UNITS
592

Estimated Total Sales Revenue
440,000,000 TRY

Company Revenue Share Ratio
39.00 %

Min. Company Share in
Total Revenue
171,600,000 TRY

Progress Level
44.97 %



ONGOING REVENUE SHARING MODEL PROJECTS

NİDAPARK KAYAŞEHİR



CONTRACTOR	TAHİNCİOĞLU KAYABAŞI JOINT VENTURE
EXP. COMPLETION DATE	20.10.2018
LAND AREA	103,277 sqm
NUMBER OF UNITS	1,139
Estimated Total Sales Revenue	1,072,600,000 TRY
Company Revenue Share Ratio	38.00 %
Min. Company Share in Total Revenue	407,588,000 TRY
Progress Level	50.14 %

KOORDİNAT ÇAYYOLU



CONTRACTOR	YP İNŞAAT
EXP. COMPLETION DATE	10.05.2019
LAND AREA	38,152 sqm
NUMBER OF UNITS	432
Estimated Total Sales Revenue	545,454,545 TRY
Company Revenue Share Ratio	33.00 %
Min. Company Share in Total Revenue	180,000,000 TRY
Progress Level	36.75 %

ONGOING REVENUE SHARING MODEL PROJECTS

TEMAŞEHİR KONYA

CONTRACTOR
TORKAM

EXP. COMPLETION DATE
03.04.2019

LAND AREA
72,727 sqm

NUMBER OF UNITS
905

Estimated Total Sales Revenue
705,000,000 TRY

Company Revenue Share Ratio
30.00 %

Min. Company Share in
Total Revenue
212,500,000 TRY

Progress Level
42.71 %



TUAL ADALAR

CONTRACTOR
DAĞ

EXP. COMPLETION DATE
06.11.2018

LAND AREA
47,565 sqm

NUMBER OF UNITS
542 *

Estimated Total Sales Revenue
420,000,000 TRY

Company Revenue Share Ratio
29.50 %

Min. Company Share in
Total Revenue
123,900,000 TRY

Progress Level
26.76 %



* The number of units may increase following obtaining construction permits for the whole project.

ONGOING REVENUE SHARING MODEL PROJECTS

TUAL BAHÇEKENT



CONTRACTOR
DAĞ

EXP. COMPLETION DATE
14.05.2019

LAND AREA
189,901 sqm

NUMBER OF UNITS
1,925

Estimated Total Sales Revenue
1,090,000,000 TRY

Company Revenue Share Ratio
25,26 %

Min. Company Share in
Total Revenue
275,334,000 TRY

Progress Level
29,08 %

EVORA DENİZLİ



CONTRACTOR
TEKNİK YAPI & UCD

EXP. COMPLETION DATE
28.08.2019

LAND AREA
115,291 sqm

NUMBER OF UNITS
1,558

Estimated Total Sales Revenue
514,727,778 TRY

Company Revenue Share Ratio
18.00 %

Min. Company Share in
Total Revenue
82,651,000 TRY

Progress Level
23.62 %

ONGOING REVENUE SHARING MODEL PROJECTS

VALİDEBAĞ KONAKLARI

CONTRACTOR
ELTES & İSTLIFE

EXP. COMPLETION DATE
03.09.2019

LAND AREA
17,237 sqm

NUMBER OF UNITS
366

Estimated Total Sales Revenue
810,000,000 TRY

Company Revenue Share Ratio
50.15 %

Min. Company Share in
Total Revenue
406,215,000 TRY

Progress Level
13.88 %



OFİS KARAT BAKIRKÖY

CONTRACTOR
BAŞYAPI & GÜNEY &
ELİT VİZYON

EXP. COMPLETION DATE
12.03.2019

LAND AREA
5,250 sqm

NUMBER OF UNITS
90

Estimated Total Sales Revenue
200,000,000 TRY

Company Revenue Share Ratio
31.00 %

Min. Company Share in
Total Revenue
62,000,000 TRY

Progress Level
13.55 %



ONGOING REVENUE SHARING MODEL PROJECTS

ŞİLE ÇAVUŞ



CONTRACTOR	IDEALİST İNŞAAT & IDEALİST GYO
EXP. COMPLETION DATE	10.08.2019
LAND AREA	17.933 sqm
NUMBER OF UNITS	-
Estimated Total Sales Revenue	68.500.000 TRY
Company Revenue Share Ratio	22.00 %
Min. Company Share in Total Revenue	15.070.000 TRY
Progress Level	0.00 %

KÖY



CONTRACTOR	SİYAHKALEM
EXP. COMPLETION DATE	10.03.2020
LAND AREA	348,807 sqm
NUMBER OF UNITS	1,156 *
Estimated Total Sales Revenue	1,475,000,000 TRY
Company Revenue Share Ratio	32.25 %
Min. Company Share in Total Revenue	475,687,500 TRY
Progress Level	35.03 %

* The number of units may increase following obtaining construction permits for the whole project.

ONGOING REVENUE SHARING MODEL PROJECTS

İSTANBUL FİNANS MERKEZİ

CONTRACTOR

AKDENİZ & İFM JOINT VENTURE

EXP. COMPLETION DATE

12.11.2020

LAND AREA

115,497 sqm

NUMBER OF UNITS

1,447

Estimated Total Sales Revenue

1,460,000,000 TRY

Company Revenue Share Ratio

4.15 %Min. Company Share in
Total Revenue**60,590,000 TRY**

Progress Level

44.28 %

SEMT BAHÇEKENT

CONTRACTOR

SUR YAPI & HATAY AKPINAR

EXP. COMPLETION DATE

01.06.2019

LAND AREA

66,656 sqm

NUMBER OF UNITS

1,038

Estimated Total Sales Revenue

602,000,000 TRY

Company Revenue Share Ratio

25.00 %Min. Company Share in
Total Revenue**150,500,000 TRY**

Progress Level

5.06 %

ONGOING REVENUE SHARING MODEL PROJECTS

BAHÇETEPE ISPARTAKULE / TEM 34 TAHTAKALE



CONTRACTOR
AKYAPI & EŞBAH

EXP. COMPLETION DATE
31.05.2019

LAND AREA
44.825 sqm

NUMBER OF UNITS
632

Estimated Total Sales Revenue
342.400.000 TRY

Company Revenue Share Ratio
25.00 %

Min. Company Share in
Total Revenue
85.600.000 TRY

Progress Level
0.00 %

AVRUPARK HAYAT



CONTRACTOR
CİHAN İNŞ. & KONUT YAPI

EXP. COMPLETION DATE
30.12.2019

LAND AREA
42,020 sqm

NUMBER OF UNITS
1,184

Estimated Total Sales Revenue
626,000,000 TRY

Company Revenue Share Ratio
25.00 %

Min. Company Share in
Total Revenue
156,500,000 TRY

Progress Level
7.35 %

ONGOING REVENUE SHARING MODEL PROJECTS

EBRULİ İSPARTAKULE

CONTRACTOR

SITAR & ASLAN & TORKAM

EXP. COMPLETION DATE

03.08.2019

LAND AREA

47,168 sqm

NUMBER OF UNITS

776

Estimated Total Sales Revenue

600,000,000 TRY

Company Revenue Share Ratio

22.00 %Min. Company Share in
Total Revenue**132,000,000 TRY**

Progress Level

6.85 %

NİDAPARK İSTİNYE

CONTRACTORTAHİNCİOĞLU İSTİNYE
JOINT VENTURE**EXP. COMPLETION DATE**

07.11.2020

LAND AREA

158,498 sqm

NUMBER OF UNITS

555

Estimated Total Sales Revenue

3,672,000,000 TRY

Company Revenue Share Ratio

51.10 %Min. Company Share in
Total Revenue**1,876,392,000 TRY**

Progress Level

7.00 %

ONGOING REVENUE SHARING MODEL PROJECTS

CER İSTANBUL



CONTRACTOR
EGE & YEDİ KULE

EXP. COMPLETION DATE
06.07.2019

LAND AREA
41,162 sqm

NUMBER OF UNITS
161

Estimated Total Sales Revenue
302,680,000 TRY

Company Revenue Share Ratio
35.01 %

Min. Company Share in Total Revenue
105,968,268 TRY

Progress Level
0.00 %

KOCAELİ / DERİNCE



CONTRACTOR
KUMUŞOĞLU & TOKAL

EXP. COMPLETION DATE
01.09.2021

LAND AREA
72,313 sqm

NUMBER OF UNITS
-

Estimated Total Sales Revenue
385,000,000 TRY

Company Revenue Share Ratio
21.61 %

Min. Company Share in Total Revenue
83,198,500 TRY

Progress Level
0.00 %

ONGOING REVENUE SHARING MODEL PROJECTS

AVANGART İSTANBUL

CONTRACTOR
GÜL İNŞAAT

EXP. COMPLETION DATE
04.12.2018

LAND AREA
36,750 sqm

NUMBER OF UNITS
953

Estimated Total Sales Revenue
1,300,000,000 TRY

Company Revenue Share Ratio
49.00 %

Min. Company Share in
Total Revenue
637,000,000 TRY

Progress Level
7.55 %



YENİKÖY KONAKLARI

CONTRACTOR
YENİYAPI & TACA

EXP. COMPLETION DATE
24.06.2019

LAND AREA
35,856 sqm

NUMBER OF UNITS
349

Estimated Total Sales Revenue
442,500,000 TRY

Company Revenue Share Ratio
38.00 %

Min. Company Share in
Total Revenue
168,150,000 TRY

Progress Level
9.61 %



ONGOING REVENUE SHARING MODEL PROJECTS

MERKEZ ANKARA



CONTRACTOR
PASİFİK & ÇİFTAY

EXP. COMPLETION DATE
24.03.2020

LAND AREA
137,249 sqm

NUMBER OF UNITS
3,060

Estimated Total Sales Revenue
4,194,550,000 TRY

Company Revenue Share Ratio
30.00 %

Min. Company Share in
Total Revenue
1,258,365,000 TRY

Progress Level
7.78 %

TUZLA İÇMELER



CONTRACTOR
DAĞ

EXP. COMPLETION DATE
29.07.2020

LAND AREA
9,600 sqm

NUMBER OF UNITS
-

Estimated Total Sales Revenue
185,000,000 TRY

Company Revenue Share Ratio
29.15 %

Min. Company Share in
Total Revenue
53,927,500 TRY

Progress Level
0.00 %

ONGOING REVENUE SHARING MODEL PROJECTS

ANTALYA MURATPAŞA

CONTRACTOR
MESA & MESKEN

EXP. COMPLETION DATE
28.10.2020

LAND AREA
40,000 sqm

NUMBER OF UNITS
-

Estimated Total Sales Revenue
1,060,000,000 TRY

Company Revenue Share Ratio
28.50 %

Min. Company Share in
Total Revenue
302,100,000 TRY

Progress Level
0.00 %



BÜYÜKYALI İSTANBUL

CONTRACTOR
ÖZAK & YENİGÜN & ZİMLAN

EXP. COMPLETION DATE
23.04.2021

LAND AREA
111,023 sqm

NUMBER OF UNITS
1,766

Estimated Total Sales Revenue
4,240,000,000 TRY

Company Revenue Share Ratio
37.00 %

Min. Company Share in
Total Revenue
1,568,800,000 TRY

Progress Level
30.01 %



ONGOING REVENUE SHARING MODEL PROJECTS

NİDAPARK KÜÇÜKYALI



CONTRACTOR
TAHİNCİOĞLU & KOZKEN

EXP. COMPLETION DATE
16.09.2021

LAND AREA
114,239 sqm

NUMBER OF UNITS
2,025

Estimated Total Sales Revenue
3,635,715,000 TRY

Company Revenue Share Ratio
42.00 %

Min. Company Share in
Total Revenue
1,527,000,300 TRY

Progress Level
11.67 %

ZEYTİNBURNU BEŞTELSİZ



CONTRACTOR
BEŞTELSİZ JOINT VENTURE

EXP. COMPLETION DATE
27.08.2021

LAND AREA
96,968 sqm

NUMBER OF UNITS
478

Estimated Total Sales Revenue
1,730,000,000 TRY

Company Revenue Share Ratio
37.00 %

Min. Company Share in
Total Revenue
640,100,000 TRY

Progress Level
0.00 %

ONGOING REVENUE SHARING MODEL PROJECTS

İZMİR KONAK 1ST STAGE

CONTRACTOR
TEKNİK YAPI & HALK GYO

EXP. COMPLETION DATE
16.09.2021

LAND AREA
47,070 sqm

NUMBER OF UNITS
-

Estimated Total Sales Revenue
1,672,000,000 TRY

Company Revenue Share Ratio
35.00 %

Min. Company Share in Total Revenue
585,200,000 TRY *

Progress Level
0.00 %



* 20% of the company share in total revenue (117,040,000 TRY) will be allocated to Emlak Konut.

İZMİR KONAK 2ND STAGE

CONTRACTOR
PEKİNTAŞ & BURAKCAN

EXP. COMPLETION DATE
21.08.2021

LAND AREA
78,558 sqm

NUMBER OF UNITS
-

Estimated Total Sales Revenue
2,200,000,000 TRY

Company Revenue Share Ratio
33.00 %

Min. Company Share in Total Revenue
726,000,000 TRY *

Progress Level
0.00 %



* 20% of the company share in total revenue (145,200,000 TRY) will be allocated to Emlak Konut.

ONGOING REVENUE SHARING MODEL PROJECTS

İSTANBUL BEYKOZ RİVA



CONTRACTOR
YILMAZ İNŞAAT

EXP. COMPLETION DATE
22.09.2021
22.09.2023

LAND AREA
1,157,004 sqm

NUMBER OF UNITS
-

Estimated Total Sales Revenue
3,808,000,000 TRY

Company Revenue Share Ratio
25.00 %

Min. Company Share in
Total Revenue
952,000,000 TRY *

Progress Level
0.00 %

* 20% of the company share in total revenue (190,400,000 TRY) will be allocated to Emlak Konut.

BİZİM MAHALLE 2ND STAGE



CONTRACTOR
DAĞ

EXP. COMPLETION DATE
27.11.2022

LAND AREA
118,099 sqm

NUMBER OF UNITS
-

Estimated Total Sales Revenue
2,000,000,000 TRY

Company Revenue Share Ratio
27.55 %

Min. Company Share in
Total Revenue
551,000,000 TRY

Progress Level
0.00 %

ONGOING REVENUE SHARING MODEL PROJECTS TABLE 31.12.2017

No.	Project Name	Emlak Konut Min. Guaranteed Revenue (TRY)	Minimum Guaranteed Net Profit	Number of Units	Number of Units Sold (Dec 17)	(%) Sold
1	AĞAOĞLU MASLAK 1453	34,173,875	-1,295,575	5,258	4,992	95%
2	BAHÇEKENT FLORA	1,139,728	-1,098,726	1,219	1,113	91%
3	GÖL PANORAMA EVLERİ	34,132,033	20,107,699	1,471	1,466	100%
4	SOFALOCA	40,464,263	14,674,471	156	107	68%
5	EVVEL / ADIM İSTANBUL	113,895,876	38,503,796	1,423	1,024	72%
6	İSTMARİNA	672,380,800	485,281,882	1,625	1,568	96%
7	PARK MAVERA	195,921,252	100,709,386	1,815	1,695	93%
8	AVRUPARK	156,520,000	82,071,563	1,480	1,273	86%
9	AVRUPA KONUTLARI BAŞAKŞEHİR	274,428,235	142,534,884	968	330	34%
10	KARAT 34	171,600,000	103,446,216	592	320	54%
11	NİDAPARK KAYAŞEHİR	407,588,000	222,460,957	1,139	558	49%
12	KOORDİNAT ÇAYYOLU	180,000,000	79,799,196	432	233	54%
13	TEMAŞEHİR KONYA	198,759,060	107,913,570	905	446	49%
14	TUAL ADALAR	116,961,600	24,729,040	542	250	46%
15	TUAL BAHÇEKENT	275,334,000	166,532,283	1,925	1,139	59%
16	EVORA DENİZLİ	92,651,000	15,670,748	1,558	374	24%
17	VALİDEBAĞ KONAKLARI	439,887,380	271,926,078	366	231	63%
18	OFİS KARAT BAKIRKÖY	62,000,000	31,394,758	90	7	7%
19	İSTANBUL / ŞİLE ÇAVUŞ	15,070,000	5,256,866	-	-	Satışta Değil
20	KÖY	475,687,500	246,962,025	1,156	534	46%
21	İFM	29,200,000	29,200,000	1,447	-	Satışta Değil
22	SEMT BAHÇEKENT	150,500,000	105,313,970	1,038	144	14%
23	BAHÇETEPE İSPARTAKULE / TEM 34 TAHTAKALE	85,600,000	37,620,770	632	-	Satışta Değil
24	AVRUPARK HAYAT	156,500,000	108,248,424	1,184	265	22%
25	EBRULİ İSPARTAKULE	132,000,000	73,894,561	776	36	5%
26	NİDAPARK İSTİNYE	1,876,392,000	882,959,489	555	67	12%
27	CER İSTANBUL	105,968,270	38,447,821	161	-	Satışta Değil
28	KOCAELİ / DERİNCE	83,198,500	12,838,985	-	-	Satışta Değil
29	AVANGART İSTANBUL	637,000,000	516,390,418	953	54	6%
30	YENİKÖY KONAKLARI	168,150,000	120,372,820	349	76	22%
31	MERKEZ ANKARA	1,258,365,000	623,814,794	3,060	144	5%
32	İSTANBUL / TUZLA İÇMELER	53,927,500	33,911,140	-	-	Satışta Değil
33	ANTALYA / MURATPAŞA	302,100,000	107,665,268	-	-	Satışta Değil
34	BÜYÜKYALI İSTANBUL	1,568,800,000	906,723,236	1,766	306	17%
35	NİDAPARK KÜÇÜKYALI	1,527,000,300	818,212,424	2,025	666	33%
36	İSTANBUL / ZEYİNBURNU BEŞTELSİZ	640,100,000	232,054,434	478	-	Satışta Değil
37	İZMİR/ KONAK 1 ST STAGE	117,040,000	117,040,000	-	-	Satışta Değil
38	İZMİR/ KONAK 2 ND STAGE	145,200,000	145,200,000	-	-	Satışta Değil
39	İSTANBUL / BEYKOZ RİVA	190,400,000	190,400,000	-	-	Satışta Değil
40	BİZİM MAHALLE 2 ND STAGE	551,000,000	64,711,931	-	-	Satışta Değil
TOTAL		13,737,036,172	7,322,601,602	38,544	19,418	50%

Emlak Konut's share of the bank commissions of TRY 117 million that have been paid to decrease the interest rate for mortgage loans in unit sales will be added to related project cost along with the completion.

BAŐKENT EMLAK KONUTLARI

Rising in ankaya, BaŐkent Emlak Konutları will allow you to escape from the city stress, traffic, and crowds as well as to set sail for a completely new world. Your every requirement is well thought down to the last detail in BaŐkent Emlak Konutları.

ONGOING TURN - KEY MODEL PROJECTS

AYAZMA EMLAK KONUTLARI 1

CONTRACTOR
GÜRYAPI

EXP. COMPLETION DATE
29.05.2018

LAND AREA
140,793 sqm

NUMBER OF UNITS
1,239

Current Agreement Value
387,959,681.72 TRY

Book Value
Progress Payments
431,550,546.25 TRY

Progress Level
%70.86



KÖRFEZKENT 4TH STAGE

CONTRACTOR
ZEK-SAN

EXP. COMPLETION DATE
05.05.2018

LAND AREA
79,804 sqm

NUMBER OF UNITS
1,124

Current Agreement Value
158,712,000 TRY

Book Value
Progress Payments
126,008,458.05 TRY

Progress Level
%65.92



ONGOING TURN - KEY MODEL PROJECTS

EMLAK KONUT ISPARTAKULE EVLERİ - 1/1



CONTRACTOR
YÖRÜK & ERMİT

EXP. COMPLETION DATE
16.08.2018

LAND AREA
85,871 sqm

NUMBER OF UNITS
978

Current Agreement Value
268,650,000 TRY

Book Value
Progress Payments
265,455,017.20 TRY

Progress Level
%55.95

EMLAK KONUT ISPARTAKULE EVLERİ - 1/2



CONTRACTOR
BALPA

EXP. COMPLETION DATE
16.08.2018

LAND AREA
89,368 sqm

NUMBER OF UNITS
904

Current Agreement Value
239,900,000 TRY

Book Value
Progress Payments
223,584,083.26 TRY

Progress Level
%51.47

ONGOING TURN - KEY MODEL PROJECTS

EMLAK KONUT BAŞAKŞEHİR EVLERİ 2ND STAGE

CONTRACTOR
KALYON

EXP. COMPLETION DATE
22.12.2017

LAND AREA
44,365 sqm

NUMBER OF UNITS
271

Current Agreement Value
85,639,547.42 TRY

Book Value
Progress Payments
128,922,092.21 TRY

Progress Level
%90.36



NEVŞEHİR EMLAK KONUTLARI

CONTRACTOR
CENT YAPI

EXP. COMPLETION DATE
19.11.2018

LAND AREA
29,541 sqm

NUMBER OF UNITS
420

Current Agreement Value
116,722,000 TRY

Book Value
Progress Payments
163,996,483.86 TRY

Progress Level
%62.20



ONGOING TURN - KEY MODEL PROJECTS

AYAZMA EMLAK KONUTLARI 2



CONTRACTOR
YILMAZ İNŞAAT

EXP. COMPLETION DATE
24.07.2018

LAND AREA
21,407 sqm

NUMBER OF UNITS
386

Current Agreement Value
87,914,154.16 TRY

Book Value
Progress Payments
108,260,951.42 TRY

Progress Level
%77.89

BAŞKENT EMLAK KONUTLARI 1



CONTRACTOR
KALYON

EXP. COMPLETION DATE
25.07.2019

LAND AREA
89,502 sqm

NUMBER OF UNITS
1,329

Current Agreement Value
559,500,000 TRY

Book Value
Progress Payments
338,730,840.37 TRY

Progress Level
%14.83

ONGOING TURN - KEY MODEL PROJECTS

NİĞDE EMLAK KONUTLARI

CONTRACTOR
PEKİNTAŞ YAPI

EXP. COMPLETION DATE
19.05.2019

LAND AREA
25,643 sqm

NUMBER OF UNITS
365

Current Agreement Value
101,700,000 TRY

Book Value
Progress Payments
64,636,114.58 TRY

İlerleme Oranı
%29.07



GEBZE EMLAK KONUTLARI - 3/1

CONTRACTOR
MUSTAFA EKŞİ

EXP. COMPLETION DATE
13.03.2019

LAND AREA
91,565 sqm

NUMBER OF UNITS
1,040

Current Agreement Value
314,800,000 TRY

Book Value
Progress Payments
95,990,551.61 TRY

Progress Level
%11.90



ONGOING TURN - KEY MODEL PROJECTS

GEBZE EMLAK KONUTLARI - 3/2



CONTRACTOR
SİYAHKALEM

EXP. COMPLETION DATE
20.03.2019

LAND AREA
90,774 sqm

NUMBER OF UNITS
950

Current Agreement Value
315,900,000 TRY

Book Value
Progress Payments
115,432,441.63 TRY

Progress Level
%16.83

KUZEY YAKASI



CONTRACTOR
YAPI & YAPI İNŞAAT

EXP. COMPLETION DATE
14.09.2019

LAND AREA
372,995 sqm

NUMBER OF UNITS
373

Current Agreement Value
509,513,550 TRY

Book Value
Progress Payments
227,940,879.59 TRY

Progress Level
%38.75

ONGOING TURN - KEY MODEL PROJECTS

BAŞKENT EMLAK KONUTLARI 2

CONTRACTOR
ASL İNŞAAT

EXP. COMPLETION DATE
30.08.2018

LAND AREA
30,521 sqm

NUMBER OF UNITS
507

Current Agreement Value
203,800,000 TRY

Book Value
Progress Payments
131,649,427.56 TRY

Progress Level
%21.75



GEBZE EMLAK KONUTLARI - 3/3

CONTRACTOR
At The Tender
Process

EXP. COMPLETION DATE
At The Tender
Process

LAND AREA
6,338 sqm

NUMBER OF UNITS
62

Current Agreement Value
**At The Tender
Process**

Book Value
Progress Payments
2,173,025.88 TRY

Progress Level
**At The Tender
Process**



ONGOING TURN - KEY MODEL PROJECTS

KÖRFEZKENT ÇARŞI



CONTRACTOR
AHES İNŞAAT

EXP. COMPLETION DATE
27.01.2019

LAND AREA
11,967 sqm

NUMBER OF UNITS
106

Current Agreement Value
49,041,053 TRY

Book Value
Progress Payments
11,261,810.21 TRY

Progress Level
%11.28

ONGOING TURNKEY MODEL PROJECTS TABLE 31.12.2017

No	City / Region	Project Name	Book Value + Progress Payments (TRY)	Number of Units	Number of units Sold (Dec 17)
1	İSTANBUL AYAZMA	AYAZMA EMLAK KONUTLARI 1	431,550,546.25	1,239	1,217
2	KOCAELİ KÖRFEZ	KÖRFEZKENT 4 TH STAGE	126,008,458.05	1,124	1,106
3	İSTANBUL AVCILAR	EMLAK KONUT ISPARTAKULE EVLERİ 1-1	265,455,017.20	978	964
4	İSTANBUL AVCILAR	EMLAK KONUT ISPARTAKULE EVLERİ 1-2	223,584,083.26	904	900
5	İSTANBUL BAŞAKŞEHİR	EMLAK KONUT BAŞAKŞEHİR EVLERİ 2 ND STAGE	128,922,092.21	271	265
6	NEVŞEHİR MERKEZ	NEVŞEHİR EMLAK KONUTLARI	163,996,483.86	420	324
7	İSTANBUL AYAZMA	AYAZMA EMLAK KONUTLARI 2	108,260,951.42	386	-
8	ANKARA MÜHYE	BAŞKENT EMLAK KONUTLARI 1	338,730,840.37	1,329	141
9	NİĞDE	NİĞDE EMLAK KONUTLARI	64,636,114.58	365	45
10	KOCAELİ GEBZE	GEBZE EMLAK KONUTLARI 3-1	95,990,551.61	1,040	849
11	KOCAELİ GEBZE	GEBZE EMLAK KONUTLARI 3-2	115,432,441.63	950	849
12	İSTANBUL KAYABAŞI	KUZEY YAKASI	227,940,879.59	373	55
13	ANKARA MÜHYE	BAŞKENT EMLAK KONUTLARI 2	131,649,427.56	507	-
14	KOCAELİ GEBZE	GEBZE EMLAK KONUTLARI 3-3	2,173,025.88	62	-
15	KOCAELİ KÖRFEZ	KÖRFEZKENT ÇARŞI	11,261,810.21	106	26
TOTAL			2,435,592,723.68	10,054	5,892

LEASED AND RENTED PROPERTIES

Leased Properties (TRY)

No	Tenant	Starting Date	Ending Date	Duration	Property Information	Rent Value*
1	İFM&AKDENİZ JOINT VENTURE	01.09.2016	01.09.2017	1 Year	İstanbul - Kadıköy 3317 / 22	12,500.00 TRY
2	GÜRYAPI RESTORASYON	03.08.2015	03.03.2018	2 Years 7 Months	İstanbul -Başakşehir 1344 / 2	2,200.00 TRY
3	CIHAN İNŞAAT VE KONUT YAPI ADI ORTAKLIĞI	01.10.2016	01.10.2017	1 Year	İstanbul-Başakşehir 324 / 2	1,700.00 TRY
4	ÇETİN ERGÜN	01.04.2018	01.01.2019	1 Year	İstanbul- Avcılar 639/1 D BLOK 1 nolu dükkan	5,500.00 TRY
5	ROTA MAĞAZACILIK	03.11.2017	03.11.2027	10 Years	İstanbul- Avcılar 639/1 D BLOK 5-6-7 nolu dükkan	43,800.00 TRY
6	YILMAZ İNŞAAT	01.07.2016	01.07.2018	2 Years	İstanbul-Başakşehir 1335/15	6,773.00 TRY
7	T.HALK BANKASI	15.11.2017	15.11.2022	5 Years	3331/5 A BLOK No:1	425,000.00 TRY
8	AKSÜS YAPI VE ENTEGRE	08.05.2017	08.05.2020	3 Years	İstanbul Ataşehir 3385/2 Parsel	1,000.00 TRY
9	KREM TURİZM	10.06.2017	10.06.2019	2 Years	Tekirdağ Çerkezköy 1544/1 Parsel	10,000.00 TRY
TOTAL						508,473.00 TRY

Leased Properties (USD)

No	Tenant	Starting Date	Ending Date	Duration	Property Information	Rent Value*
1	ZORLUTEKS TEKSTİL	15.11.2016	14.11.2017	1 Year	C5 BLOCK-118/119/120	2,000.00 \$ 15% Turnover Ratio**
2	İBRAHİM ÖZ	01.09.2016	21.08.2017	1 Year	C4 BLOCK-119	4,127.00 \$
3	REMAX ABC	01.09.2016	31.08.2017	1 Year	A2 BLOCK-262	5,146.00 \$
4	TİNKON TURİZM KONGRE	01.11.2016	31.01.2018	1 Year 3 Months	A2 BLOCK-260	4,708.33 \$
5	NURAY ÖZKAN	01.09.2016	30.08.2017	1 Year	C10 BLOCK-118	5,507.00 \$
6	SELES KURU TEM.	01.10.2016	30.09.2017	1 Year	C4 BLOCK-123	5,045.00 \$
7	CAN DOSTLAR KUAFÖR	01.12.2016	30.11.2017	1 Year	C5 BLOCK-123	7,500.00 \$
8	RAHVALI GAYRİMENKUL	01.12.2016	30.12.2017	1 Year	C3 BLOCK-150	3,206.00 \$
9	EGE TEM. HİZ. VE YÖN	15.12.2016	14.12.2017	1 Year	C8 BLOCK-150	4,800.00 \$
10	FERİŞTE HACİSÜLEYMAN	01.06.2017	30.09.2018	1 Year 4 Months	C5 BLOCK-124	12,500.00 \$
11	TİNKON TURİZM KONGRE	01.10.2017	30.09.2022	5 Years	OB BLOCK-22	12,500.00 \$ 15% Turnover Ratio**
12	NAPİ GIDA SAN. VE TİC.A.Ş.	01.10.2017	30.09.2022	5 Years	C8-151	7,500.00 \$ 15% Turnover Ratio**
13	FERTAŞ İÇ VE DIŞ TİC. LTD. ŞTİ.	15.09.2017	14.09.2022	5 Years	A4 BLOCK-260	22,500.00 \$ 15% Turnover Ratio**
14	DDY GIDA İNŞ. TAH. TURİZM	15.10.2017	14.10.2022	5 Years	A4 BLOCK-263-264	20,000.00 \$ 15% Turnover Ratio**
15	SİRTAŞ İÇ VE DIŞ TİC.A.Ş.	01.11.2017	31.10.2022	5 Years	A2 BLOCK 263	4,500.00 \$
16	GREKO GIDA ÜRÜNLERİ	01.11.2017	31.10.2022	5 Years	C-7 BLOCK 87	15,000.00 \$ 15% Turnover Ratio**
17	YDC TURİZM	01.10.2017	30.09.2022	5 Years	C11-149	9,500.00 \$ 15% Turnover Ratio**
18	HC TURİSTİK TESİS İŞLETMECİLİĞİ	15.11.2017	14.11.2022	5 Years	C11-154	18,000.00 \$ 15% Turnover Ratio**
19	M.R.C. DENİZCİLİK	01.11.2017	31.10.2022	5 Years	OB-19	15,500.00 \$ 15% Turnover Ratio**
20	SHAYA KAHVE SANAYİ ⁽¹⁾	-	-	10 Years	C8-149	15% Turnover Ratio**
21	FERTAŞ	01.10.2017	30.09.2022	5 Years	OA-8	2,000.00 \$

Rented Properties (TRY)

No	Tenant	Starting Date	Ending Date	Duration	Property Information	Rent Value*
1	EMLAK KONUT REIC	01.05.2017	01.05.2018	1 Year	ANKARA-ÇANKAYA, 14	6,193.78 TRY
2	EMLAK KONUT REIC	01.04.2017	01.04.2020	3 Years	NİĞDE/MERKEZ	1,666.66 TRY
TOTAL						7,860.44 TRY

* Not included VAT, values are expressed in Turkish Lira and monthly. The exchange rate of USD Dollar is fixed with 3 TRY for the foreign currency renting.

** Turnover share is not included the rent value. The rent values will be shared with the contractor over the share ratios specified in the contract.

(1) The rental fee will be collected as of the opening date.

SHARE PERFORMANCE

- ▶ Traded in the COLLECTIVE AND STRUCTURED PRODUCTS Market at İstanbul Stock Exchange...
- ▶ Included in XU100, XU30, XU50, XUMALI, XUTUM, XGMYO indexes...
- ▶ The symbol tickers are as follows; BIST TICKER: EKGYO, BLOOMBERG TICKER: EKGYO.TI, REUTERS TICKER: EKGYO.IS

Share Performance

EKGYO



Source: BLOOMBERG

EKGYO/ XGMYO/ XU100

XU100 Index

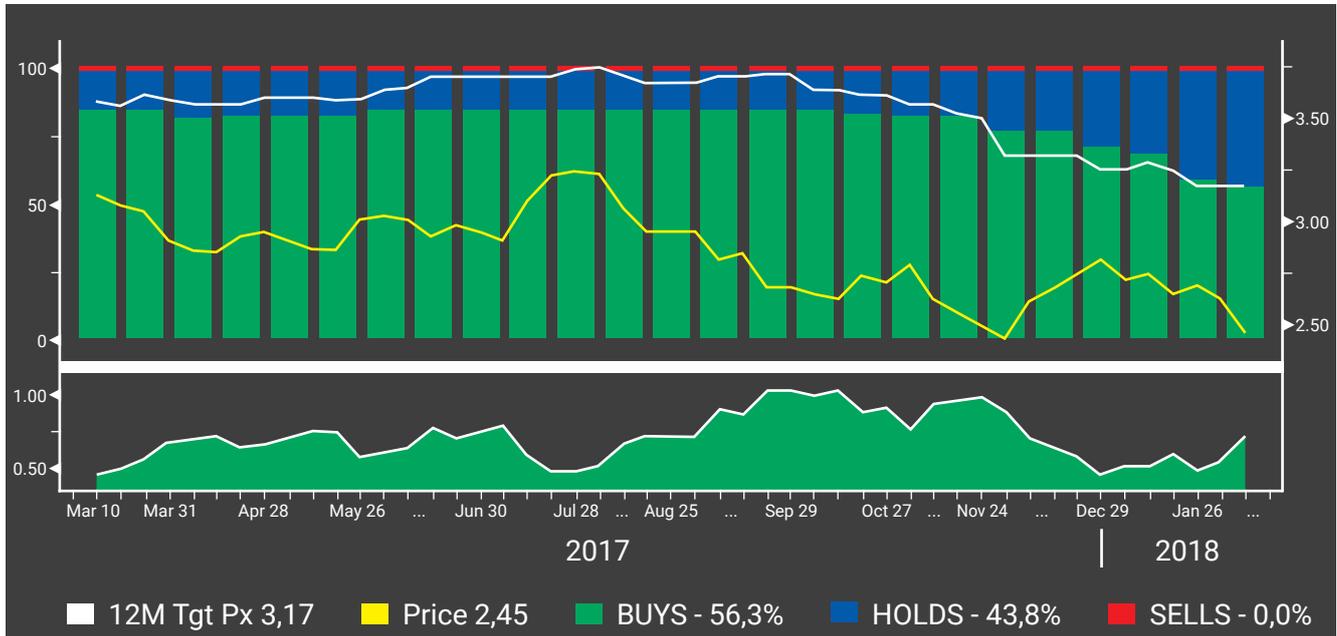
XGMYO Index

EKGYO



Source: BLOOMBERG

RECOMMENDATIONS AND SHARE BUYBACK



Source: BLOOMBERG

SHARE BUYBACK

Throughout 2017;

- On 01.11.2017, the company purchased **2,509,000** shares at the price range of **2.64 TRY-2.70 TRY**.
- On 10.11.2017, the company purchased **1,900,000** shares at the price range of **2.63 TRY-2.64 TRY**.
- On 17.11.2017, the company purchased **3,900,000** shares at a price range of **2.55 TRY-2.56 TRY**.

Under its "Buyback Program," the Company repurchased a total number of 128,379,862 shares with their ratio accounting for 3.38% of its capital.

CONSTRUCTION AND HOUSING SECTOR OUTLOOK

House Sales Statistics (December 2017)

In Turkey, 1,409,314 houses were sold in 2017.

In Turkey, house sales increased by 5.1% in 2017 compared to the previous year. For the house sales of 2017, İstanbul had the highest share of house sales with 16.9% and 238,383 sold house. The followers of İstanbul were Ankara with 150,561 house sales with 10.7% and İzmir 84,184 house sales with 6%. The least house sold province is Hakkari with 124 house sales. In Turkey, 473,099 of all sales were mortgaged sales and 936,215 are other house sales.

In December 2017, 132,972 houses were sold in Turkey.

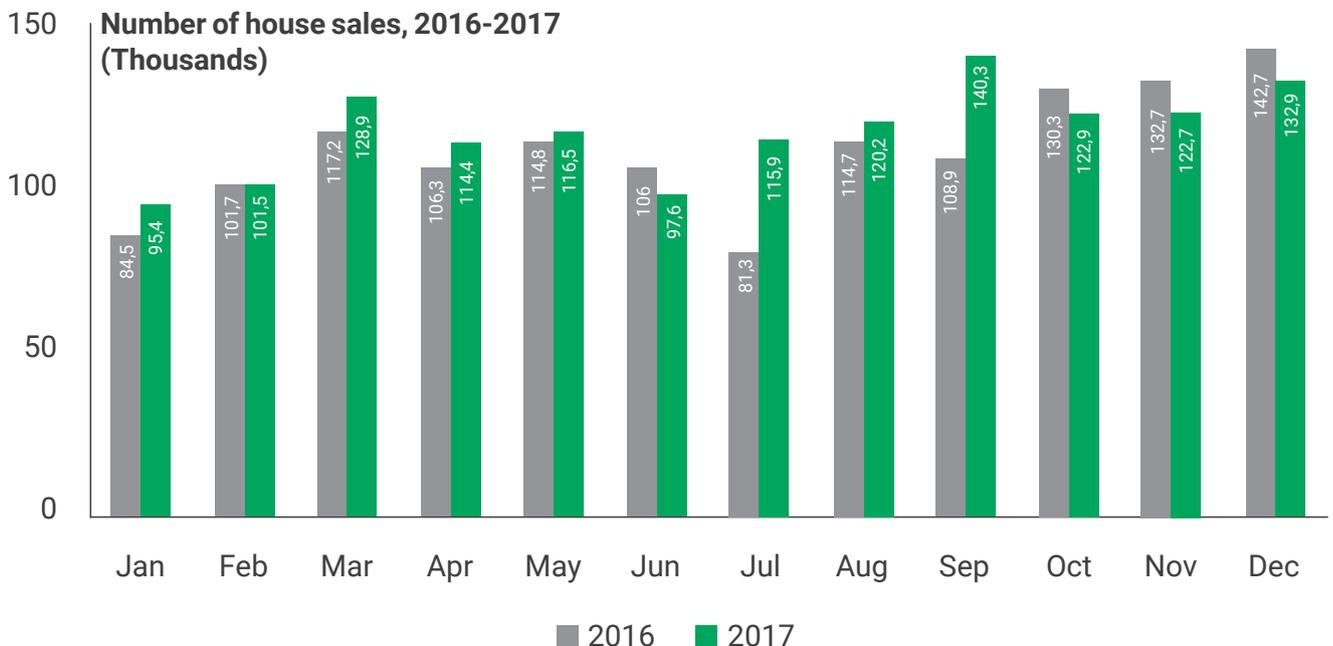
In Turkey, house sales decreased by 6.8% in December 2017 compared to the same month of the previous year and hence, became 132,972. For the house sales of December 2017, İstanbul

In December 2017, 34,029 ownership of the houses changed by mortgage sales.

The mortgaged house sales throughout Turkey became 34,029 by decreasing 30.7% compared to the same month of the previous year. House sales with mortgage had a 25.6% share of all house sales in Turkey. Most of house sales with mortgage was in İstanbul with 6,516 sales. İstanbul was the first province in Turkey ranking that has most house sales with mortgage share with 19.1%. Mortgaged house sales had the highest share in Ardahan with 45.5% of all house sales.

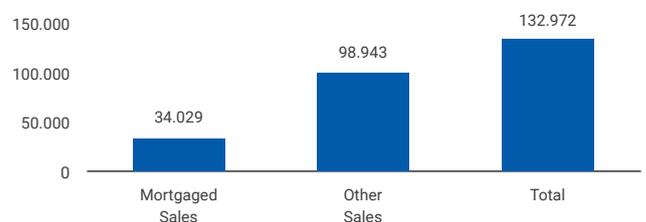
Ownership of 98,943 houses changed by other sales.

Other house sales in Turkey became 98,943 by increasing 5.7% compared to the same month of the previous year. In the other sales, İstanbul was the first province with 16,416 sales and 16.6% share. Other house sales had 71.6% share of all house sales in İstanbul. Ankara was the second province with 9,101 sales. Ankara was followed by İzmir with 6,061 sales. The least other house sales was realized in Ardahan with 6 house sales.

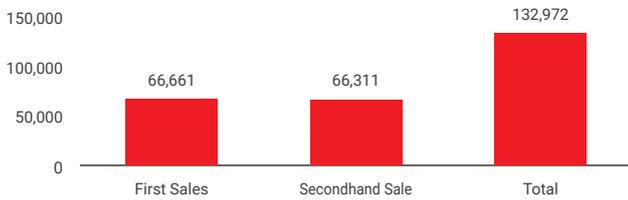


had the highest share of house sales with 17.2% and 22,932 sold house. The followers of İstanbul were Ankara with 12,868 house sales and İzmir 8,305 house sales with the share of 9.7% and 6.2% respectively. The least house sold provinces were Hakkari and Ardahan with 11 house sales, Bayburt with 52 house sales.

House sales by state of sales, December 2017



House sales by state of sales, December 2017



In house sales, 66,661 of houses were sold for the first time.

First house sales in Turkey became 66,661 by decreasing 7.1% compared to the same month of the previous year. First house sales had 50.1% share of all house sales in Turkey. The most first house sales was in İstanbul with 11,512 sales. İstanbul was the first province in Turkey ranking that had most first house sales share with 17.3%. The followers of İstanbul were Ankara with 5,119 house sales and İzmir with 3,885 house sales.

Ownership of 66,311 houses changed by second hand sales.

Second hand house sales in Turkey became 66,311 by decreasing 6.5% compared to the same month of the previous year. In the second hand sales, İstanbul was the first province again with 11,420 sales and 17.2% share. Share of the second hand sales was 49.8% in İstanbul in total house sales. Ankara was the second province with 7,749 sales and Ankara was followed by İzmir with 4,420 sales.

In Turkey, 22,234 houses were sold to foreigners in 2017.

House sales to foreigners increased by 22.2% in 2017 compared to the previous year. In house sales to foreigners, İstanbul was the first province with 8,182 sales in 2017. Antalya was the second province with 4,707 sales. Antalya was followed by Bursa with 1,474 sales and Yalova with 1,079 sales.

In December 2017, 2,164 houses were sold to foreigners. İstanbul was the first province with 802 sales in December 2017. The followers of İstanbul were Antalya with 378 house sales, Bursa with 188 house sales and Yalova with 141 house sales.

Most house sales were made to Iraqi citizens according to country nationalities.

Iraqi citizens bought 3,805 houses from Turkey in 2017. The followers of Iraq were Saudi Arabia with 3 345 house sales, Kuwait with 1,691 house sales, Russia with 1,331 house sales and Afghanistan with 1,078 house sales.

In December, Iraqi citizens bought 418 houses from Turkey. The followers of Iraq were Saudi Arabia with 271 house sales, Kuwait with 151 house sales, Russia with 129 house sales.

Building Construction Cost Index, Quarter IV: October - December, 2017

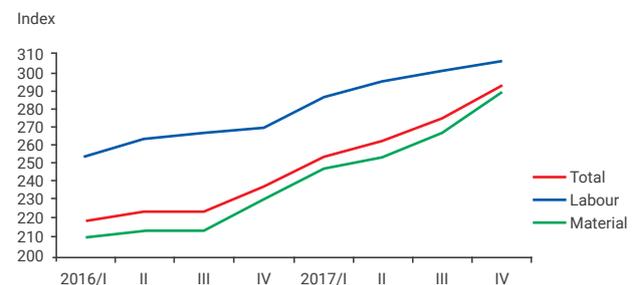
Building construction cost index increased by 6.5% compared with the previous quarter.

Building construction cost index increased by 6.5% compared with the previous quarter, by 22.8% compared with the same quarter of the previous year and by 19.7% compared with the four quarter average in the fourth quarter of 2017. In the fourth quarter of 2017, labour index increased by 1.8% and material index increased by 7.9% compared with the previous quarter. Annual changes were 13.7% increase in labour index and 25.6% increase in material index.

Building construction cost index, 2016-2017 [2005=100]

	2016 quarter IV			2017 quarter IV		
	Total	Labour	Material	Total	Labour	Material
Quarterly Change	5.9	1.1	7.5	6.5	1.8	7.9
Annual Change	12.4	10.6	12.9	22.8	13.7	25.6
Compared with the four quarter average	7.7	10.6	6.9	19.7	12.7	21.9

Building construction cost index, 2016-2017 [2005=100]

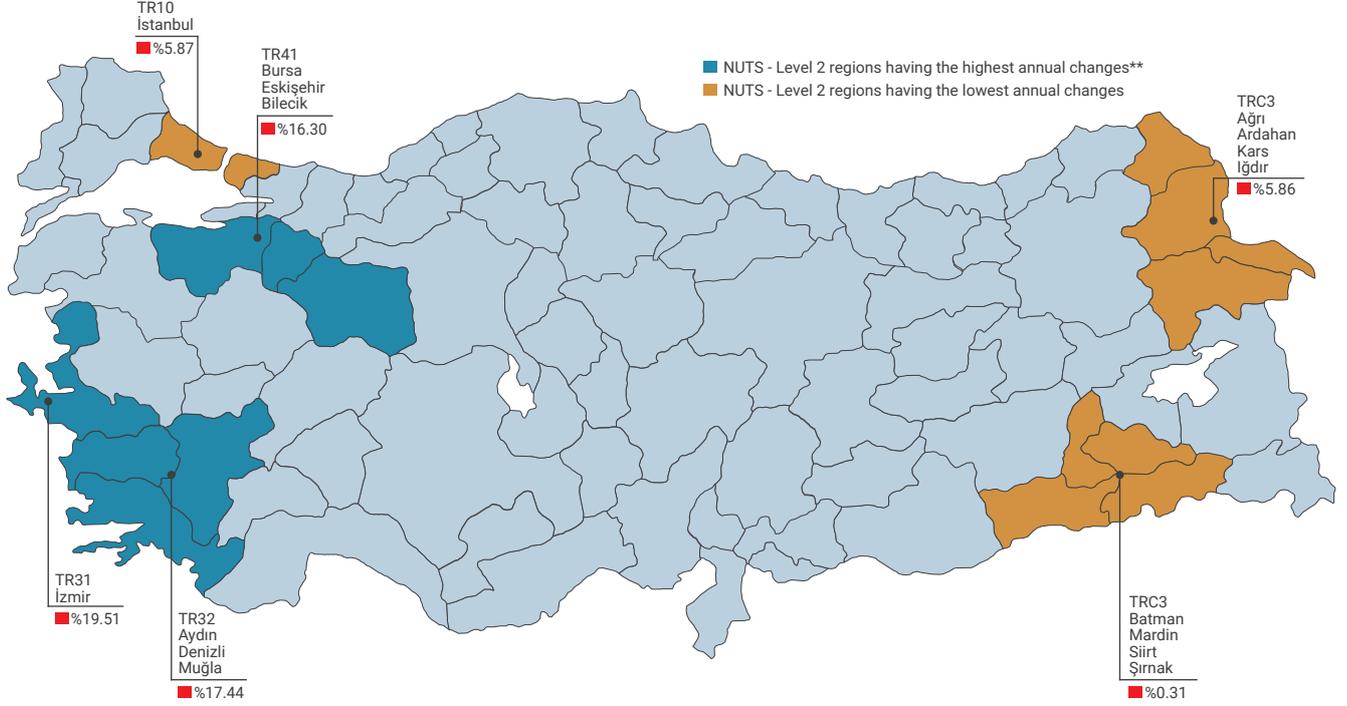


House Price Index (2017 November)

Hedonic House Price Index (HHPI)

In November 2017, HHPI increased monthly by 0.48percent, recorded an annual growth of 10.07percent in nominal terms and decreased by 2.58 percent in real terms.

Hedonic House Price Index (HHPI)



House price Indices and unit Prices

	Hedonic House Price Index	House Price Index*	Unit Prices (TRY/sqm)*	New Housing Price Index*	Existing Housing Price Index*
	213.49 (10.07%)	249.43 (11.33%)	2,097.74 TRY	238.52 (11.18%)	243.17 (10.55%)
	265.48 (5.87%)	300.72 (7.40%)	3,812.50 TRY	306.26 (10.48%)	287.27 (5.40%)
	191.20 (7.16%)	197.31 (6.55%)	1,693.21 TRY	217.44 (6.78%)	189.95 (6.06%)
	245.43 (19.51%)	267.82 (19.40%)	2,612.91 TRY	267.02 (18.81%)	261.25 (19.29%)

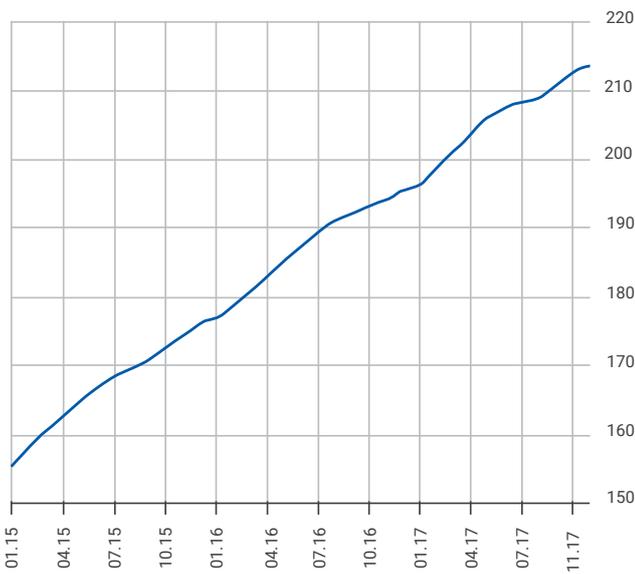
House Price Index, Square Meter Prices,

* New and Existing Housing Price Indices are constructed by using the Stratified Median Price method.

**Nomenclature of Territorial Units for Statistics (NUTS) Level 2 definitions are given in the Metadata note. Figures in parentheses indicate annual percentage changes.

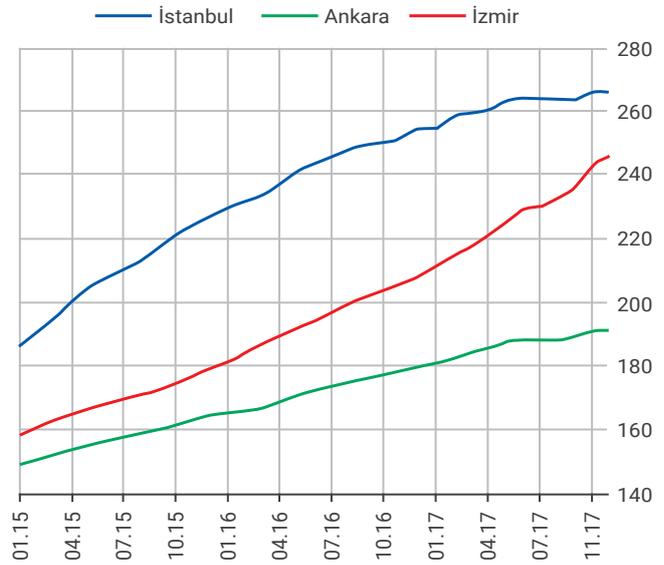
The Hedonic House Price Index (HHPI) (2010=100), which measures quality adjusted price changes by controlling the observable characteristics of the houses in Turkey stands at 213.49 in November 2017 by a monthly growth of 0.48 percent.

Graph 1: Hedonic House Price Index
(Level, 2010=100)



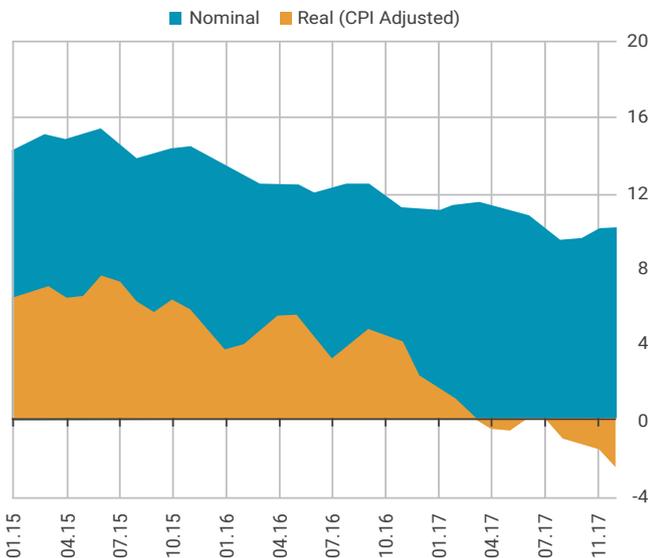
In November 2017, the HHPI decreased monthly by 0.09 in İstanbul, and increased monthly by 0.41 and 1.44 percent in Ankara and İzmir respectively. These three major cities recorded an annual growth of 5.87, 7.16 and 19.51 percent respectively.

Graph 3: Hedonic House Price Index for Three Large Cities
(Level, 2010=100)



The HHPI increased annually by 10.07 percent in nominal terms and decreased by 2.58 percent in real terms.

Graph 2: Hedonic House Price Index
(Annual % Change)



METROPOL İSTANBUL

A world-class project rising in one of the world's metropolises... Every step needed to be worth it on these lands, which have been a cradle of innovation and played host to countless civilizations in history. Working with only the best, we set out to develop an innovative project that would make a name for itself.





CORPORATE GOVERNANCE COMPLIANCE REPORT

1. Corporate Governance Compliance Statement

Emlak Konut REIC acknowledges its main management principle to comply with the "Corporate Governance Principles" and practices published by the Capital Markets Board (CMB), and it aims to develop the corporate governance understanding continuously. The Company deems its principles as i) Equality, ii) Transparency, iii) Accountability, iv) Responsibility and complies with all mandatory principles of the Corporate Governance Communiqué No. II-17.1. Also, it devotes efforts to ensure full compliance with non-mandatory principles while ensuring compliance with the majority of them. There are no present conflicts of interest and/or any conflicts of interest the Company is exposed to because of non-compulsory principles it cannot fully comply with. Also, in the case of the Company's plans to make changes to the framework of principles, it makes necessary explanations related to such principles in the relevant sections.

Emlak Konut REIC attaches importance to assigning Independent Board Members to implement its business policies and ensure effective working of the Board of Directors as part of its management approach and Corporate Governance Principles. Ertan Keleş, Muhterem İnce, and Havvanur Yurtsever started to serve as Independent Board Members at the end of the Ordinary General Assembly dated 26.04.2017 with the election of the Independent Board Members meeting the qualifications and quantities required by the legislation. The following committees continue to operate within the Real Estate Housing REIC: "Corporate Governance Committee, Audit Committee, Nomination Committee, Early Risk Detection and Risk Management Committee, Remuneration Committee." The Corporate Governance Committee also fulfills the responsibilities of the "Remuneration, Nomination" committees. Detailed explanations regarding the Board of Directors and the committees can be found in Part IV.

However, at the Ordinary General Meeting held on April 26, 2017, the shareholders were informed on the principles related to the remuneration of the members of the Board of Directors and senior executives in accordance with the Article 1.3.6 of the Corporate Governance Principles. Relevant detailed information is provided under "General Assembly", the fourth title, in Part I - Shareholders.

In 2017, no amendments were made to the Articles of Association since there was no need for any additional arrangement for compliance with the "Corporate Governance Principles." Also, the Company prepared and published an information security policy in Turkish/English on corporate website to ensure the confidentiality of information of shareholders, contractors, and related third parties. The information security policy is also included in the "Policies" section of this report.

Emlak Konut REIC made revisions as necessary to the following regulations on the below dates both in an operational and administrative sense. We carried out the activities on the relevant regulations by taking into consideration the Corporate Governance principles.

- Duties, Authorities and Responsibilities and Staff and Discipline Regulation
- Correspondence, Document Registration and Archive Regulation
- Goods Purchasing and Leasing Regulation
- Services Purchasing Regulation
- Building Construction Tender and Contract Regulation
- Revenue Sharing Model in Return for The Land Sale Tender and Agreement Regulation

The articles which are not compulsory and not fully complied with by our Company are principles 1.3.10, 1.4.2, 1.5.2, 3.1.2, 4.2.8, 4.3.9, 4.3.10 and 4.6.5. The justifications for their reasons and additional explanations are provided in the relevant sections of the report on a principle basis:

- Regarding the principle 1.3.10, The Company continues to work to create a donation policy that will not disrupt its own goal and activity area protecting its interests.
- Regarding the principle 1.4.2, The Company has the privilege of nominating only Group A shares to nominate members of the Board of Directors because it is an affiliate of the Prime Ministry Housing Development Administration.
- Regarding the principle 1.5.2, the minority rights are not granted to those who have less than twentieth of the capital; the minority rights are provided pursuant to the general practices.

PART I SHAREHOLDERS

- Regarding the principle 3.1.2, the Company takes into consideration the provisions of the Labor Law No. 4857 within the scope of indemnification of the employees. The Company pursues efforts to create a compensation policy that respects principles of equality, fairness, and impartiality.
- Regarding the principle 4.2.8, the negligence of the Members of the Board of Directors and/or damages they may cause when performing their duties were insured up to \$20 million.
- Regarding the principle 4.3.9, the Company carries on its activities to set a target time to ensure that at least 25 percent of the Board of Directors consists of women. Currently, Havvanur Yurtsever (independent member) serves as a female member of the Board of Directors.
- Regarding the principle 4.3.10, all resources and support are provided for the committees to fulfill their duties. But, our audit committee does not include any members with 5 years of experience in audit/accounting and finance matters because the committees have the opportunity to benefit from independent expert opinions on audit/accounting and finance matters when needed.
- Regarding the principle 4.6.5, the benefits provided to senior management are explained in parallel with the general practices as presented in the General Assembly and footnotes of the financial statements.

2. Investor Relations Department

The Investor Relations Department fulfills the following tasks: ensuring that local and international investors within Emlak Konut REIC are informed

- correctly,
- consistently,
- simultaneously and
- timely,

establishing communication with the capital market regulators and meeting on all public disclosures requirements in accordance with all relevant regulations, and performing all functions of the Department itself. Under Paragraph 1, Article 11 of the Corporate Governance Communique No.17.1, this Department directly reports to Hakan Akbulut, Deputy General Manager - Financial Affairs.

The Investor Relations Unit has been serving as a Department since 26.11.2015 due to the increasing importance of Investor Relations so that it can carry out better information exchange with the stakeholders.

Pursuant to the Paragraph 2 of Article 11 the Corporate Governance Communique No. II-17.1, Hasan Vehbi Arslantürk, Head of Investor Relations Department, who works as a full-time manager in the Company with "Advanced License (Level 3) for Capital Markets Activities" and "Corporate Governance Rating Specialist License", was assigned as a member of the Corporate Governance Committee.

Pursuant to the Paragraph 2 of Article 11 the Corporate Governance Communique No. II-17.1, the Investor Relations Department submitted the report on its 2017 activities to the Board of Directors with no. YİDB-330.99-E.186 and dated: 20.12.2017.

The contact information of the Investor Relations Department staff and the related Deputy General Manager is as follows. The concerned personnel can be contacted through the following email addresses as well as info@emlakkonut.com.tr.

The activities of the Investor Relations Department in 2017 can be summarized as follows:

Name and Surname	Position	CMB License and Number	Telephone	Email
Hakan Akbulut	Deputy General Manager (Financial Affairs)	Capital Markets Board Level 3 License Corporate Governance Rating License 202142/700914	+90 216 579 1603	hakbulut@emlakkonut.com.tr
Hasan Vehbi Aslantürk	Director of the Investor Relations Department	Capital Markets Board Level 3 License Corporate Governance Rating License 208265/701558	+90 216 579 1590	harslanturk@emlakkonut.com.tr
Mustafa Buğa	Acting Manager of Investor Relations Department	-	+90 216 579 1591	mbuga@emlakkonut.com.tr
Z. Zeynep Gümrukçüoğlu	Investor Relations Specialist	Capital Markets Board Level 3 License Corporate Governance Rating License 208681/701666	+90 216 579 1592	zzgumrukcuoglu@emlakkonut.com.tr
Aydağül Ekmen	Investor Relations Specialist	-	+90 216 579 1595	aekmen@emlakkonut.com.tr
Mustafa Köksal	Technical Personnel	-	+90 216 579 1596	mkoksal@emlakkonut.com.tr
Ömer Taha Doğan	Administrative Personnel	-	+90 216 579 1594	tdogan@emlakkonut.com.tr

- The Investor Relations Department conducted all its activities in 2017 in compliance with the basic Corporate Governance Principles guideline, Capital Markets Law and all the communiqués prepared in accordance with this Law.
- In line with the public disclosure principle, the Company informed the current shareholders and potential investors about the Company's activities, financial state, and strategies (excluding confidential and commercially confidential information) regularly and without causing inequality. Also, it ensured two-way communications between shareholders and company executives in an effective manner.
- The Company participated in investor conferences held in Turkey and abroad representing the national real estate industry in national and international platforms. In this context, the Company participated in eight international conferences in 2017 setting up meetings with a total of 123 investors/analysts in these events. Throughout the year, the Company participated in one national conference setting up meetings with a total of 20 investors/analysts in this event. Except for these events, the Company had 55 teleconference meetings within and outside its headquarters meeting with 83 investors/analysts in these meetings.
- The Company's General Assembly took place on 26.04.2017 in accordance with the related legislation, articles of association, internal arrangements. The Company presented the documents prepared for the review of shareholders at the General Assembly. Also, it recorded the voting results and reported the outcome. Details on the General Assembly are explained in "Part 4: General Assemblies" (See: p.75).
- As part of financial communications to conduct the relations between national/international institutional investors/individual investors, current shareholders/potential investors, analysts and the Company, to actively inform them and to answer their questions verbally, the Company has shared developments with 34 investors/analysts at the teleconference meeting held on February 28, 2017 for financial results of end-2016 and 35 investors/analysts at the teleconference meeting held on August 10, 2017, regarding the first half financial results of 2017. Senior Management and Investor Relations Department responded verbally to the questions from the participants.
- The Company prepared two industry reports in Turkish and English whereby we examined the real estate industry developments in order to contribute to the industry, and we published them on the investor relations section of the corporate website in both languages.
- The Company updates its website and the investor presentation regularly to ensure that investors follow up-to-date information.

- It manages the relevant content in the Investor Relations section which is accessible through the corporate website and ensures continuous access to the updated information. Also, all the disclosures made by the Company at the Public Disclosure Platform (PDP) were disclosed to the shareholders in Turkish/English on the corporate website after the announcements.
- In 2017, the Investor Relations Department received four written request regarding the transfer of closed shares from the Housing Acquisition Support (KEY) beneficiaries' accounts to the relevant investment account. Beneficiaries' requests were processed, and KEY-equivalent shares were transferred into their accounts. The total transfer amount (the number of shares) stood at 4,676.75 in 2017.
- In 2017, the Investor Relations Department received five written applications from the investors with information request and responded promptly to these information requests with letters.
- Also, the Investor Relations Department received many information requests from the analysts and investors mostly by e-mail and telephone. It answered all the inquiries in accordance with the legislation and in parallel with information disclosed to the public.

3. Exercise of Shareholder Rights to Obtain Information

We share all information with our stakeholders providing transparency and truth as determined corporate governance principles and due to our corporate culture (excluding trade secrets). As explained in Section "9. The Company Website and its Content" of this report; (See: p.79), the corporate website shares all the information and disclosures that may affect the exercise of shareholder rights.

The Company's "Investor Relations Department" plays an active role in facilitating the protection and use of shareholder rights, in particular, the right to receive and review information. The Company's Investor Relations Department gives verbal or written replies to requests and inquiries from all stakeholders as soon as possible. The inquiries and information requests to the Company can be answered in electronic format as well as in written form with external writing. We also regularly meet with both the existing and/or potential investors and

analysts in one-on-one and/or group meetings upon the requests received outside this informational channel. We manage address questions through telephone or e-mail and provide replies within 10 working days at the latest.

We received no request for the appointment of a special auditor to the Company throughout 2017 while the appointment of a special auditor is not regulated as a right under Emlak Konut REIC's Articles of Association. However, the Company management avoids all transactions that make it difficult to conduct special audits and pays utmost attention to this matter.

4. General Assembly

Emlak Konut REIC's 2016 Ordinary General Assembly was held on April 26, 2017, at 10:00 at the Head Office (Barbaros Mahallesi, Mor Sümbül Sokak, No: 7/2 B, Ataşehir, Istanbul) under the supervision of Ministry Representative Feyyaz Bal. The Ordinary General Assembly was held with the participation of shareholders whose proportion represented 2,926,991,649.98 TRY (approximately 77.026 percent) of the Company's capital of 3,800,000,000 TRY. As stated in Article 21 of the Company's Articles of Association, the Board of Directors is authorized to hold General Assemblies open to the public including stakeholders and the press without granting any participant the right to speak. The meetings can be followed by members of the press and various stakeholders.

The Board of Directors makes the General Assembly invitation in accordance with the provisions of the Turkish Commercial Code, Capital Markets Law, and the Company's Articles of Association. It was carried out in due time as stipulated in Article 414 of the Turkish Commercial Code and the Articles of Association and after the notification of its day and agenda in the Turkish Trade Registry Gazette dated March 28, 2017 and No. 9293, Yenigün Newspaper dated March 24, 2017, and the corporate website www.emlakkonut.com.tr and also after being communicated to the shareholders with recorded addresses on March 15, 2017 through registered letter with return receipt and also on PDP and Merkezi Kayıt Kuruluşu A.Ş.'s Electronic General Assembly System.

In addition to the General Assembly announcement, the Company presented on its corporate website and on PDP the documents to be available for the review

of the shareholders as well as the declarations and statements that the Company shall make in accordance with the relevant legislation (excluding announcement and meeting dates) at least three weeks prior to the General Assembly date. The Company announced the invitation letter, agenda items and an information document on the PDP before the General Assembly Also; the Company provided all the shareholders with the invitation letter, agenda items and power of attorney on March 9, 2017, and the General Assembly Information Document on March 31, 2017, on the PDP. The Company also published all the General Assembly documents on its corporate website. The Board of Directors' Annual Report for the period January 1, 2016-December 31, 2016, attached Corporate Governance Principles Compliance Report, Independent Auditor Report, detailed information note about dividend payout proposal and agenda items were made available to shareholders three weeks prior to the General Assembly and for three weeks at the Company's headquarters, branches, www.emlakkonut.com.tr, its corporate website, and the Central Securities Depository's Electronic General Assembly Portal.

The Company organizes the General Assembly to increase the participation of shareholders to avoid inequality between shareholders and with the least possible cost to increase the participation of shareholders. The Company shows utmost care to facilitate the participation of shareholders in the General Assembly. Shareholders are able to participate in the General Assembly in person or in electronic form as well as through their representatives. Shareholders or their representatives are able to participate in the General Assembly in the electronic environment through their secure electronic signatures. Shareholders can authorize their representatives by means of electronic General Assembly System, a proxy to be issued by a public notary or a proxy to be arranged by themselves provided that they have a signature circular arranged by a public notary. In the non-electronic General Assemblies, the participants can take part in the Assembly after signing the list of participants in the following cases: real shareholders shall submit their identity cards, legal person shareholders shall submit the authority documents and the identities of persons authorized to represent and bind legal persons, and representatives of real and legal persons shall submit their identity documents and representation documents.

The Company shareholders did not submit any requests in writing to the Investor Relations Department regarding adding items to the General Assembly agenda, and this was stated in the General Assembly Disclosure Document.

At the General Assembly, the Company paid utmost attention to conveying the agenda items in an objective and detailed manner and in a clear and understandable way giving the shareholders the opportunity to state their opinions and ask questions under equal conditions. At the General Assembly shareholders did not raise questions or express their opinions. Shareholders did not raise any agenda proposals at the General Assembly. In addition, no agenda items were raised in the General Assembly due to "unfavorable" votes of Independent Board Members.

Following the General Assembly on 26.04.2017, the Company shared the Dividend Payout Table, Agenda Items, Meeting Minutes and the List of Participants with the public on the same day on PDP and published it with title General Assembly (2016) under the corporate website's Investor Relations section and on the Electronic General Assembly System for the review of its shareholders. The Ordinary General Assembly regarding the Company's 2016 activities was registered on April 28, 2017.

Donations and payments made in 2017 were presented to the shareholders at the General Assembly as a separate agenda item (Article 10). In 2016, the value of the donations stood at 14,993,484.43 TRY. Also, the General Assembly accepted to allocate donations of up to 15,000,000 TRY in 2017 with the majority of votes. The Company continues to work to create a donation policy that will not disrupt its own goal and activity area protecting its interests.

The donations and the relevant beneficiaries in 2017 are explained below:

- Istanbul Mosque and Educational and Cultural Service Units Construction and Maintenance Association 12,500,000 TRY
- Turkish Land Forces Command 654,951 TRY
- Sariyer Police Service Development and Support Association 500,000 TRY
- Marmara University Theology Faculty Foundation 500,000 TRY
- Gebze Emlak Konutları Middle School 177,000 TRY
- Istanbul Central Mosque and Educational

- and Cultural Service Units Construction and Maintenance Association 159,581 TRY
- Van Police Services Development and Support Association 150,000 TRY
- Batı Ataşehir Mosque and Educational and Cultural Service Units Construction and Maintenance Association 150,000 TRY
- Black Sea Spinal Cord Paralytics Association 123,371 TRY
- Turkey Spinal Cord Paralytics Association 32,500 TRY
- Şehit Akın Sertçelik Anatolian Imam Hatip High School 27,075 TRY
- Yusuf Turgut - Physically Challenged Sportsman 18,567 TRY
- Bakırköy 70.Yıl Vocational and Technical Anatolian High School 6,955 TRY

On 26.04.2017, the General Assembly carried out a discussion in a separate agenda item (item 12) regarding the absence of transactions by the shareholders who are in control of the management, the Board members, the managers who have responsibilities and their spouses and second-degree relatives by marriage such as carrying out an important transaction that may cause conflict of interest with the Company or its subsidiaries and/or making a commercial transaction within the business context of the Company or its subsidiaries on their or someone else's account or entering as an unlimited partner in another partnership involved in the same type of commercial activity. And the shareholders were informed about the issue, and the details were entered into the General Assembly minutes.

5. Voting Rights and Minority Rights

The Company avoids all practices that challenge the exercise of voting rights and takes utmost care to facilitate the exercise of the voting rights. The Company provides every shareholder with the opportunity to use their voting right in the easiest and most convenient manner including cross-border voting.

Each share is equal to one vote at General Assembly. Group A shares have the privilege of nominating candidates only in the election of members of the Board of Directors. All members of the Board of Directors excluding independent members are elected by the General Assembly among Group A candidates nominated by shareholders. 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 created. Nor shall there be a right to issue any securities that provide privileges. The Company has the privilege of nominating only Group A shares to nominate members of the Board of Directors because it is an affiliate of the Prime Ministry Housing Development Administration.

If the parties to the transactions requiring the approval of the General Assembly under Article 22 of the Articles of Association are related parties, the related parties shall not have voting right related to such transactions in the General Assembly. No quorum is sought at the General Assembly to be held for such cases, and resolutions are taken by the simple majority of the voters. As stated in Article 21 of the Company's Articles of Association, at the General Assembly meetings where resolutions of the Board of Directors on transactions with related parties, the provision of collateral, pledge and mortgage for the third parties are submitted despite the lack of approval by the majority of the Independent Members of the Board of Directors; the resolution shall be made at a voting where the parties to the transaction and persons related to them cannot cast votes. Also, it is ensured that other shareholders agree to such resolutions at the General Assembly. No quorum is sought at the General Assembly to be held for such cases, and resolutions are taken by the simple majority of the voters, and if such a situation occurs, the matter shall be announced in the Public Disclosure Platform (PDP) in accordance with the provisions of the relevant legislation.

Minority shares are not regulated within the capital structure, not identified less than twentieth by the Articles of Association. The Articles of Association do not contain any arrangements that posit the representation or obstruct minority rights. The Company has not received any opinions or criticism throughout 2017 and until today.

6. Right to Dividends

The Company has a specific and consistent dividend policy. This policy and the related information were presented to the shareholders with Article 6 at the Ordinary General Assembly held on April 28, 2014. The dividend policy includes minimum information clear enough to enable shareholders to foresee the dividend procedures and principles that the

PART II - PUBLIC DISCLOSURE AND TRANSPARENCY

Company will obtain in future periods. The Company has no privilege regarding dividend sharing. The dividend for the related accounting period shall be distributed equally to all the existing shares. The Company observes a balance between the interests of shareholders and those of the Company in the dividend policy.

Dividend payout policy is presented to the shareholders for their review in the "Corporate Governance Information" content of the Investor Relations section on the corporate website. It is also presented to all stakeholders in the "Corporate Governance Compliance Report" part of the annual report. The Company reports its dividend payout principles, policies and dividend ratios for shareholders in annual reports, and informs shareholders about the relevant process with the announcements on PDP.

The Company distributed at least 40% of the net distributable profit calculated at the end of the year in cash for six financial periods starting from the first public offering in 2010. The Company did not distribute 2016 net profit allocating it as an excess reserve referring to the justification in the related agenda item in the General Assembly. Following is the detailed information:

The profit of 1,673,223,990.98 TRY remaining after the allocation of Type 1 Legal Reserve of 88,052,009.02 TRY pursuant to the Turkish Commercial Code, from the net profit of 1,761,276,000.00 TRY for the period as seen in our financial statements prepared in accordance with the Communiqué Serial No. XI and No. 29 of the Capital Markets Board. In consideration of the payment for land investments in 2016 and planned land purchases in 2017, shareholders participating in the physical and electronic environments voted on not to pay out the dividend in question and allocate it as excess reserves. It was accepted by a majority of votes with 2,896,314,234.98 votes in favor and 30,677,415 votes against.

7. Transfer of Shares

The Company avoids practices that make it difficult to transfer shares freely.

Pursuant to Article 9 of the Company's Articles of Association, "The transfer of preferred stocks is subject to the permission of the CMB." Apart from this, the Articles of Association do not contain any provisions that restrict share transfers.

8. Disclosure Policy

Adopted by the Board of Directors, the Disclosure Policy was submitted to the General Assembly on April 28, 2014. Also, it was announced on PDP and available on the corporate site for the review of shareholders. It is also presented to all stakeholders in the "Corporate Governance Compliance Report" part of the annual report. The Company did not make any changes to the disclosure policy throughout 2017.

Disclosure Policy provisions are overseen by the Director of Investor Relations. The Investor Relations Department employees responsible for the implementation of the Disclosure Policy are presented in the relevant section of this report. (See: p.74)

It takes place in alignment with information disclosed to the public regarding the future, forecasts based on studies conducted, current market conditions and the assumptions/developments that are expected to occur in the country and the world economy during the year. In the event of unforeseen circumstances, the Company reassesses its targets. And if information previously disclosed the public comes to nothing or if the Company realizes that it will come to nothing, it shares this (realization and divergence) using mainly the PDP platform within the framework of regulations of the CMB regarding public disclosure of special cases. The Company showed the necessary care for the material event disclosures, one of the important tools of the Disclosure Policy, and it made the disclosures required by the legislation in a complete and timely manner.

The Company presented the following to all stakeholders via the PDP: The net profit and sales targets for 2017 (on 02.01.2017), the tender schedule planned for 2017 (on 24.03.2017), the results of the 2017 tenders and year-end expectations (22.06.2017). When making these estimates and assumptions, the company follows the data from official institutions (such as economic and social data, and various confidence indices) as well as on analyses from national and international organizations. The Company's projections are interpreted by analyzing our own data from the previous year such as sales, square meters, amounts, and the like.

In addition, there was no need to update and update the information about the targets because the sales targets announced in 2017 were very close to the actual data.

9. Company Website and its Content

The Company prepares its corporate website in Turkish and English.

<http://www.emlakkonut.com.tr/tr-TR>
<http://www.emlakkonut.com.tr/en-US>

The information on the website is available in English and fully aligned with the Turkish content for the benefit of international investors. The Company pays utmost attention to ensuring that disclosures in English are summarized in an accurate, complete, direct, comprehensible, sufficient way to help beneficiaries' decision-making process.

The Company's corporate website contains all the information to be disclosed in accordance with the related legislation including the matters specified in the Corporate Governance Principles.

The website includes a separate investor relations section in Turkish/English to provide the shareholders and stakeholders with more comprehensive information.

In addition, the corporate website includes the following in Turkish and English:

- Information on the latest partnership and management structure and privileged stocks
- The latest version of the articles of association
- Material event disclosures,
- Financial reports, annual reports, and Corporate Governance Principles Compliance Reports within annual reports
- Explanation notes and other public disclosure documents
- Information about the Board of Directors and committees
- General Assembly agendas, attendance list, meeting minutes, and proxy voting form,
- Remuneration Policy
- Dividend distribution policy,
- Disclosure policy,
- Human resources policy,
- Quality policy,
- Information security policy
- Company presentations,
- Stock performance information,
- Contact information
- Answers to frequently asked questions appear under the FAQ section on the main page.

In this context, the corporate website provides information on the last five years.

However, the Company provides access to the dedicated content on the corporate website through the "Information Society Services" link in accordance with the Ministry of Customs and Trade Regulation on the Websites to be Started by the Stock Companies, dated May 31, 2013.

10. Annual Report

The Company prepares its annual report by including all the information stipulated in the Corporate Governance Principles and in a detailed manner to enable the public to reach full and accurate information about the Company activities. The Company's 2017 annual report was prepared in accordance with the TCC and related legislation as well as Corporate Governance Principles. The Company obtains the approval of the Board of Directors for the annual report, discloses it along with financial statements and publishes it on the corporate website. The financial statements reflect the financial developments within our operating period, and they are subject to independent audits in related periods.

PART III

STAKEHOLDERS

11. Disclosure to Stakeholders

Emlak Konut REIC informs all stakeholders about corporate developments with transparent, accurate, clear, and easily accessible disclosures that comply with legislation. Operating in accordance with the principles stated in its Disclosure Policy, the Company employs the communications methods and means stated in the policy. The Company provides public information in a complete, accurate, and clear form and in a timely and cost-effective manner ensuring easy and equal access. Stakeholders may apply in writing to the Company in order to obtain information on any topic. Under its Disclosure Policy, the Company announces the details, results, and contractors of every tender it arranges and provides its stakeholders with relevant information. Emlak Konut REIC started to offer services through the call center number 444 36 55 from October 26, 2016, onwards, to enable stakeholders to access the Company more easily and to provide better services to stakeholders.

When conducting its procedures and operations, the Company protects stakeholders' rights regulated by the relevant legislation and reciprocal agreements. The Company takes utmost care to protect stakeholder interests with good faith principles and within the Company's capacity if there is a lack of protection of such rights through legislation and reciprocal agreements. If there is a conflict of interest between stakeholders, or if a stakeholder falls under more than one interest group a balanced policy is pursued so far as possible in order to protect the rights of the stakeholder. Also, the company aims to protect each right independently. Although the Company does not have any particular policy on stakeholders, it continues to work with to form such a policy.

The Company provides an effective and rapid compensation means in case of violations of stakeholder rights that are protected by legislation and contracts. The Company facilitates the use mechanisms such as compensation which is provided to stakeholders by the relevant legislation. The Company does not have any compensation policy for its employees. However, it fully complies with all the provisions of the Social Security Institution (SSI) regarding employees. The Company mainly pays attention

to the relevant provisions of Labor Law No. 4857 as the Personnel Regulation does not contain a written compensation policy. The Company pursues efforts to create a compensation policy that respects principles of equality, fairness, and impartiality.

The Company established the necessary mechanisms for the stakeholders to communicate with the Corporate Governance Committee or to the Audit Committee regarding the Company's transactions that violate the relevant legislation or seem ethically inappropriate. Also, it keeps open all kinds of communication channels. The Company approaches all stakeholders by observing business ethics and traditional commercial ethics. The internal audit department is authorized to investigate issues that may arise. The Company does not have any policy in place to make it hard for stakeholders to get in touch with the Corporate Governance or Audit committees

The Company values a comprehensive stakeholder concept (including an indirect relationship with the third parties). Therefore, it aims to offer better services to its stakeholders with an organizational structure complying with the ISO quality standards on data security, usage, exchange, storage - important points for the Company and stakeholders.

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.

In 2017, the Office of Press, which is also followed by the public, started to publish Emlak&Konut magazine on a monthly basis to inform the stakeholders. And all the past issues of the magazine are also accessible on the corporate web page.

12. Stakeholder Participation in Company Management

The Company strives to develop models supporting the participation of all stakeholders, especially its employees, in the management of the Company in a way not to interfere with the Company operations. The Company adopts

a comprehensive stakeholder concept and pursues it not only with the stakeholders but also with service users, service providers, and its employees. The Company receives opinions of stakeholders by keeping all kinds of communication channels open in important resolutions that bear significant outcomes for stakeholder interests.

Emlak Konut REIC undertakes the following activities to ensure the satisfaction and participation of stakeholders in the management.

- It monitors, reviews, and evaluates customer and employee requests and recommendations.
- The Company holds meetings to ensure their participation in the management and express opinions while reviewing the past feedback. In addition, our employees are able to submit their requests, suggestions, and complaints to relevant department units.

On the other hand, stakeholders are able to participate in the management pursuant to the legislation and internal regulations. The Board of Directors takes most of the important decisions as the Company's executive body.

As part of its relations with its customers and suppliers;

- The Company takes all kinds of measures to ensure customer satisfaction when marketing and selling goods and services. Therefore, the Company collects customer satisfaction feedback with the surveys at its sales offices and then evaluates and reports it to the Senior Management. The Company measured consumer expectations and tendencies by conducting various surveys in Istanbul's various regions to evaluate demands and expectations and developed relevant projections.
- The Company responds to customer requests regarding the purchased goods and services rapidly, and it compensates for the delays related to the goods and services purchased by the customers under the Regulation on Pre-paid House Sales, which was prepared on the basis of Articles 46 and 84 of the Law on the Protection of Consumers No. 6502 dated 07.11.2013.
- The Company adheres to quality standards in

goods and services and pays attention to the protection of the standard. For this purpose, it aims to provide a certain quality guarantee.

- The Company pays attention to the confidential information and trade secrets of its customers and suppliers.

13. Human Resources Policy

The Company presented its Human Resources Policy to all stakeholders on the corporate website. The Company did not make any updates to this policy throughout 2017.

The Company established a Staff and Human Resources Policy to keep productivity and effectiveness at the highest level by specifying, in its Organization Handbook, the methods and conditions necessary for staff selection, distribution of employment within the Company and staff training that help execution of services in the best way.

The Company's Directorate of Administrative Affairs and Human Resources started to provide services with the status of Administrative Affairs and Human Resources Department with the Circular No. 365 dated 04.03.2015 to provide better services. The Company revised the Administrative Affairs and Human Resources Department as Administrative Affairs Department with the consent dated 07.12.2015. This presidency also assumes the responsibility of Human Resources Department. This change aimed for a more effective HR management. Halil İbrahim Şahin oversees the Presidency of Administrative Affairs Department, and Ali Haydar Yıldırım oversees the Administrative Affairs and Human Resources Directorate.

The Company takes all measures to prevent employees from being discriminated on the basis of race, religion, language or gender, and protect them against internal physical, mental and emotional maltreatment. In 2017, the Company did not receive any complaints from its employees regarding discrimination or other issues. The Company employees were informed about all human resources processes (recruitment, promotion, job description, transfer, rotation, performance, rewarding, talent management, labor planning, remuneration and additional benefits, organizational development and process improvement). The Company communicated

all the issues to the employees through written arrangements. The Company organizes regular seminars on its financial state and operations as well as training, health, and similar matters while exchanging opinions with employees. The Company notifies the employees of the decisions or developments concerning them immediately. The Company takes productivity into account when determining salaries and other benefits given to employees.

The Company conducts transactions, processes, and applications under the provisions of the Labor Law No. 4857 and other relevant legislation regarding the aspects that are not regulated by any provisions of the Personnel Regulation and other relevant regulations.

The Company provides its employees with a safe work environment and conditions. Employees are subject to Social Security Law No. 506 in terms of social security benefits. All the employees have received training in 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 has not appointed a special representative yet for the conduct of relations with its employees as it has a Quality Management Representative. However, the Company continues to work to ensure the appointment of a representative to conduct relations with its employees on a healthier ground. The Quality Management Representative is responsible for preparing and/or ensuring the preparation and publication of all quality management system-related data and documents in coordination with the other department heads. In addition, an internal auditor was appointed to each department to ensure that all departmental duties and responsibilities are fulfilled. A 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. The 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 initiating

corrective and preventive actions against non-compliances and errors, as well as monitoring such actions. Together with Department Managers, Quality Management Representative makes use of statistical and analytical techniques for determining performance measurements of products and services. The Management representative evaluates the application results of the units created with statistical methods and submits them for management review at relevant meetings. The Quality Management Representative is responsible for the proper functioning of the entire Quality Management System.

14. Codes of Conduct and Social Responsibility

On its construction activities, the Company works in cooperation with its contractors to create project models that are based on nature-friendly and clean energy resources. The Company also takes measures for energy savings at its projects and workplaces, as it believes that effective energy savings will have consequences on the environment and economy. The Company takes into consideration public interest in all its activities and shows utmost care to ensure that the project complies with renewable energy and environmental awareness aspects.

Emlak Konut REIC carries on its all construction and manufacturing activities under the Construction Inspection Law, which was accepted on 29.06.2001, published in the Official Gazette No. 24461 dated 13.07.2001 and reached its final version with the Decree No. 4708 dated 02.11.2011.

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

The Company transformed the aforementioned principles into what lays in the bases of Emlak Konut REIC logo. Emlak Konut REIC's logo represents planned, quality and modern urban life, peaceful and safe family warmth, sensitivity

to green and environment. Emlak Konut REIC plans its social responsibility activities with an emphasis on "sustainability" and "social value creation." It constructs not only modern and healthy buildings and areas required by the public but also units that will be used for public interest. School and mosque constructions are the most typical examples.

ACTIVITIES UNDERTAKEN FOR
PUBLIC BENEFIT SINCE 2003

	School/ Kindergarden	Mosque	Health Facility
Completed Projects	25	6	3
Ongoing Projects	29	16	7
Total	54	22	10

In addition to the above activities, the following provides an explanation of the sponsorships primarily in education and culture areas for social responsibility and information purposes, public-focused activities (supported/initiated social work including those for local people);

- İlk-İm 17 National Meeting of Students, Sponsorship, May 1-3, 2017
- Forum Istanbul Conference (Turkey' Re-designs its Future) May 4-5, 2017
- Ecological Urban Design Competition, Sponsorship May 5, 2017
- World Technology, Innovation and Entrepreneurship Conference May 12-14, 2017
- Young Turkey Summit, Sponsorship May 12-14, 2017
- Green Screen Short Film Contest, Sponsorship May 21, 2017
- Mecca's Last 10 Years Catalog and Exhibition, Sponsorship June 1, 2017
- Aşk-ı Nebi Hiye-i Şerif Symposium and Exhibition, Sponsorship June 9-10, 2017
- 2nd R&D Innovation Summit, Sponsorship September 6-7, 2017

- Conference on the Overview of the Global Crisis through China and India, and Turkey September 12, 2017
- Urban Transformation and Strategic Approaches, Sponsorship October 20, 2017
- Panel on Izmir's Urban Transformation and Strategic Approaches, Sponsorship September 20, 2017
- Emlak Konut Sports Club Association, Sponsorship September 21, 2017
- Müsiad Vizyoner 17, Sponsorship October 11-12, 2017
- Sabah Newspaper Panel on Kayseri's Urban Transformation and Strategic Approaches October 19, 2017
- 2017 Summit on R&D and Commercialization in Strategic Technologies October 20-22, 2017
- Sabah Newspaper, Writers Club, Sponsorship October 27, 2017
- Open Door Project, Sponsorship November 1, 2017
- 13th Developing Regions Summit, Sponsorship November 7, 2017
- Panel on Antalya's Urban Transformation and Strategic Approaches, Sponsorship November 21, 2017
- Turkey Economy Summit, Construction Panel, Main Sponsorship November 22, 2017
- Sign of City Awards, Sponsorship November 28, 2017
- RE360 Big Gathering for the Real Estate Industry Conference, Session Sponsorship December 5-6, 2017
- Biz Anadoluyuz (We are Anatolia) Project, Social Responsibility December 7, 2017

Emlak Konut REIC attaches importance to social responsibility and related concepts, and it will continue to build up its support for the efforts with the potential to benefit the industry. The Company is sensitive to its social responsibilities; it complies with the environment, consumer, and

PART IV

BOARD OF DIRECTORS

public health regulations. The Company supports and respects internationally recognized human rights while fighting against corruption in all its forms, including extortion and bribery.

The Company continues to work toward creating a set of ethical rules with utmost care. The Company will disclose its ethical rules to the public through its corporate website after their formation.

15. Structure and Formation of the Board of Directors

Consisting of seven members elected by the General Assembly under the TTC provisions fulfilling the conditions set out in the Turkish Commercial Code and the Capital Markets Board legislation, the Board of Directors is responsible for managing and representing the Company before the third persons. Every year, the Board of Directors elects, in its first meeting, a chairman and at least one vice-chairman to act in chairman's place in their absence.

Board members are elected by the General Assembly. The Board consists of seven members including the Chairman, Vice-Chairman, and five other members. The number of independent members of the Board of Directors is not less than one-third of the total number of members. In the calculation of the number of independent members, fractions are considered to be the following integer. In any case, the number of independent members is not less than two, and there are three Independent Board members of the Company. Independent Members of the Board meet the independence criteria as defined in the relevant legislation.

Members can be re-elected at the end of their terms by being nominated. If a member leaves his or her position for any reason, the Board of Directors shall temporarily elect a member who satisfies the requirements set forth in the TCC and capital market legislation and present them for approval at the first General Assembly. The member elected in this way shall serve until the General Assembly and complete his/her predecessor's term in case of approval. General Assembly can remove the Board members at any time.

The Declaration of Independence of Ertan Keleş, Vice Chairman and an Independent Member of the Board of Directors, was established with the document dated April 19, 2017, No. 14392 approved by the Kadıköy Notary Office No. 9. The Declaration of Independence of Havvanur Ekmen, an Independent Member of the Board of Directors, was established with the document dated April 19, 2017, No. 14393 approved by the Kadıköy Notary Office No. 9. The Declaration of Independence of Muhterem İnce, an Independent Member of the Board of Directors, was established with the document dated April 19, 2017, No. 14394 approved by the Kadıköy Notary Office No. 9.

The Company disclosed the declarations of independence to all stakeholders under the General Assembly section of "Investor Relations" on the corporate website and corporate governance compliance report.

The Nomination Committee showed three independent member candidates (Ertan Keleş, Muhterem İnce, and Havvanur Yurtsever) within the relevant period and it prepared a report on 19.04.2017 showing that the candidates met the independence criteria submitted it to the approval of the Board of Directors on the same date, and it was approved by the Board of Directors on 19.04.2017. In the relevant period, no situation eliminated the independence of independent members.

The Company carries on its activities to set a target time to ensure that women account for at least 25 percent of the Board of Directors. The Company has a sensitive approach towards having women as Board members, and currently, Havvanur Yurtsever (independent member) serves

as a woman member on the board of directors.

The Board members allocate sufficient time to company activities. If a board member is a manager or board member at another company or provides consultancy services to another company, it is essential that such situation does not cause a conflict of interest or hinders that member's duties at the Company. When members can take another duty or duties outside the Company are determined or limited by the CMB communiques and the TTC provisions. The duties and transactions that can be carried out by Board members outside the Company are stated in Article 22 of the Company's Articles of Association as follows: Shareholders, Board members, senior executives and their spouses and second degree relatives by blood or marriage who has control of the Company management should receive the General Assembly's prior approval to be able to carry out transactions that can cause conflict of interest with the Company or its subsidiaries and the Assembly should be informed about such transactions.

Board Members

Name and Surname	Gender	Position	Occupation	Duties Undertaken in the Company in the Last Five Years	Current Duties Undertaken outside the Company	Duty Term	Share Group	Whether an Independent Board Member	The Committees and Duties
Ertan YETİM	Male	Chairman of the Board of Directors (Executive),	Civil Engineer	Vice Chairman of the Board of Directors	TOKİ/ Specialist/ Serving since 23.03.2007.	1 Year	A.B	Non-Independent Member	
Ertan KELEŞ	Male	Vice Chairman of Board of Directors (non-executive)	Civil Engineer	Independent Board Member	Vice President of the Executive Board, TÜMAŞ	1 Year	B	Independent Member	Chairman of the Corporate Governance Committee and Committee Member, Chairman of the Audit Committee and Committee Member, Member of the Early Risk Detection and Risk Management Committee
Murat KURUM	Male	Member of the Board (executive)	Civil Engineer	Member of the Board and General Manager	Independent Board Member, GYODER	1 Year	A.B	Non-independent Member	
Sami ER	Male	Board Member (non-executive),	Mechanical Engineer	Board Member	TOKİ/Vice President	1 Year	A.B	Non-Independent Member	Corporate Governance Committee Member
Muhterem İNCE	Male	Board Member (non-executive),	Certified Public Accountant	Independent Board Member	Certified Public Accountant, Board Member at İller Bank	1 Year	B	Independent Member	Member of the Audit Committee, Member of the Corporate Governance Committee
Havvanur YURTSEVER	Female	Board Member (non-executive),	Attorney	Independent Board Member	Municipal Council Member, Istanbul Metropolitan Municipality and Zeytinburnu Municipality, Attorney	1 Year	B	Independent Member	Member, Audit Committee, Member, Early Risk Detection Committee and Risk Management Committee
Mehmet ÖZÇELİK	Male	Board Member (non-executive),	Civil Engineer		TOKİ/Vice President	1 Year	A.B	Non-independent Member	Member, Early Risk Detection and Risk Management Committee



ERTAN YETİM
CHAIRMAN OF THE
BOARD OF DIRECTORS / EXECUTIVE

Ertan Yetim was born in 1966 in Trabzon. He graduated from Trabzon High School in 1984 and from the Civil Engineering Department, Black Sea Technical University in 1988. He served as a civil engineer, site manager and technical manager in the private sector from 1988-1997. He served as a construction site control officer at KİPTAŞ, a subsidiary of Istanbul Metropolitan Municipality, between 1997 and 2004. He served as the General Manager of Emlak Pazarlama İnşaat Proje Yönetimi ve Ticaret A.Ş., a subsidiary of TOKİ between 2004 and 2005. He became a Member of the Board of Directors at Emlak Konut REIC in 2005 and served as the Vice-Chairman of the Board. Starting civil service as an expert civil engineer at TOKİ in 2007, he has been the Chairman of the Board of Directors at Emlak Konut REIC since 2011.



ERTAN KELEŞ
VICE-CHAIRMAN OF THE BOARD OF
DIRECTORS NON-EXECUTIVE / INDEPENDENT

Ertan Keleş was born in 1976 in Giresun. He graduated from Civil Engineering Department of the Middle East Technical University in 1998. He served as a Construction Engineer at Telekomünikasyon İnşaat. A.Ş. and Dky Telekomünikasyon İnşaat. A.Ş. from 1998-2000 and 2001-2002, respectively. He worked as a Project Manager at Aset Dekar Joint Venture from 2002-2004, and as Deputy General Manager at Yalova Hazır Beton Ltd. Şti. and Turkuaz Kablo Taah. İnşaat. Tic. A.Ş from 2004-2005 and 2002-2005, respectively. From 2005-2014, he served as a Board Member and General Manager at Beltur A.Ş. company of Istanbul Metropolitan Municipality. He served Reform Dış Ticaret Ltd. Şti as a consultant from 2014-2016. Since 2014, he has assumed the role of Emlak Konut REIC's Vice Chairman of the Board of Directors. In addition, he started to serve TÜMAŞ Vice Chairman of the Board of Directors in 2016.



MURAT KURUM
MEMBER OF THE BOARD OF DIRECTORS,
GENERAL MANAGER / EXECUTIVE

Murat Kurum was born in 1976 in Ankara. He graduated from Civil Engineering Department, Faculty of Engineering and Architecture of Selçuk University in 1999. He worked as a Construction Coordinator at Gestaş İnşaat San. ve Tic. A.Ş., Haşemoğlu İnşaat San. ve Tic. Şti., and Levent Yapı from 1999-2000, 2001-2004, and 2004-2005, respectively. He served as an Expert at TOKİ's Presidency of Application Department from 2005-2006. He served as the Branch Manager at the Presidency of Application Department of TOKİ İstanbul (European side) from 2006-2009. Since 2009, he has served as Emlak Konut REIC's General Manager. Also, he has been a GYODER Board Member since 2014.



HAVVANUR YURTSEVER
MEMBER OF THE BOARD OF DIRECTORS
NON-EXECUTIVE / INDEPENDENT

Havvanur Yurtsever was born in Ankara in 1972. She graduated from the Faculty of Law of Istanbul University in 1996. She had her law internship at Attorney Necati Ceylan's law firm between 1996 and 1997. She worked as a contracted lawyer at Halk Bankası A.Ş. and T. Telekomünikasyon A.Ş from 2008-2014 and 2003-2014, respectively. She has served Emlak Konut REIC as a member of the Board of Directors since 2014. She served as a member of Istanbul Metropolitan Municipality's Council, Zeytinburnu Municipal Council, Chairperson of the Municipality's Law Commission and also Assistant Vice-President of Zeytinburnu Municipal Council. She is married with three children.



MEHMET ÖZÇELİK
MEMBER OF THE BOARD OF
DIRECTORS / NON-EXECUTIVE

He was born in 1965 in Burdur. In 1988, he graduated from Civil Engineering Faculty of Istanbul Technical University. He served the 1st Stage of Halkalı Mass Housing as Infrastructure Field Engineer and Site Manager from 1988 to 1991. Mr. Özçelik worked as the Chief Maintenance Engineer at 17th Region of Highways until 1993. He served the Directorate of Building and Inspection, Güngören Municipality as an engineer (1993-1994) and then Building Inspection Manager (1994-2002). Mr. Özçelik was appointed as the Head of Istanbul Metropolitan Municipality's Transportation Coordination Directorate in December 2002. He served the Municipality as the Head of the Road Maintenance and Repair Directorate (2004-2012), the Head of Road Maintenance and Infrastructure Coordination Department (2012-2013) and finally the Civil Works Department (2013-2014). Appointed as the Vice President of the Republic of Turkey Prime Ministry Housing Development Administration in 2014, Mehmet Özçelik is married with three children.



SAMİ ER
MEMBER OF THE BOARD OF
DIRECTORS / NON-EXECUTIVE

He was born in 1963 in Malatya. He completed his first, middle, and high school education in Malatya. He graduated from the Mechanical Engineering Department, Faculty of Engineering of Yıldız Technical University in 1989. Mr. Er obtained his master's degree Istanbul Sabahattin Zaim University in the field of Urban Planning and Management (Urban Transformation) under the Department of Architecture, Institute of Science. He started his working life at Ümran Boru San. Tic. A.Ş. as an Engineering and Quality Control Manager and served this company from 1989-1990. Between 1990-1992, he served as a Control Engineer in the Diyarbakır Construction and Real Estate Directorate of the Ministry of Defense. Then, he worked as a Control Engineer in Beykoz Göksu Evleri project with 1400 housing units from 1992-1993. In 1993, Mr. Er started to work as an engineer in the Istanbul Bağcılar Municipality. He served the same institution at various levels including as a Chief, Deputy Manager, and Manager. From 2004-2005, he worked as the Head of the Directorate of Civil Works and Zoning at Yakuplu Municipality of Büyükçekmece, Istanbul. In 2005, he was appointed as the Deputy Mayor of Fatih Municipality responsible for the Directorates of Accounting, Revenue, Procurement, License and Inspection, Municipal Police, Human Resources, Information Technology, Civil Works and Park and Horticulture. He served as Deputy Mayor until 2008 as well as the Chairman of the Board of Directors of Halktaş A.Ş., a Fatih Municipality affiliate. In 2008, he was appointed as the Secretary-General of Malatya Special Provincial Administration. In addition to this duty, he served as a Board Member of Esenlik, a joint affiliate of Malatya Municipality and Special Provincial Administration and Organized Industrial Zone until 2011. In September 2011, he was appointed as the Vice Mayor in charge of Financial Affairs and Investments in Istanbul's Üsküdar Municipality serving in this role until July 2014. Mr. Er is also a founding member and a member of the board of trustees in various foundations and associations. Appointed as the Vice President of the Republic of Turkey Prime Ministry Housing Development Administration in July 2014, Sami Er is married with four children.



MUHTEREM İNCE
MEMBER OF THE BOARD OF DIRECTORS
NON-EXECUTIVE / INDEPENDENT

He was born in 1979 in Istanbul. He graduated from the Faculty of Political Sciences of Istanbul University in 1993. In 2000, he earned his Master's degree from the Institute of Social Sciences, Kırıkkale University. In 2017, he assumed the role of Independent Board Member of Emlak Konut REIC. He has been an Undersecretary (Governor) within the Ministry of Interior since 2016. He assumed the following roles: Artvin Governor (06.2016-09.2016); General Manager, Ankara Directorate General for Personnel (02.2014-06.2016); Deputy General Manager, Directorate General for Personnel (08.2013-02.2014); Deputy General Manager, Ankara Directorate General for Personnel (07.2013-08.2013), Head of Department - Directorate General for Personnel (09.2011-07.2013), Unit Head, Directorate of Education (09.2009-09.2011); Çanakkale Eceabat District Governor (10.2005-09.2009); Erzurum Nayman District Governor 10.2002-10.2005); Adıyaman Samsat District Governor (10.2000-10.2002); Kırıkkale Sulakyurt District Governor (05.2000-10.2000); Kırıkkale Sulakyurt Governor (09.1997-04.2000); District Governor Candidate-Edirne Governor (07.1994-09.1997). He is married with two children.

16. Operating Principles of the Board of Directors

The Board meets with the frequency that it can effectively fulfill its duties and with the majority of its members. The method for holding board meetings is written in Article 14 of the Company's Articles of Association. The Board convenes upon the invitation of the chairman or vice chairman. Each member of the Board of Directors may apply in writing to the Chairman or Vice Chairman and request that the board be called for a meeting. Board members shall have the authority to make a meeting request if the Chairman or the Vice Chairman still does not call the Board of Directors to a meeting. Shareholders with at least 5 percent share of the Company's capital may invite the Board of Directors to hold a meeting by submitting a request to the Chairman. If the Chairman comes to a conclusion that there is no need to convene immediately, he or she can open the matter subject to the invitation up for discussion at the next Board meeting.

The Chairman of the Board of Directors meets with the other members of the Board of Directors and General Manager to determine its meeting agenda. The Board can decide to make changes to the agenda. The members take pay attention to attending each meeting and reporting their opinions.

The Board takes decisions with the majority of the members present at the meeting. So if the number of votes is equal, that topic is left to the next meeting. A proposal with equal votes in that particular meeting is considered rejected. Every member has one voting right at meetings. The voting right can be exercised in person. Votes are cast as in favor and against during the Board meeting. The member casting a vote against writes down the reason and puts his/her signature.

The Board adopted 229 resolutions between 01.01.2017 and 31.12.2017. All resolutions were adopted unanimously and applied. The Board of Directors convened with the majority of the total number of members and adopted its resolutions with the majority of the members present at the meeting. All Board members participated in most of the meetings. The board members did not express any opinions against the resolutions adopted by the Board in its meetings throughout 2017. Board members are not granted weighted voting rights and/or veto rights.

In the board meetings, the agenda items are discussed openly in all aspects. The Board Chairman exerts efforts to ensure the active participation of the non-executive members in the board meetings. Questions from board members and their reasonable and detailed counter-vote justifications are recorded in resolution minutes. No such opposition and different opinions were stated throughout the period. It undertakes, as part of the Company organization, the duties of Directorate of Private Affairs and Board secretariat. Resolutions adopted by the Board of Directors are kept and presented to the relevant authorities when deemed necessary.

The approval of the majority of independent members is required in the Board of Directors resolutions regarding the Company's all related party transactions and the issuance of guarantees, pledges, and mortgages for third parties. The failure to obtain such approval is announced to the public under the public disclosure regulations with sufficient information on the transaction, and the transaction is presented to the General Assembly for approval. Board resolutions lacking these principles are not considered valid. In this period, the Board of Directors did not make any resolution which required the majority of independent members.

Under Article 19 of the Company's Articles of Association "A member of the Board of Directors shall not participate in negotiations where there is a conflict of interest between their personal interests outside the Company and those of the Company as well as between the interests of any of their descendants or spouses or their kinships until third degree including those by marriage and interests of the Company. Board members who breach this provision or members who do not object knowingly to a violating member's participation in the meeting despite the objective nature of the conflict of interest and board members who take a decision to let such members participate in the meeting shall be liable to compensate losses incurred by the Company."

In this period, the board did not present to the General Assembly any matters related to unapproved related party transactions or important transactions submitted to the approval of the independent board members.

The loss that may be caused by Company's Board members and senior management due to their faults in their duties is insured up to \$20 million.

17. Number, Structures, and Independence of the Committees under the Board of Directors

As stated in Article 17 of the Company's Articles of Association: "The Board of Directors will determine and announce to the public in detail the tasks and work areas of the committees and their membership composition taking into account the provisions of the Articles of Association, the Corporate Governance Principles published by the CMB and related legislation."

The company created the committees at the Board of Directors meeting after the amendment of the Articles of Association pursuant to the regulations made mandatory by Communiqué on the Identification and Implementation of Corporate Governance Principles of the Republic of Turkey Prime Ministry Capital Markets Board (Serial: IV, No: 56) and Corporate Governance Communiqué no. II-17.1. The Company followed the legislative and regulatory requirements and made necessary committees arrangements.

Committees Established under the Board of Directors

The following committees continue to carry out activities within Emlak Konut REIC: "Corporate Governance Committee, Audit Committee, Early Risk Detection and Risk Management Committee." The Corporate Governance Committee also fulfills the responsibilities of the "Remuneration and Nomination" committees.

Committees act in accordance with the working principles prepared under Emlak Konut REIC's internal regulations and the legislation. A board member is assigned to more than one committees under current conditions (because the tasks of the Nomination Committee and Remuneration Committee are undertaken by the Corporate Governance Committee, the Company has three independent members, executive members are required to avoid taking part in committees (except for the Corporate Governance Committee), all the Audit Committee members are independent members, and the committee presidents are elected from such members).

"Duties, working principles, task fields and member composition of the committees are announced by the Board of Directors in detail taking into account the provisions of the Articles of Association, the Corporate Governance Principles published by the CMB and the relevant provisions of the legislation. All the committee members are non-executive Board members (except for the Corporate Governance Committee because Deputy General Manager Hakan Akbulut, to whom the Investor Relations Unit reports to, and Vehbi Arslantürk, President of the Director of the Investor Relations Department are members of the Corporate Governance Committee). The committee presidents are elected from the independent board members. All members of the Audit Committee are also independent members of the Board of Directors. The Company has not assigned or appointed any chief executive officers. General Manager does not assume duties in any of the committees.

The Board of Directors provides all the resources and support necessary for the committees to fulfill their duties. The committees may invite the persons they deem necessary to their meetings and take their opinions. Committees may benefit from independent expert opinions on matters they consider relevant to their activities. The costs of such consultancy services are met by the Company. The committees keep a written record of all the activities they undertake. The committees convene when necessary and as described in the working principles to ensure the effectiveness of their activities. The committees present the reports on their activities and meeting results to the Board of Directors.

Corporate Governance Committee

The Corporate Governance Committee determines whether the Company implements Corporate Governance Principles and finds conflicts of interest that result from failure to fully comply with these principles, it makes recommendations to the Board to improve corporate governance practices and works closely with the Investor Relations Department.

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 non-conformities as well as working on investor relations and public disclosures. The committee will review and assess the systems and processes in place or planned, and bring proposals in order to implement methods and practices to enhance the Company's performance. It will also perform the duties of the Nomination Committee, Early Detection of Risk and Remuneration Committee pursuant to the Corporate Governance Principles.

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

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. Thus, the working period of the Committee is in line with that of the Board.

Members of the Corporate Governance Committee (Nomination Committee and Remuneration Committee)

Members of the Corporate Governance Committee (Nomination Committee and Remuneration Committee)

Ertan KELEŞ	Independent Board Member-Non-executive/Committee Chairman	April 26, 2017
Muhterem İNCE	Independent Board Member-Non-executive/Committee Member	April 26, 2017
Sami ER	Independent Board Member-Non-executive/Committee Member	April 26, 2017
Hakan AKBULUT	Assistant General Manager (Financial)/ Executive/Committee	April 26, 2017
Hasan Vehbi ARSLANTÜRK	Head of the Presidency of Investor Relations/ Executive/Committee Member	April 26, 2017

Corporate Governance Committee (Nomination Committee)

The duties of Nomination Committee stipulated in the Corporate Governance Principles is fulfilled by the Corporate Governance Committee.

The Nomination Committee is responsible for;

- a) Establishing a transparent system for the determination, evaluation, and training of the candidates for the Board and executive positions with managerial responsibilities as well as working to determine relevant policies and strategies,
- b) Making regular assessments on the structure and efficiency of the Board of Directors and presenting its recommendations on any likely changes on these matters to the Board.

Following are the Nomination Committee's meeting dates and main agendas in 2017;

- 19.04.2017: Designation of Candidates for Independent Board Member Assignment

Corporate Governance Committee (Remuneration):

The duties of Remuneration Committee stipulated in the Corporate Governance Principles is fulfilled by the Corporate Governance Committee.

Remuneration Committee;

- a) It determines the principles, criteria, and practices to be used for the remuneration of the members of the Board of Directors and the managers who have administrative responsibilities taking into account the Company's long-term goals and oversees them,
- b) It presents proposals to the members of the Board of Directors regarding the wages to be paid to the Board members and managers with administrative responsibility taking into consideration the level of accomplishment of the remuneration criteria.

Following are the Remuneration Committee's meeting dates and main agendas in 2017;

- 23.01.2017: Wage Method Regulation
- 05.04.2017: Board Members Wages
- 10.07.2017: Employee Wages in the Second Half of 2017

Audit Committee

Working under the Board of Directors, the Committee aims to monitor the operation and effectiveness of the Company's accounting system, the disclosure of financial information to the public, independent audit, and the Company's internal control and internal audit system in accordance with Article 17 of the Company's Articles of Association. The selection of the independent audit firm, initiation of the independent audit process through independent audit contracts, and the activities of the independent audit institution at each takes place under the supervision of the Audit Committee.

The Audit Committee determines the independent auditing institution that will serve the Company as well as the services to be obtained and submits them to the Board of Directors for approval.

The Audit Committee determines the methods and criteria to be applied to the examination and resolution of the complaints received by the Company regarding the accounting, internal control system and independent audit as well as a confidential assessment of company employees, accounting, and independent audit matters.

After taking the views of the Company's responsible managers and independent auditors, the Audit Committee provides the Board of Directors with its evaluations regarding the authenticity and accuracy of the annual and interim financial statements that will be disclosed to the public in terms of accounting principles.

All resources and support are provided for the committees to fulfill their duties. But, our audit committee does not comprise any members with 5 years of experience in audit/accounting and finance matters because the committees have the opportunity to benefit from independent expert opinions on audit/accounting and finance matters when needed.

The Audit Committee convenes at least once every quarter and four times a year, and it records results of the meetings to the minutes presents them to the Board of Directors. The annual report (Corporate Governance Compliance Report) explains the activities of the Audit Committee and the results of the meetings. The Audit Committee notifies the Board of Directors of its findings and

suggestions in writing immediately regarding its duties and responsibilities. Accordingly, the Audit Committee made four written notifications to the Board of Directors within the relevant accounting period.

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

Members of The Audit Committee		
Ertan KELEŞ	Independent Board Member-Non-executive/ Committee Chairman	April 26, 2017
Muhterem İNCE	Independent Board Member-Non-executive/ Committee Member	April 26, 2017
Havvanur YURTSEVER	Independent Board Member-Non-executive/ Committee Member	April 26, 2017

Following are Audit Committee's meeting dates and main agendas in 2017;

- 27.02.2017: Statement of Liability for Financial Statements
- 28.04.2017: Statement of Liability for Financial Statements
- 09.08.2017: Statement of Liability for Financial Statements
- 30.10.2017: Statement of Liability for Financial Statements

Early Risk Detection 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 are specified as follows in the relevant article of Emlak Konut REIC's Operating Principles of Early Risk Detection and Risk Management Committee:

The Company reviews its management systems at least once a year to detect and assess any strategic, operational, financial and similar risks

that may endanger the Company's existence, development, and continuity, to calculate the impact and probability of such risks, to manage and report them pursuant to corporate risk-taking profile, to implement necessary measures for detected risks, to ensure their consideration in decision-making mechanisms, and accordingly, to advice and make recommendations to the Board of Directors for the establishment and integration of effective internal control systems.

The operating principles and member details of the Committee are available on our corporate website under the section Corporate Governance.

Members of the Early Risk Detection and Risk Management Committee

Members of the Early Risk Detection and Risk Management Committee		
Havvanur YURTSEVER	Independent Board Member-Non-executive/ Committee Chairman	April 26, 2017
Ertan KELEŞ	Independent Board Member-Non-executive/ Committee Member	April 26, 2017
Mehmet ÖZÇELİK	2017 Member-Non-executive/Committee Member	April 26, 2017

Following are the Early Risk Detection and Risk Management Committee's meeting dates and main agendas in 2017;

- 27.01.2017: Activities of the Early Risk Detection and Risk Management Committee
- 10.03.2017: Activities of the Early Risk Detection and Risk Management Committee
- 18.04.2017: Activities of the Early Risk Detection and Risk Management Committee
- 17.05.2017: Activities of the Early Risk Detection and Risk Management Committee
- 12.06.2017: Activities of the Early Risk Detection and Risk Management Committee
- 17.07.2017: Activities of the Early Risk Detection and Risk Management Committee
- 25.08.2017: Activities of the Early Risk Detection and Risk Management Committee

- 04.10.2017: Activities of the Early Risk Detection and Risk Management Committee
- 10.11.2017: Activities of the Early Risk Detection and Risk Management Committee.

18. Risk Management and Internal Control Mechanism

Emlak Konut REIC attaches importance to risk management and carries on its efforts to improve it continuously mainly as a capital market institution in principle. The Company strives to implement a total risk management system to institutionalize the risk management and achieve sustainable growth with effective risk management. Early Risk Detection and Risk Management Committee was formed in 2012. It plays an active role in the Company's management and decision-making mechanisms.

The important risks and uncertainties faced by Emlak Konut REIC within the industry and in its own structure can be briefly summarized as follows:

Given the Company's activities, the business model is based on purchasing lands in Turkey, developing real estate projects on purchased lands, and marketing and selling of houses produced. However, the Company's profit from the projects depends largely on good and attractive land procurement and revenues from sales. A lack of lands with convenient conditions for the projects and lower than expected sales may adversely impact the Company's profit margin and other financial values.

The Company's activities are dependent on Turkey's economic situation, and negative developments may have a negative impact on the Company's activities, financial situation, and results. The Turkish real estate market sees effective competition. Strong competition in the real estate industry may lead to a surplus of housing supply. The activities of the Company are subject to various regulatory arrangements including CMB regulations and Capital Markets Law. In the case of a change in the capital market legislation for REICs, the Company faces the risk of being adversely affected by such possible changes. Failure to obtain the required development plans and to obtain construction and environmental permits may adversely affect the Company's existing and/or newly developing projects. Home buyers in Turkey

generally meet a portion of the purchase price with long-term housing loans. The rise in interest rates may lead to a decrease in demand for housing. Consumers have the right to terminate real estate preliminary sales contracts until the delivery of the departments without showing a valid reason and to take back their payments. A significant increase in the number of terminated contracts would adversely affect the Company. Liquidity risk refers to the risk of not meeting the net funding requirement arising from the Company's obligations. In this context, the Company arranges maturity structures of financial liabilities in line with maturity structures of the assets included in the balance sheet and strives to prevent maturity mismatches. The Company is exposed to the interest rate risk arising from interest rates changes due to interest-earning assets and interest-containing liabilities. Land and house stocks, investment-focused properties and tangible fixed assets in the Company's financial statements are exposed to the impairment risk. The Company is exposed to receivables and credit risk mainly due to trade receivables arising from credit sales and deposits held in banks.

As part of risk prevention, it carries out activities to detect risks that may damage the existence, development, and future of the Company, implement necessary measures for early detected risks and their management. It receives opinions of the management and related parties to identify areas that may cause administrative risks and vulnerabilities and to remedy the deficiencies. The Company reviews its risk management systems at least once a year. It reviews and resolves noteworthy complaints regarding the management and ensures that the employees make relevant notifications to the management in compliance with the confidentiality principle.

Emlak Konut REIC has an internal control mechanism in place. This process is based on the evaluation conducted by relevant departments and directors regarding their work-flows and results as natural extensions of organizational structure. The internal control system and audit carry out activities regarding not only the past but possible developments.

The Company's key risk management model implemented requires the relevant departments with duties and powers to identify their own risks and take possible measures before the

emergence of risk. It strives to promote 'complete risk management' by exchanging information continuously with all the departments and senior management.

The Board of Directors monitors the risks associated with business from a macro perspective and asking the departments, when necessary, to conduct reviews and reporting so that it can evaluate results. The internal audit mechanism and the Audit Committee monitors possible risky developments closely. Early Risk Detection and Risk Management Committee gathers the necessary information inside the Company and informs the Board of Directors on risk management.

Emlak Konut REIC focuses on the total risk management approach as well as the unpredictability of financial markets, and it aims to avoid a deterioration in its financial performance by minimizing the impact.

The Company shapes its activities related to corporate risk management according to legal regulations because risk management is an integral part of both the new TCC and the new Corporate Governance Principles.

The Early Risk Detection and Risk Management Committee, whose essential function is to reduce and prevent risks, communicates with the Board of Directors constantly with a view to improving corporate risk management understanding. Nevertheless, this committee carefully monitors information flow both inside and outside the Company conducting necessary activities in case of an early warning.

The Internal Control Mechanism fulfills its duty more effectively thanks to the establishment of the Audit Committee. The Audit Committee undertakes the tasks assigned by the Board of Directors under the current internal regulations of the Audit Committee.

The internal control mechanism established within the Company involves a quality management approach designed to control the overall business quality and the accuracy of the policies to be followed. The Company conducts internal quality audits to check whether the quality system documentation is used appropriately and effectively, determine malfunctions that may have occurred or may occur in the system, take relevant measures and ensure that the quality system is processed and developed in as planned.

The Company conducts Internal Quality Audits as specified in the audit plan. Audits are carried out by qualified and trained personnel who are independent of the field to be audited and who can make objective decisions. The internal auditor cannot examine the department they serve. Internal Quality Examinations are carried out by personnel who are not responsible for the audited department.

Emlak Konut REIC establishes a system to audit the Internal Examination Procedure and Quality Management System in terms of sufficiency, suitability, and effectiveness and to initiate corrective and, when necessary, preventive actions regarding nonconformities.

Such examination takes place in accordance with the Internal Inspection Plan. Examination activities involve the review of the documents and processes. The assigned personnel uses questionnaires, Process Evaluation Cards and related documents and records results. Auditors collect all findings supported by objective evidence during the audit. All audit checklists and notes are maintained in the audit file.

The auditors make preparations for the department to be examined as specified in the audit plan. They examine the relevant audit form questions and documents.

The Quality Management Representative collects and analyzes the Internal Audit results periodically to assess the effectiveness of the Quality Management System. Repeated findings and ineffective management activities constitute important evidence for Quality and Risk Management. All internal audit data are analyzed and examined in the management's oversight meeting agenda and according to the management oversight procedure.

The quality management system involves the application of the Preventive Action Procedure to plan and implement preventive actions to eliminate the causes of the current nonconformities, prevent their repetition and monitor the results.

19. Strategic Goals of the Company

With the Board Resolution on December 23, 2014, Emlak Konut REIC developed a five-year strategic plan, which began in 2015. This strategic plan

will be valid from 2015-2019. The Company pays utmost care to achieve the strategic goals and objectives with this plan. The 5-year strategy was approved and implemented by a Board of Directors meeting approved by all members. The strategic plan was revised with the resolution of the Board of Directors dated May 8, 2015, and no. 34-094. The 5-year plan and the following revision were communicated to the Company's administrative staff and all the units. The Company evaluates the progress in reaching the targets. And the results obtained within the five year period will be subject to evaluation by the Board of Directors. The Board reviews the targets immediately in the case of divergence, takes necessary measures and initiates the process regarding regulatory activities.

The Board of Directors is responsible for achieving the Company's operational and financial performance targets as announced to the public. In case of a failure to reach the publicly announced operational and financial performance targets, the Company announces this situation and the reasons in its annual report.

The Board of Directors evaluates its short-, medium- and long-term strategic plans as often as it deems necessary. In doing so, it takes into account all systemic and non-systematic data, particularly financial and non-financial company data. In the short term, it makes a general assessment on reaching the main objective in qualitative and quantitative terms in every quarter.

The creates its short- and medium-term plans in line with its main objective and it exerts efforts to boost total benefit in the short and long-term to reach its goals. However, it makes the short-term planning changes (if necessary) annually. Here the main objective is "to become one of world's most renowned Real Estate Investment Trusts and, thus, create a national brand by safeguarding both economic and social benefits."

20. Financial Rights

The Remuneration Policy, which includes all rights, benefits, and wages given to the Board members and senior executives as well as the criteria used to determine them and remuneration principles, is available on the corporate website for the review of all stakeholders. It is also published in the relevant section of the annual report (within the Corporate Governance Compliance Report).

All rights, benefits, and fees given to the Board members and senior executives are discussed and voted on at the General Assembly as under an agenda item. The Company presented the remuneration principles and criteria to the review of the shareholders with the "Disclosure Document" published on the PDP on March 31, 2017, before the General Assembly, which was held on April 26, 2017. This issue was discussed and voted as agenda item 9 and accepted with the majority of votes in the General Assembly dated 26.04.2017. All documents related to the General Assembly are also available on the corporate website.

In addition, Article 16 of the Articles of Association stipulates the principles related to "Wages of the Board Members and Senior Managers." The Company presents its Articles of Association to stakeholders on the corporate website.

The benefits provided to senior managers are announced to the public with references to total figures in the footnotes of financial statements and independent audit reports.

Benefits to the senior management	January 1- December 31 2017	January 1- December 31 2016
Wages and other short-term benefits	5,876	3,096
	5,876	3,096

In 2017, the Company did not lend or provide loans to any Board Member or senior manager. Nor did the Company extend the duration of the previous debts and loans, improve their conditions, provide personal loans under through a third party or give guarantees such as sureties in their favor.

POLICIES

Dividend Payout Policy

Following is Article 30 of the Company's Articles of Association:

Articles of Association, Article 30: Dividend Payout

The Company observes profit distribution regulations under the 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.

Primary legal reserve

- a) Five percent of the balance sheet profit is set aside as primary legal reserves until the total reserve reaches 20 percent of the paid-in capital pursuant to Paragraph 1, Article 519 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 the 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) Second legal reserve is set aside pursuant to Sub-paragraph (c), Paragraph 2, Article 519 of the TCC.
- e) 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 20 of the Capital Markets Law.

In accordance with CMB communiques and regulations, our Company may distribute a minimum of 40 percent of the distributable net period profit (giving cash or bonus shares or both cash and bonus shares to a certain extent) calculated at year-end based on the profit share distribution proposal of the Board of Directors that is submitted to the General Assembly for approval. In doing so, the Company takes into account any negativity in the national and global economic conditions or factors such as the circumstances of the projects and funds on the agenda."

Disclosure Policy

A. Objective and Scope

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 Capital Markets Legislation, Turkish Commercial Code, Borsa Istanbul Legislation and other relevant legislation.

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.

B. Public Disclosure Methods and Means

The Company uses the following methods and means to inform its stakeholders in accordance with the periodic statements, reports and other means for public disclosure set forth in articles 38 and 39 of the Communiqué on Principles Regarding Real Estate Investment Companies (No: III-48.1).

- Material event disclosures
- Financial Statements and Footnotes, and Independent Audit Report communicated to Borsa Istanbul periodically

- Quarterly Reports
- Annual Reports
- Corporate website
(<http://www.emlakkonut.com.tr>)
- Investor and Analyst Meetings
- Press releases
- Press conferences

The Company's website is accessible at www.emlakkonut.com.tr. The website provides the up-to-date version of the Articles of Association, periodical financial statements and reports, prospectuses, public offering circulars and general assembly agendas are listed on the website.

The website is updated on a continuous basis to provide up-to-date information on the Company and organizational structure. The Company shall speedily respond to all information requests made via the corporate website.

The Directorate of Press and Public Relations prepares the releases to inform the public and/or as part of the Company's corporate communication activities by receiving support in issues requiring specialization.

I. Disclosures to the Press

The Company holds press conferences and issues press releases to disclose information about its activities such as ongoing projects and medium- and long-term strategies. The Company adheres to the content of material event disclosures when preparing for the press conferences. The Company complies with the principle of equality when inviting the press members to meetings.

- The monitoring of company-related news and rumors published by media outlets or appearing on websites and principles for making statements:

The Company monitors national and international media as well as other communication channels for news and rumors about the Company. In case of new public disclosures or inaccurate news or rumors about previously disclosed information, the Company evaluates their effects on the value and price of the Company shares as well as on the investment decisions of the investors. If deemed appropriate or necessary, the Company makes a public statement as to the accuracy or legitimacy of such news or rumors in accordance

with the principles set forth by the Capital Markets Legislation.

As a principle, the Company does not deliver any opinions on market rumors and speculations. However, the Company makes a public statement regarding unfounded news in the case of a confirmation request from the Capital Markets Board and/or Borsa Istanbul pursuant to the provisions of the Capital Markets Legislation or if the management deems giving an answer necessary or appropriate.

II. Principles regarding the disclosure for investors and access to presentations and reports announced at investor briefing meetings or press conferences

The Company's Directorate of Investor Relations manages disclosures to investors and analysts. The department assesses the meeting demands of natural or legal persons, and upon receipt of 10 requests in a week, the department schedules a meeting and informs the requesters. Presentations and/or explanatory information are published on the corporate website following the presentation, teleconference or speech. The Company representatives may occasionally attend national and international conferences or meetings in order to disclose information to investors and analysts. We manage address questions through telephone or e-mail and provide replies within 10 working days at the latest.

C. Insider Information and Measures to Ensure the Confidentiality of Insider Information until Its Disclosure to the Public

Insider information is non-public knowledge about a material event, which may affect the value and price of the capital market instruments or the investment decisions of investors. Access to such information could provide unfair advantages over other investors when used for trading capital market instruments. The release of such information to the public may be detrimental to the value of the capital market instrument and influence investors' investment decisions.

In case of a material event, the other parties who communicate with the Company 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 Borsa Istanbul. The Company employees

will not release any information that may be considered a material event with third parties under any circumstances. If the Company determines that insider information was disclosed to the third parties unintentionally and concludes that the confidentiality of information could not be maintained, the Company will issue a material event disclosure pursuant to the capital markets legislation.

Pursuant to the CMB's Communique on the Principles Regarding the Public Disclosure of Material Events (No: II-15.1), the Company prepares a list of natural or legal persons, 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 Department, where the list is prepared and updated.

In accordance with the changing project scopes and current issues, the Company 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 ensures that the individuals on the list are informed in writing of their obligation to protect the confidentiality of the insider information.

In accordance with the provisions of the CMB's Communique on the Principles Regarding the Public Disclosure of Material Events (No: II-15.1), the Company may postpone the disclosure of the list to prevent damage to the legitimate rights and interests of the individuals on the list.

D. Communication with Shareholders and individuals Authorized to Make Public Disclosures

The Company will determine whether any information request constitutes a trade secret and whether it can impact investment decisions or cause a fluctuation in the value of capital market instruments pursuant to CMB Communique No. II on the Principles Regarding 15.1 Material Event Disclosures, and

- The Chairman and Members of the Board of Directors,
- Chairman and Members of the Audit Committee,

- General Manager, and
- Directorate of Investor Relations

will answer them in a written or verbal manner. Employees other than these persons are not authorized to respond to requests. The Company employees will refer incoming questions to the Directorate of Investor Relations.

E. Authority and Responsibility

The Board of Directors of the Company develops the Disclosure Policy with its resolution, and it shall have the ultimate authority and responsibility for its implementation, supervision, and improvement. A Board resolution shall be required to amend the Disclosure Policy.

The Directorate of Investor Relations implements the provisions of this policy.

F. Principles for Determining Individuals with Administrative Responsibility

Individuals with administrative responsibility are board members and non-members who access insider information, directly or indirectly, on a regular basis and have the authority to make administrative decisions that affect the Company's development and commercial targets. The Company identified the Board Members and Executive Management as individuals with administrative responsibility.

G. Principles regarding the Disclosure of the Company's Assessment for the Future

Only individuals 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. In the case of differences between the forecast and actual results of the futuristic assessments due to risks, uncertainties and other factors. The Company provides clarifications to the investors in a reasonable period.

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 in its assessments for the future.

Human Resources Policy

- To recruit appropriate and competent employees who hold the qualifications stated in the job descriptions,
- To provide the entire staff with the opportunity to develop themselves in line with their competence and skills.
- To respect our 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 our employees towards success, create equal opportunities for growth based on their knowledge and competence levels, and to reward success.
- To promote from within to fill vacant executive positions by providing management and leadership training.
- To avoid over-staffing and ensure employees work with maximum efficiency in their positions, which are appropriate for their knowledge and skills.
- To meet our employees' social and cultural needs 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 competent, successful employees with the chance of promotion based on available positions, and to ensure job security.
- To inform employees in a timely manner about issues that relate to them, to develop communication procedures to enable them to provide their recommendations and opinions to the management team easily.
- To support our employees' career paths by providing effective training programs.
- To maintain and boost the morale and motivation of all employees.
- To protect and improve the tangible and intangible rights of employees
- To provide a work environment that motivates employees' desire to work and strive to establish good human relations.

Quality Policy

- To comply with the management system and quality standards and continuously develop them,
- To encourage personnel to improve their creativity and effectiveness by giving importance to training activities,
- To keep abreast of the industry developments and innovations,
- To observe financial and moral rights of shareholders and investors as a company traded on BİST,
- To have an understanding of historical and cultural values inherited from the past,
- To pay attention to social values as well as customer preferences and expectations,
- To produce planned, quality and environment-friendly establishment centers that offer peaceful and safe living places under the assurance of Emlak Konut brand,
- To carry the brand Emlak Konut, a product of successful activities since its establishment to the future on the backdrop of knowledge accumulation and experience. And preserving an understanding of family together with our employees and a management approach that places "us" at the center.

Information Security Policy

The Company undertakes the following to ensure the confidentiality of information of shareholders, contractors, and related third parties:

- Comply with the requirements of the laws, standards and other relevant legislation regarding information security,
- Carry out activities and duties related to the protection and preservation of information assets,
- Identify risks to information assets and manage them systematically,
- To train the staff to improve their technical and behavioral competencies to increase the awareness of information security,
- Constantly monitor and improve the Information Security Management System.

"DECLARATION OF INDEPENDENCE" PREPARED PURSUANT TO THE "CORPORATE GOVERNANCE COMMUNIQUE" NO. II-17.1 OF THE REPUBLIC OF TURKEY CAPITAL MARKET BOARD

I declare to the Company's Corporate Governance Committee and the Board of Directors that I meet the qualifications and criteria of an "independent board member", that I read and understood the above information and documents, and that I will fully undertake the duties stated in such information and documents regarding the independent board member position I will assume at Emlak Konut REIC ("Company") pursuant to;

- The provisions of the "Corporate Governance Communiqué" no. II-17.1 of the Republic of Turkey Prime Ministry Capital Markets Board, which was published and made effective in the Official Gazette dated January 3, 2014, and numbered 28871,
- The relevant provisions contained in the Company's articles of incorporation and internal procedures, and
- Other relevant legislative provisions,

I declare that I hold all necessary qualifications to qualify as an independent member according to "Corporate Governance Communiqué" no. II-17.1 and that,

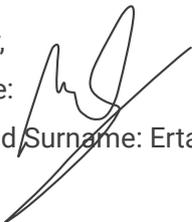
- a) No executive employment relation that would give important duties and responsibilities has been established within the last five years between myself, my spouse, my second degree relatives by blood or by marriage and the Company and the subsidiaries of the Company, and shareholders who control the management of the Company or who have significant influence at the Company and legal persons controlled by these shareholders; and I do not have, together or alone, more than 5% of the Company's capital or voting rights or privileged shares, and I do not have a business relationship of significant nature,
- b) Within the last five years, I have not worked as an executive manager who would have important duties and responsibilities or have not been a member of the Board of Directors or been a shareholder (more than 5%) particularly in the companies that provide auditing, rating and consulting services for the Company (including tax audit, legal audit, internal audit), and in the companies that the Company purchase products and services from or sells products and services to within the framework of the agreements signed (during the timeframe of selling/purchasing of the products and services,
- c) I do have the professional training, knowledge, and experience that will help me properly carry out the tasks and duties I will assume as a result of my independent membership in the Board of Directors,
- ç) I do not work full-time in public institutions and organizations,
- d) I am considered a resident in Turkey according to the Income Tax Law (n.193) dated 31/12/1960,
- e) I do have the strong ethical standards, professional standing and experience that will help me positively contribute to the activities of the Company and remain neutral in conflicts of interests between the company's shareholders, and that will help me take decisions freely by taking the rights of the stakeholders into consideration,
- f) I will be able to spare the sufficient time for the business of the Company to an extent that will help me pursue the activities of the Company and fulfill the requirements of my tasks and duties,
- g) I have not been a member of the Board of Directors of the Company for more than six years in total within the last decade,
- ğ) That I do not serve as a Board Member at over three companies in which partners have control over the relevant companies or the company's board of directors and over a total of five traded companies,
- h) I have not been registered and announced as a real person representative on behalf a legal person elected as member of the Board of Directors.

Similarly, I declare, pursuant to the related legislation, I would communicate to the Board of Directors any situation prejudicing my independence should it arise so that it can be announced to the public. 19.04.2017

Sincerely,

Signature:

Name and Surname: Ertan Keleş



"DECLARATION OF INDEPENDENCE" PREPARED PURSUANT TO THE "CORPORATE GOVERNANCE COMMUNIQUE" NO. II-17.1 OF THE REPUBLIC OF TURKEY CAPITAL MARKET BOARD

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- The relevant provisions contained in the Company's articles of incorporation and internal procedures, and
- Other relevant legislative provisions,

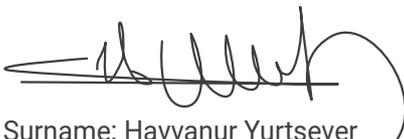
I declare that I hold all necessary qualifications to qualify as an independent member according to "Corporate Governance Communiqué" no. II-17.1 and that,

- a) No executive employment relation that would give important duties and responsibilities has been established within the last five years between myself, my spouse, my second degree relatives by blood or by marriage and the Company and the subsidiaries of the Company, and shareholders who control the management of the Company or who have significant influence at the Company and legal persons controlled by these shareholders; and I do not have, together or alone, more than 5% of the Company's capital or voting rights or privileged shares, and I do not have a business relationship of significant nature,
- b) Within the last five years, I have not worked as an executive manager who would have important duties and responsibilities or have not been a member of the Board of Directors or been a shareholder (more than 5%) particularly in the companies that provide auditing, rating and consulting services for the Company (including tax audit, legal audit, internal audit), and in the companies that the Company purchase products and services from or sells products and services to within the framework of the agreements signed (during the timeframe of selling/purchasing of the products and services,
- c) I do have the professional training, knowledge, and experience that will help me properly carry out the tasks and duties I will assume as a result of my independent membership in the Board of Directors,
- ç) I do not work full-time in public institutions and organizations,
- d) I am considered a resident in Turkey according to the Income Tax Law no. 193 dated 31.12.1960.
- e) I do have the strong ethical standards, professional standing and experience that will help me positively contribute to the activities of the Company and remain neutral in conflicts of interests between the company's shareholders, and that will help me take decisions freely by taking the rights of the stakeholders into consideration,
- f) I will be able to spare the sufficient time for the business of the Company to an extent that will help me pursue the activities of the Company and fulfill the requirements of my tasks and duties,
- g) I have not been a member of the Board of Directors of the Company for more than six years in total within the last decade,
- ğ) I do not serve as a Board Member at over three companies in which partners have control over the relevant companies or the company's board of directors and over a total of five traded companies,
- h) I have not been registered and announced as a real person representative on behalf a legal person elected as member of the Board of Directors.

Similarly, I declare, pursuant to the related legislation, I would communicate to the Board of Directors any situation prejudicing my independence should it arise so that it can be announced to the public. 19.04.2017

Sincerely,

Signature:



Name and Surname: Havvanur Yurtsever

"DECLARATION OF INDEPENDENCE" PREPARED PURSUANT TO THE "CORPORATE GOVERNANCE COMMUNIQUE" NO. II-17.1 OF THE REPUBLIC OF TURKEY CAPITAL MARKET BOARD

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- b) Within the last five years, I have not worked as an executive manager who would have important duties and responsibilities or have not been a member of the Board of Directors or been a shareholder (more than 5%) particularly in the companies that provide auditing, rating and consulting services for the Company (including tax audit, legal audit, internal audit), and in the companies that the Company purchase products and services from or sells products and services to within the framework of the agreements signed (during the timeframe of selling/purchasing of the products and services,
- c) I do have the professional training, knowledge, and experience that will help me properly carry out the tasks and duties I will assume as a result of my independent membership in the Board of Directors,
- ç) I am considered a resident in Turkey according to the Income Tax Law no. 193 dated 31.12.1960.
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- h) I have not been registered and announced as a real person representative on behalf a legal person elected as member of the Board of Directors.

Similarly, I declare, pursuant to the related legislation, I would communicate to the Board of Directors any situation prejudicing my independence should it arise so that it can be announced to the public. 19.04.2017

Sincerely,

Signature: 

Name and Surname: Muhterem İnce

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

**CONVENIENCE TRANSLATION OF
THE FINANCIAL STATEMENTS AT 31 DECEMBER 2017
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT**

(ORIGINALLY ISSUED IN TURKISH)

**(CONVENIENCE TRANSLATION OF
INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH)**

INDEPENDENT AUDITOR'S REPORT

**To the General Assembly of
EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

A) Report on the Audit of the Financial Statements

1) Opinion

We have audited the financial statements of Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş. (“the Company”), which comprise the statement of financial position as at 31 December 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with Turkish Accounting Standards “TAS”.

2) Basis for Opinion

We conducted our audit in accordance with the standards on auditing issued by Capital Markets Board and the Standards on Independent Auditing (“SIA”) which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority (“POA”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Independent Auditors (“Code of Ethics”) published by the POA, together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in the audit
<p><i>Revenue recognition</i></p> <p>Emlak Konut GYO actualizes sales mostly in the form of turnkey and Land Subject to Revenue Sharing Agreements (“LSRSA”) projects.</p> <p>In turnkey projects, it is the Company's responsibility to maintain and complete the project and revenue is recognized when the Company has transferred to the buyer the significant risks and rewards of independents units and the amount of revenue can be measured reliably.</p> <p>In LSRSA projects, the contractor completes the construction. Regarding the project, the Company receives advance payments from the buyer and makes payments to the contractor. Revenue is recognized when admission forms are signed by the Company or the significant risks and rewards of independents units pass to the buyer and the amount of revenue can be measured reliably.</p> <p>As of the balance sheet date, there are cases where the construction has been completed, but the delivery has not been realized for turnkey projects. In LSRSA projects, there are cases where the construction has been completed as of the balance sheet date, but the delivery has not been realized and the admission form has not been signed. Therefore, revenue recognition for those projects in the correct accounting period is a key matter for our audit.</p> <p>Explanations regarding the Company's revenue accounting policies and amounts are given in Note 2.4 and Note 17.</p>	<p>We performed the following procedures in relation to the revenue recognition in turnkey and LSRSA projects:</p> <p>The design and implementation of the controls on the revenue process have been evaluated. The sales and delivery procedures have been analyzed.</p> <p>Terms of delivery and the timing of revenue recognition with respect to contracts made with customers in turnkey projects have been examined. Special emphasis is given to the recording of the advances received from the buyers and the accounting of the cases where the delivery has not occurred as of balance sheet date by substantive procedures .</p> <p>Terms of trade and delivery with the contractors and buyers and the timing of revenue recognition with respect to LSRSA projects have been examined. Special emphasis is given to the recording of the advances received from the buyers and the accounting of the cases where the delivery has not occurred and the admission form has not been signed as of balance sheet date by substantive procedures.</p> <p>In addition, we have assessed the adequacy of the revenue and cost of sales disclosures in Note 17 in accordance with TAS.</p>

4) Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TAS, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

5) Auditor's Responsibilities for the Audit of the Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the standards on auditing issued by Capital Markets Board and SIA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the standards on auditing issued by Capital Markets Board and SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

5 Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 398 of the Turkish Commercial Code No. 6102 ("TCC"), the auditor's report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Company on 26 February 2018.

In accordance with paragraph four of the Article 402 of TCC, nothing has come to our attention that may cause us to believe that the Company's set of accounts and financial statements prepared for the period 1 January-31 December 2017 does not comply with TCC and the provisions of the Company's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor's report is Koray Öztürk.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Koray Ozturk, SMMM
Sorumlu Denetçi

İstanbul, 26 February 2018

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2017 AND 2016

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Notes	Audited 31 December 2017	Audited 31 December 2016
ASSETS			
Current assets		18,796,338	17,076,882
Cash and cash equivalents	3	897,501	2,420,030
Financial investments	4	186,274	221,998
Trade receivables	6	1,681,689	682,868
<i>Trade receivables due from related parties</i>	25	8,239	21,087
<i>Trade receivables due from third parties</i>		1,673,450	661,781
Other receivables	7	1,180,466	838,505
<i>Other receivables due from third parties</i>		1,180,466	838,505
Inventories	8	13,646,631	12,085,195
Prepaid expenses	15	986,501	543,811
Other current assets	14	217,276	284,475
Non-current assets		1,827,322	1,625,485
Trade receivables	6	1,686,645	1,466,854
<i>Trade receivables due from third parties</i>		1,686,645	1,466,854
Other receivables	7	988	1,053
Investment property	9	57,283	38,199
Property, plant and equipment	10	66,858	69,181
Intangible assets	11	2,911	2,605
Other non-current assets	14	12,637	47,593
Total assets		20,623,660	18,702,367

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 2017 AND 2016

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Notes	Audited 31 December 2017	Audited 31 December 2016
LIABILITIES AND EQUITY			
Current liabilities		6,083,525	7,954,280
Current portion of non-current borrowings	5	482,364	219,490
Trade payables	6	1,266,648	3,824,119
<i>Trade payables due to related parties</i>	25	744,713	3,510,865
<i>Trade payables due to third parties</i>		521,935	313,254
Other payables	7	554,767	560,576
Deferred income	15	3,728,717	3,215,821
<i>Deferred income from related parties</i>	25	64,732	64,732
<i>Deferred income from third parties</i>		3,663,985	3,151,089
Current provisions		51,029	134,274
<i>Current provisions for employee benefits</i>		4,113	6,190
<i>Other current provisions</i>	13	46,916	128,084
Non-current liabilities		2,074,616	17,894
Long term borrowings	5	1,932,308	-
Trade payables	6	95,666	71
Other payables	7	37,306	9,352
Deferred income	15	3,174	2,963
Long term provisions		6,162	5,508
<i>Long term provisions for employee benefits</i>	13	6,162	5,508
Shareholders' equity		12,465,519	10,730,193
Paid-in capital	16	3,800,000	3,800,000
Treasury shares (-)		(284,480)	(262,857)
Share premium		2,378,513	2,378,513
Other comprehensive income / expense not to be reclassified to profit or loss		(42)	(897)
- <i>Gain/(loss) on remeasurement of employee benefits</i>		(42)	(897)
Restricted reserves		511,347	423,295
Retained earnings		4,304,087	2,630,863
Net profit for the year		1,756,094	1,761,276
Total liabilities and equity		20,623,660	18,702,367

The accompanying notes form an integral part of these financial statements.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2016

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Notes	Audited 1 January- 31 December 2017	Audited 1 January- 31 December 2016
Profit or loss			
Revenue	17	3,900,566	3,455,892
Cost of sales (-)	17	(1,788,045)	(1,619,678)
Gross profit		2,112,521	1,836,214
General administrative expenses (-)	18	(194,131)	(137,483)
Marketing expenses (-)	18	(65,677)	(56,084)
Other income from operating activities	20	434,241	288,987
Other expenses from operating activities (-)	20	(79,141)	(24,120)
Operating profit		2,207,813	1,907,514
Income from investing activities	21	2,547	13,810
Operating profit before financial income / (expense)		2,210,360	1,921,324
Financial income	22	80,680	94,312
Financial expenses (-)	22	(534,946)	(254,360)
Profit for the year		1,756,094	1,761,276
Other comprehensive income / (loss)			
Items that will be reclassified to profit or loss			
<i>Actuarial losses related to employee benefit liabilities</i>	13	855	(410)
Total comprehensive income for the year		1,756,949	1,760,866
Earnings per share (in full TL)	24	0.0048	0.0048

The accompanying notes form an integral part of these financial statements.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2016

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

	Share capital	Treasury shares (-)	Share premium	Restricted reserves	Other Comprehensive Income and Expense not to be Reclassified to Profit or Loss	Retained Earnings		Total equity
					Gain/Loss on remeasurement of employee benefits	Retained earnings	Net income for the year	
1 January 2016	3,800,000	(262,857)	2,366,895	357,908	(487)	2,111,335	952,605	9,325,399
Transfers	-	-	-	65,387	-	887,218	(952,605)	-
Dividend payment	-	-	-	-	-	(367,690)	-	(367,690)
Increases / (decreases) related to the acquisition of treasury shares (Note 16)	-	-	11,618	-	-	-	-	11,618
Total comprehensive income	-	-	-	-	(410)	-	1,761,276	1,760,866
31 December 2016	3,800,000	(262,857)	2,378,513	423,295	(897)	2,630,863	1,761,276	10,730,193
1 January 2017	3,800,000	(262,857)	2,378,513	423,295	(897)	2,630,863	1,761,276	10,730,193
Transferler	-	-	-	88,052	-	1,673,224	(1,761,276)	-
Increases / (decreases) related to the acquisition of treasury shares (Note 16)	-	(21,623)	-	-	-	-	-	(21,623)
Total comprehensive income	-	-	-	-	855	-	1,756,094	1,756,949
31 December 2017	3,800,000	(284,480)	2,378,513	511,347	(42)	4,304,087	1,756,094	12,465,519

The accompanying notes form an integral part of these financial statements.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

STATEMENTS OF CASH FLOWS AT 31 DECEMBER 2017 AND 2016

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Notes	Audited 1 January- 31 December 2017	Audited 1 January- 31 December 2016
Cash flows from operating activities			
Profit for the year		1,756,094	1,761,276
Adjustments to reconcile net profit			
Depreciation and amortization expenses	9,10,11	8,136	7,086
Adjustments for impairments		3,021	7,434
<i>Adjustments for impairment loss (reversal of impairment loss) of inventories</i>	8	3,021	7,434
Changes in provisions		(17,096)	(33,950)
<i>Adjustments for (reversal of) provisions related with employee benefits</i>	13	(558)	2,812
<i>Adjustments for (reversal of) lawsuit and/or penalty provisions</i>	12	(16,538)	(3,664)
<i>Adjustments for (reversal of) other provisions</i>		-	(33,098)
Adjustments for interest (income) expenses		165,126	(90,989)
<i>Adjustments for interest income</i>	20,21,22	(369,380)	(344,746)
<i>Adjustments for interest expense</i>	22	534,506	253,757
Changes in net working capital		1,915,281	1,650,857
Adjustments for decrease (increase) in trade accounts receivable		(1,218,612)	167,769
<i>Decrease (increase) in trade accounts receivables from related parties</i>	25	12,848	183,085
<i>Decrease (Increase) in trade accounts receivables from third parties</i>	6	(1,231,460)	(15,316)
Adjustments for decrease (increase) in inventories		(800,951)	237,774
Adjustments for increase (decrease) in trade accounts payable		(3,181,336)	(570,661)
<i>Increase (decrease) in trade payables to related parties</i>		(3,169,206)	(498,275)
<i>Increase (decrease) in trade payables to third parties</i>		(12,130)	(72,386)
Adjustments for (decrease) in other operating receivables		(600,557)	(827,949)
Adjustments for increase (decrease) in other operating payables		728,708	(691,105)
Other adjustments for other increase (decrease) in working capital		932,030	785,644
Net cash flow from operating activities			
Interest received		67,018	121,257
Payments related with provisions for employee benefits	13	(10)	(137)
Income taxes paid		(202,803)	(44,542)
Cash flows from operating activities		(2,361,232)	828,907
Cash flows from investing activities			
Purchases of investment properties, tangible and intangible assets	9,10,11	(23,595)	(19,945)
Sales of tangible and intangible assets		-	44
Interest received	21	2,547	13,810
Purchases of financial assets		(40,419)	(125,678)
Returns of financial assets		160,681	128,703
Other inflows (outflows) of cash		(84,539)	(81,203)
Cash flow from investing activities		14,675	(84,269)
Cash flow from financing activities			
Payments for acquisition of treasury shares		(21,623)	-
Proceeds from borrowings		2,425,000	-
<i>Proceeds from loans</i>	5	2,425,000	-
Repayments of borrowings, classified as financing activities		(261,692)	(220,000)
<i>Loan repayments</i>	5	(261,692)	(220,000)
Interest paid		(464,130)	(36,351)
Dividends paid		-	(356,072)
Interest received	22	69,202	94,238
Other inflows (outflows) of cash		(434)	(631)
Cash flow from financing activities		1,746,323	(518,816)
Increase (decrease) in cash and cash equivalents before effect of exchange rate changes			
before effect of exchange rate changes		(600,234)	225,822
Effect of exchange rate changes on cash and cash equivalents		-	-
Net Increase (decrease) in cash and cash equivalents		(600,234)	225,822
Cash and cash equivalents at the beginning of the year	3	985,315	759,493
Cash and cash equivalents at the end of the year	3	385,081	985,315

The accompanying notes form an integral part of these financial statements.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2017 AND 2016

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

NOTE 1 – ORGANIZATION AND OPERATION OF THE COMPANY

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.

The registered address of the Company is as follows:

Barbaros Mah. Mor Sümbül Sok. No: 7/2 B (Batı Ataşehir) 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 cannot be a part of construction business, but only can organize it by auctioning between the contractors.

The financial statements at 31 December 2017 have been approved by the Board of Directors on 26 February 2018. 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 Spor Kulübü Derneği was established on 23 August 2017 by the Company and Company’s employees. The centre of Emlak Konut Spor Kulübü Derneği is located in Istanbul.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2017 AND 2016

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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

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.

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 have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values. 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 thousands of 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 2017 AND 2016

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Preparation (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.

2.3 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”.

2.4 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 25.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2017 AND 2016

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of significant accounting policies (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 from the units are classified to investment properties.

Recognition and measurement

The Company recognizes a financial asset or a financial liability in its statement of financial position when, and only, the entity becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received. An entity shall remove a financial liability from its statement of financial position when, and only, the obligation specified in the contract is discharged or cancelled or expires.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2017 AND 2016

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of significant accounting policies (Continued)

Recognition and measurement (cont’d)

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 4,732.48 full TL as of 31 December 2017 (31 December 2016: 4,297.21 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 2017 AND 2016

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of significant accounting policies (Continued)

Employment termination benefits (cont’d)

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 recognized 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 5,001.76 full TL which is effective from 1 January 2018 has been taken into consideration when calculating the liability (1 January 2017: 4,426.16 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.

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.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2017 AND 2016

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of significant accounting policies (Continued)

Land and Residential Unit Inventory (cont’d)

2. *Turnkey Projects*

Turnkey projects are valued at lower of cost or net realizable value. Turnkey projects 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.

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 turnkey and commercial units comprise units build in Turnkey projects 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 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 other operating income.

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.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2017 AND 2016

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of significant accounting policies (Continued)

Property, plant and equipment (cont’d)

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:

	Years
Buildings	50
Motor vehicles	5
Furniture and fixtures	4-5

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 licenses and computer software. They are initially recognized 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 recognized 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.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2017 AND 2016

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of significant accounting policies (Continued)

Impairment of assets (cont'd)

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.

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 TAS.

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 recognized when the following criteria are met;

1. 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.

2. Sale of residential units produced by Turnkey projects

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.

3. 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 17).

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of significant accounting policies (Continued)

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 20-22).

Paid-in capital

Ordinary shares are classified as equity. Proceeds from issuing new equity instruments are recorded net of transaction costs.

Share premium

Share premiums (share premiums) represent the difference between the fair value of the shares held by the Company at a price higher than the nominal value of the Company or the difference between the fair value and the fair value of the shares of the Company that the Company has acquired. Expenses that are directly attributable to the secondary public offering, in which the shares are re-issued and provide cash inflows to the Company, are deducted from the premiums on issue of share sales.

Treasury shares

The shares of the Company which are taken from the Stock Exchange Istanbul (BİST) are called treasury shares and are recorded at cost values in shareholders' equity. Purchases / sales of treasury shares are not recognized directly in the statement of comprehensive income, but are recognized directly in equity

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.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of significant accounting policies (Continued)

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 recognized 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.

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.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of significant accounting policies (Continued)

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 29).

2.5 Critical accounting estimates, assumptions and judgments

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.

Net realizable value of lands and home inventories

The estimated net realizable value of land and commercial units is less than the cost value, the allowance is recognized to reduce the value of inventories to their estimated net realizable value. To determine the estimated net realizable value, the fair value of the Company’s land and commercial units as at 31 December 2017 has been arrived at on the basis of a valuation carried out on by Atak Gayrimenkul Değerleme A.Ş. and Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.

Legal Provision

As of 31 December 2017, a total of TL 329,958 lawsuits have been filed against the Company. For those cases in which there is a high probability of potential outflow of potential resources from these cases, a provision amounting to TL 46,916 has been provided by taking the opinion of the lawyers (Note:12). According to the legal judgment of the lawyers, there is no risk of any outflow of resources from the company.

2.6 Adoption of New and Revised Financial Reporting Standards

a) Amendments to IFRSs that are mandatorily effective for the current year

Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealized Losses

The amendments clarify how an entity should evaluate whether there will be sufficient future taxable profits against which it can utilize a deductible temporary difference.

The application of these amendments has had no impact on the Company’s financial statements.

Amendments to IAS 7 Disclosure Initiative

This amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes.

The Company’s liabilities arising from financing activities consist of borrowings and certain other financial liabilities . A reconciliation between the opening and closing balances of these items is provided in note.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Adoption of New and Revised Financial Reporting Standards (Continued)

a) Amendments to IFRSs that are mandatorily effective for the current year (Continued)

Amendments to IAS 7 Disclosure Initiative (Continued)

Consistent with the transition provisions of the amendments, the Company has disclosed comparative information for the prior period. Apart from the additional disclosure in note, the application of these amendments has had no impact on the Company’s financial statements.

Annual Improvements to IFRS Standards 2014–2016 Cycle

IFRS 12: IFRS 12 states that an entity need not provide summarized financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal the Company that is classified) as held for sale. The amendments clarify that this is the only concession from the disclosure requirements of IFRS 12 for such interests.

The application of these amendments has had no effect on the Company’s financial statements as none of the Company’s interests in these entities are classified, or included in a disposal the Company that is classified, as held for sale.

b) New and revised IFRSs in issue but not yet effective:

The Company has not yet implemented the following amendments and interpretations to the existing standards that have not yet entered into force:

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets / liabilities and for derecognition and for general hedge accounting.

Key requirements of IFRS 9:

- All recognized financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognized by an acquirer in a business combination) in other comprehensive income, with only dividend income generally recognized in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Adoption of New and Revised Financial Reporting Standards (Continued)

b) New and revised IFRSs in issue but not yet effective: (Continued)

IFRS 9 *Financial Instruments* (Continued)

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an ‘economic relationship’. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity’s risk management activities have also been introduced.

Based on an analysis of the Company’s financial assets and financial liabilities as at 31 December 2017 on the basis of the facts and circumstances that exist at that date, the management of the Company have assessed the impact of IFRS 9 to the Company’s financial statements as follows:

Classification and measurement

Bills of exchange and debentures classified as held-to-maturity investments and loans carried at amortized cost. These are held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, these financial assets will continue to be subsequently measured at amortized cost upon the application of IFRS 9. All other financial assets and financial liabilities will continue to be measured on the same bases as is currently adopted under IAS 39.

Impairment

Financial assets measured at amortized cost, listed redeemable notes that will be carried at FVTOCI under IFRS 9.

The Company expects to apply the simplified approach to recognize lifetime expected credit losses for its trade receivables as required or permitted by IFRS 9.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Adoption of New and Revised Financial Reporting Standards (Continued)

b) New and revised IFRSs in issue but not yet effective: (Continued)

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer.

Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

In April 2016, the IASB issued *Clarifications to IFRS 15* in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The sales-related warranties cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Company will continue to account for the warranty in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets consistent with its current accounting treatment.

Apart from providing more extensive disclosures on the Company’s revenue transactions, the management do not anticipate that the application of IFRS 15 will have a significant impact on the financial position and/or financial performance of the Company.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent’s profit or loss only to the extent of the unrelated investors’ interests in that associate or joint venture.

Amendments to IFRS 2 Classification and Measurement of Share-Based Payment Transactions

The amendments clarify the estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Adoption of New and Revised Financial Reporting Standards (Continued)

b) New and revised IFRSs in issue but not yet effective: (Continued)

IFRIC 22 Foreign Currency Transactions and Advance Consideration

IFRIC 22 addresses how to determine the ‘date of transaction’ for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability (for example, a non-refundable deposit or deferred revenue).

The Interpretation specifies that the date of transaction is the date on which the entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

Amendments to IAS 40 Transfers of Investment Property

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that the situations listed in IAS 40 are not exhaustive and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

Annual Improvements to IFRS Standards 2014–2016 Cycle

The Annual Improvements include amendments to a number of IFRSs, which have been summarised below. The package also includes amendments to IFRS 12 Disclosure of Interests in Other Entities, which is effective for annual periods beginning on or after 1 January 2017 (see section 1A above for details).

- **IFRS 1:** The amendments delete certain short-term exemptions in IFRS 1 because the reporting period to which the exemptions applied have already passed. As such, these exemptions are no longer applicable.
- **IAS 28:** The amendments clarify that the option for a venture capital organisation and other similar entities to measure investments in associates and joint ventures at FVTPL is available separately for each associate or joint venture, and that election should be made at initial recognition of the associate or joint venture.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Adoption of New and Revised Financial Reporting Standards (Continued)

b) New and revised IFRSs in issue but not yet effective: (Continued)

Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures

This amendment clarifies that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

The management of the Company do not evaluating impacts of the amendments in the future will have an impact on the Company's financial statements.

2.7 Comparative information and revision of prior period financial statements

The financial statements of the Company have been prepared with the prior periods on a comparable basis in order to give consistent information about the financial position and performance. If the presentation or classification of the financial statements is changed in order to maintain consistency, the financial statements of the prior periods are also reclassified in line with the related changes and the significant changes are explained.

The Company has classified blocked deposits more than 3 months maturity, which amounted to TRY 81,203 and which were shown under "cash and cash equivalents" for 2016, under "financial investments". These classifications have no effect on net profit and equity.

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NOTE 3 – CASH AND CASH EQUIVALENTS

	31 December 2017	31 December 2016
Cash on hand	-	2
Banks	897,501	2,420,028
- Demand deposit	191,479	52,545
- Time deposits up to 3 months maturity	706,022	2,367,483
	897,501	2,420,030

Maturities of cash and cash equivalents are as follows:

	31 December 2017	31 December 2016
Demand	191,479	52,547
Up to 3 month	706,022	2,367,483
Less: Blocked deposits with maturities less than 3 months	(30,977)	(6,991)
	866,524	2,413,039

Average effective interest rates of in TL time deposits are as follows:

	31 December 2017	31 December 2016
	(%)	(%)
	10.41%	7.94%

The calculation of cash and cash equivalents of the Company for the use in statements of cash flows is as follows:

	31 December 2017	31 December 2016
Cash and cash equivalents	897,501	2,420,030
Less: Interest accruals	(2,707)	(8,074)
Less: LSRSA project deposits (*)	(237,198)	(313,266)
Less: TOKİ deposits (**)	(255,176)	(1,111,138)
Less: Blocked deposits	(17,339)	(2,237)
	385,081	985,315

(*) 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 237,198 (31 December 2016: TL 313,266) part of the total project amount deposits TL 13,638 (31 December 2016: TL 4,754) comprises of blocked deposits.

(**) According to the protocols signed with TOKİ regarding to land purchases, the cost of lands purchased from TOKİ is kept in time deposit accounts of Emlak Konut in the name of TOKİ, until the payment date determined by TOKİ. All of this accumulated interest income on time deposits will be paid to TOKİ.

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NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

The breakdown of foreign currency denominated cash equivalents in terms of TL is as follows:

	31 December 2017	31 December 2016
US Dollars	92	538
	92	538

NOTE 4 - FINANCIAL INVESTMENTS

Financial investments	31 December 2017	31 December 2016
Blocked deposits more than 3 months maturity (**)	165,741	81,203
Bond	8,266	128,278
Special issue government bonds (*)	12,267	12,517
	186,274	221,998

(*) The Republic of Turkey, Undersecretaries 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 TL 429,617 has been issued to the Company. The Bonds are redeemed partially and early readapted 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.

(**) In order to provide low interest rate financing to customers who want to buy home from the projects developed by the company, the aim is to keep the loan amounts used by the customers as blocked deposits in the bank. The relevant amounts are ready for the use of the company in the specified period. The contractor portion of blocked deposits in the bank accounts which opened in the name of the related project and more than 3 months maturity, is TL 80,748 (31 December 2016: TL 55,015) while the company portion of the blocked shares is TL 84,993 (December 31, 2016: TL 26,188).

The Company acquired bonds amounting to 8,266 TL as of 31 December 2017 (31 December 2016: 128,278 TL) from free market. These bonds are measured at fair value. The fair value of these bonds are calculated by using the effective interest rates quarterly. Average effective interest rate of financial assets at 31 December 2017 is 12.92 % (31 December 2016: 8.95%). As of 31 December 2017, average term of the treasure bills changes between three and six months (31 December 2016: changes between three and six months).

NOTE 5 - FINANCIAL LIABILITIES

	31 December 2017	31 December 2016
Short-term financial liabilities		
Short-term portion of long-term borrowings	482,364	219,490
	482,364	219,490
Long-term financial liabilities		
Long-term borrowings	1,932,308	-
	1,932,308	-

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NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2017 AND 2016

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NOTE 5 - FINANCIAL LIABILITIES (Continued)

The weighted average interest rate of the borrowing as at 31 December 2017 is 14.75% (31 December 2016: 9.75 %).

The redemption schedules of the borrowings at 31 December 2017 and 31 December 2016 are as follows:

	31 December 2017	31 December 2016
2018	746,154	-
2019	746,154	-
2020	440,000	-
	2,678,462	-

The allocation of interest rate sensitivity of financial liabilities according to their repricing dates is as follows:

	31 December 2017	31 December 2016
Less than 3 months	47,692	115,490
Between 3 - 12 months	434,672	104,000
Between 1 - 5 years	1,932,308	-
	2,414,672	219,490

It is anticipated that the long-term borrowings with the floating rates reflect the fair values of the borrowings.

Reconciliation of net financial borrowings as of 31 December 2017 and 31 December 2016 is as follows:

	1 January- 31 December 2017	1 January- 31 December 2016
Opening balance	219,490	444,657
Interest expenses	181,082	31,184
Interest paid	(149,208)	(36,351)
Cash inflow from loans	2,425,000	-
Cash outflow from loan repayments	(261,692)	(220,000)
Closing balance	2,414,672	219,490

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NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2017 AND 2016

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NOTE 6 - TRADE RECEIVABLES AND PAYABLES

	31 December 2017	31 December 2016
Short-term trade receivables		
Receivables from LSRSA contractors invoiced	951,881	237,016
Receivables from sale of residential and commercial units	721,531	418,768
Receivables from related parties (Note 25)	8,239	21,087
Receivables from land sales	11,289	6,514
Rent receivables	1,572	1,449
Other	2,429	978
Unearned finance income	(15,252)	(2,944)
	1,681,689	682,868
Doubtful receivables	1,837	1,866
Less: Provision for doubtful receivables	(1,837)	(1,866)
	1,681,689	682,868

	31 December 2017	31 December 2016
Long-term trade receivables		
Receivables from sale of residential and commercial units	1,944,998	1,539,837
Unearned finance income	(258,353)	(72,983)
	1,686,645	1,466,854

Movements of provision for doubtful receivables at 31 December 2017 and 2016 are as follows:

	2017	2016
Balance at 1 January	1,866	1,965
Provision released within current period	(29)	(99)
Balance at 31 December	1,837	1,866

	31 December 2017	31 December 2016
Short-term trade payables		
Payables to related parties (Note 25)	744,713	3,510,865
Payables to LSRSA contractors invoiced	314,001	279,154
Trade payables	195,211	16,931
Time deposit interest accruals from LSRSA contractors invoiced (*)	12,723	17,169
	1,266,648	3,824,119

(*) 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.

As of 31 December 2017, long-term trade payables comprises of accrued expenses related to the social facilities of the projects.

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NOTE 7 - OTHER RECEIVABLES AND PAYABLES

	31 December 2017	31 December 2016
Short-term other receivables		
Receivables from contractors	783,205	441,771
Housing Acquisition Support ("HAS") related receivables from Turkish Treasury	390,771	390,780
Receivables from the authorities	6,360	5,826
Other	130	128
	1,180,466	838,505

	31 December 2017	31 December 2016
Long-term other receivables		
Deposits and guarantees given	988	1,053
	988	1,053

	31 December 2017	31 December 2016
Short term other payables		
Payable to HAS beneficiaries	403,013	403,447
Payable to contractors (*)	88,752	88,752
Taxes and funds payable	10,187	14,447
Other	52,815	53,930
	554,767	560,576

(*) The amount includes the unissued invoice by the contractor amount of TL 88,752 regarding to the units received as a result of revenue allocation at İzmir Mavisehir Phase 3 project, where the contractor filed a lawsuit regarding the revenue sharing percentages (31 December 2016: 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 2017 and 2016 are shown below:

	1 January 2017	Additions within the period	Disposals	31 December 2017
Treasury support share				
Receivable from Treasury	390,780	10	(19)	390,771
Special purpose government Bond (Note 4)	12,517	-	(250)	12,267
Cash generated from government bond redemption	150	264	(439)	(25)
Total consideration received or receivable from Treasury	403,447			403,013
Payable to HAS beneficiaries	(403,447)			(403,013)

As of 31 December 2017, other long-term payables comprises of deposits and guarantees received.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2017 AND 2016

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

NOTE 7 - OTHER RECEIVABLES AND PAYABLES (Continued)

	1 January 2016	Additions within the period	Disposals	31 December 2016
Treasury support share				
Receivable from Treasury	390,750	54	(24)	390,780
Special purpose government Bond (Note 4)	13,267	-	(750)	12,517
Cash generated from government bond redemption	62	876	(788)	150
Total consideration received or receivable from Treasury	404,079			403,447
Payable to HAS beneficiaries	(404,079)			(403,447)

NOTE 8 -INVENTORIES

	31 December 2017	31 December 2016
Lands	4,022,623	4,293,729
<i>Cost</i>	4,033,188	4,305,099
<i>Impairment</i>	(10,565)	(11,370)
Planned land by LSRSA	6,362,982	5,664,474
Planned land by turnkey project	2,433,661	1,841,251
Residential and commercial units ready for sale	827,365	285,741
<i>Cost</i>	838,629	293,179
<i>Impairment</i>	(11,264)	(7,438)
	13,646,631	12,085,195

As of 31 December 2017, independent valuation reports prepared by Atak Gayrimenkul Değerleme A.Ş. ve Nova Taşınmaz Değerleme ve Danışmanlık 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 movement of the impairment on land and residential unit inventories is as follows:

	2017	2016
Balance at 1 January	18,808	11,374
Impairment charge for the period	36,967	10,206
Reversal of impairment	(33,946)	(2,772)
Balance at 31 December	21,829	18,808

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NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2017 AND 2016

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

NOTE 8 - INVENTORIES (Continued)

The details of land and residential stocks of the company are shown below as of 31 December 2017 and 31 December 2016:

Lands	31 December 2017	31 December 2016
İstanbul Küçükçekmece Lands	1,341,392	1,822,839
İstanbul Bakırköy Lands	685,406	-
İstanbul Şişli Lands	455,122	455,122
İstanbul Başakşehir Lands	352,243	299,141
İstanbul Arnavutköy Lands	333,309	317,309
İstanbul Çekmeköy Lands	247,830	-
İstanbul Tuzla Lands	207,511	225,933
İstanbul Kartal Lands	132,283	132,283
Samsun Canik Lands	94,265	-
Ankara Çankaya Lands	46,042	15,358
İstanbul Ataşehir Lands	41,980	41,979
İstanbul Esenyurt Lands	36,654	36,181
Kocaeli Gebze Lands	7,839	2,999
İstanbul İstinye Lands	7,734	-
Tekirdağ Kapaklı Lands	6,210	8,248
Tekirdağ Çorlu Lands	6,153	6,153
Maltepe Küçükyalı Lands	3,010	2,753
İstanbul Şile Lands	2,441	10,213
Kocaeli Tütünciftliği Lands	1,528	3,417
İstanbul Zekeriyaköy Lands	677	677
İzmir Urla Lands	-	10,166
İstanbul Zeytinburnu Lands	-	400,045
Ankara Yeni Mahalle Lands	-	272,783
Yalova Lands	-	178,340
Bursa Osmangazi Lands	-	27,336
Other	12,994	24,454
	4,022,623	4,293,729

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NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2017 AND 2016

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

NOTE 8 - INVENTORIES (Continued)

Planned lands by LSRSA	31 December 2017	31 December 2016
Sarıyer İstinye Project	993,780	1,006,171
Nidapark Kucukyali Project	678,836	677,675
Büyükyali Project	659,790	656,808
Ankara Yenimahalle İstasyon Project	639,672	634,574
Bizim Mahalle Project	486,288	-
Zeytinburnu Beştelsiz Project	404,745	-
Köy Project	225,564	225,241
Antalya Muratpaşa Project	194,435	-
İstmarina Project	189,796	186,635
Kayabaşı 5. Etap Project	174,730	117,552
Validebağ Konakları Project	153,775	108,107
Kayabaşı 6. Etap Project	131,771	113,982
Hoşdere 3. Etap Projesi	146,303	159,150
Avangart İstanbul Project	117,568	118,273
Hoşdere 4. Etap Project	107,614	104,977
Park Mavera Project	94,236	116,866
Tual Adalar Project	92,472	106,405
Temaşehir Konya Project	90,122	86,704
Evora Denizli Project	77,921	76,268
Kocaeli Derince Project	70,360	70,001
Karat 34 Project	68,112	68,063
Fatih Yedikule Projesi	65,617	121,491
Isparta Kule 5.Etap Project	57,818	58,105
Hoşdere 2. Etap Project	48,665	47,628
Yenikoy Konakları İstanbul Project	45,475	30,130
Maslak 1453 Project	35,469	230,386
Koordinat Çayyolu Project	23,159	37,299
Ataşehir Finans Merkezi Project	20,081	17,587
Göl Panorama Project	13,719	79,722
Metropol İstanbul Project	-	182,046
Other	255,089	226,628
	6,362,982	5,664,474

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NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2017 AND 2016

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

NOTE 9 - INVENTORIES (Continued)

Planned lands by turnkey project	31 December 2017	31 December 2016
Başkent Emlak Konutları	470,380	336,250
Ayazma Emlak Konutları Project	431,551	224,918
Ispartakule 1. Etap 1. Kısım Project	265,455	156,515
Kayabası Recreation Project	227,941	143,298
Gebze Project	211,815	68,682
Ispartakule 1. Etap 2. Kısım Project	223,584	130,396
Nevşehir Emlak Konutları Project	163,996	97,816
Körfezkent 4. Etap Project	126,008	73,926
Emlak Konut Başakşehir Evleri 2. Kısım Project	128,922	66,922
Başakşehir Ayazma 2. Etap Project	108,261	44,112
Nigde Project	64,486	24,419
Kocaeli Körfezkent Quran Course Construction Project	11,262	-
Bursa Kentsel Dönüşüm Project	-	424
İstanbul Esenler Kentsel Dönüşüm Project	-	472,911
Kocaeli Gebze Kirazpınar Kentsel Dönüşüm Project	-	662
	2,433,661	1,841,251

Completed units	31 December 2017	31 December 2016
Sarphan Finanspark Project	231,042	28,440
Maslak 1453 Project	168,335	-
Metropol İstanbul Project	141,096	-
Esenler Emlak Konutları	138,828	-
Batışehir Project	41,631	136,932
Nidakule Ataşehir Project	30,862	26,210
Unikonut Project	23,435	31,572
Dumankaya Miks Project	24,866	16,911
Hoşdere Emlak Konutları	11,616	28,330
Başakşehir Emlak Konutları	4,345	5,287
Bulvar İstanbul Evleri	3,917	3,138
Kayabaşı Emlak Konutları	2,418	1,654
Park Yaşam Mavişehir Evleri	1,739	1,486
Kocaeli Körfez Kent Emlak Konutları	1,089	1,238
Spradon Vadi Evleri	599	2,195
Evora 2. Etap Project	-	303
Other	1,547	2,045
	827,365	285,741

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2017 AND 2016

(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 2017 and 2016 are as follows:

<u>Cost Value</u>	<u>Atasehir General</u>		<u>Total</u>
	<u>Land</u>	<u>Management Office A Block</u>	
Opening balance as of 1 January 2017	16,000	22,652	38,652
Purchases	-	18,270	18,270
Transfers from unprojectized lands	17,608	-	17,608
Transfers to unprojectized lands	(16,000)	-	(16,000)
Ending balance as of 31 December 2017	17,608	40,922	58,530

Accumulated Depreciation

Opening balance as of 1 January 2017	-	453	453
Charge for the year	-	794	794
Ending balance as of 31 December 2017	-	1,247	1,247
Carrying value as of 31 December 2017	17,608	39,675	57,283

<u>Cost Value</u>	<u>Atasehir General</u>		<u>Total</u>
	<u>Land</u>	<u>Management Office A Block</u>	
Opening balance as of 1 January 2016	16,000	-	16,000
Transfers	-	22,652	22,652
Ending balance as of 31 December 2016	16,000	22,652	38,652

Accumulated Depreciation

Opening balance as of 1 January 2016	-	-	-
Charge for the year	-	453	453
Ending balance as of 31 December 2016	-	453	453
Carrying value as of 31 December 2016	16,000	22,199	38,199

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2017 AND 2016

(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 2017, the valuation reports are taken from independent valuation CMB authorised firms Atak Gayrimenkul Değerleme A.Ş. (31 December 2016: Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.). The fair values of the investment property determined by independent valuation experts are as follows:

	31 December 2017	31 December 2016
Lands	23,744	34,942
Atasehir General Management Office A Block	198,675	82,032
	222,419	116,974

Details of the Company's freehold land and buildings and information about the fair value hierarchy as at 31 December 2017 and 2016 are as follows:

	31 December	Fair value as at 31 December 2017		
		Level 1	Level 2	Level 3
		TL	TL	TL
Lands	23,744	-	-	23,744
Atasehir General Management Office A Block	198,675	-	-	198,675

	31 December	Fair value as at 31 December 2016		
		Level 1	Level 2	Level 3
		TL	TL	TL
Lands	34,942	-	-	34,942
Atasehir General Management Office A Block	82,032	-	-	82,032

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2017 AND 2016

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

31 December 2017	Buildings	Motor vehicles	Furniture, equipment and fix assets	Construction in progress	Total
Net book value as of 1 January 2017	59,327	1,226	8,599	29	69,181
Additions	1,673	-	1,845	65	3,583
Depreciation expense(-)	(2,496)	(393)	(3,017)	-	(5,906)
Net book value 31 December 2017	58,504	833	7,427	94	66,858
Cost	62,129	2,160	17,861	94	82,244
Accumulated depreciation (-)	(3,625)	(1,327)	(10,434)	-	(15,386)
Net book value 31 December 2017	58,504	833	7,427	94	66,858

31 December 2016	Buildings	Motor vehicles	Furniture, equipment and fix assets	Construction in progress	Total
Net book value as of 1 January 2016	9,584	737	4,650	63,750	78,721
Additions	9,730	886	6,712	29	17,357
Disposal, net (-)	-	-	(44)	-	(44)
Transfers from constructions in progress, (net)	63,750	-	-	(63,750)	-
Transfers from investment property (net)	(22,199)	-	-	-	(22,199)
Depreciation expense(-)	(2,113)	(397)	(2,719)	-	(5,229)
Impairment (-)	575	-	-	-	575
Net book value 31 December 2016	59,327	1,226	8,599	29	69,181
Cost	61,251	2,436	16,023	29	79,739
Accumulated depreciation (-)	(1,924)	(1,210)	(7,424)	-	(10,558)
Net book value 31 December 2016	59,327	1,226	8,599	29	69,181

All depreciation expenses are included to general and administrative expenses.

NOTE 11 – INTANGIBLE ASSETS

31 December 2017	Licenses	Computer software	Total
Net book value, 1 January 2017	2,081	524	2,605
Additions	1,457	285	1,742
Depreciation expense (-)	(1,104)	(332)	(1,436)
Net book value 31 December 2017	2,434	477	2,911
Cost	6,230	2,977	9,207
Accumulated Depreciation (-)	(3,796)	(2,500)	(6,296)
Net book value 31 December 2017	2,434	477	2,911

31 December 2016	Licenses	Computer software	Total
Net book value, 1 January 2016	740	1,134	1,874
Additions	2,474	114	2,588
Depreciation expense (-)	(1,133)	(724)	(1,857)
Net book value 31 December 2016	2,081	524	2,605
Cost	4,773	2,692	7,465
Accumulated Depreciation (-)	(2,692)	(2,168)	(4,860)
Net book value 31 December 2016	2,081	524	2,605

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NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2017 AND 2016

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

NOTE 12 –PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	31 December 2017	31 December 2016
Provisions		
Provision for lawsuits	46,916	73,238
Provision for cost accruals	-	54,846
	46,916	128,084

As of December 31, 2017, the Company has filed 679 lawsuits filed against the Company. 207 of these cases are set aside based on the opinions of the Company's Management and lawyers and the details of the important cases are explained below. The movements of provision for lawsuits as of 31 December 2017 and 2016 are as follows:

	2017	2016
Balance at 1 January	73,238	78,088
Provision released within the current period (Note 20)	(53,033)	(6,277)
Provision charged for the period (Note 20)	36,495	2,613
Provision paid in the period	(9,743)	-
Provision used in the period	(41)	(1,186)
Balance at 31 December	46,916	73,238

12.1 Continued and Contingency Cases

12.1.1 Contractor firm filed a lawsuit against the Company claiming compensation because of damage caused by our company in the agreement of The LSRSA Project regarding İstanbul Bakırköy, 51/4 section 257 zone 33 & 38 parcels. the requested case has been concluding against the Company by the local court and the judgment of the Court of Cassation is dismissed in favor of the Company and the decision of the local court is expected. The Company made provision amounting to TL 19,546 from the related case.

12.1.2 Plaintiff contractor firm filed a lawsuit against the Company claiming compensation because of receivables, cancellation of title deed, registration. The decision of the contractor to unjustly terminate the contract has been finalized. Lawsuits filed by the company, amounting to TL 6.681, have been partially accepted and the trial has been appealed The Company made provision amounting to TL 6,681 from the related case.

12.1.3 The plaintiff is requested by the contractor to register a legal mortgage amounting to TL 4,065 for the buildings constructed in Istanbul, Kucukcekmece District 478, parcel 6, and parcel 844, parcel 1. The Istanbul 16th Asliye Commercial Court dismissed the lack of jurisdiction by stating that the Bakırköy courts were the definite authority. The decision has been appealed and the Court of Cassation upheld the decision of the local court. The proceedings are continuing at the Bakırköy 4th Asliye Commercial Court. The Company made provision amounting to TL 4,065 from the related case.

NOTE 12 –PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

12.2 Contingent Liabilities of Emlak Konut GYO

In the financial statements prepared as of December 31, 2017, the ongoing litigation liabilities were evaluated in the following matters. According to the opinion of the Company Management and its lawyers, no provision has been made in the financial statements prepared as of December 31, 2017 on the grounds that it is not probable that the outflow of resources with economic benefits will be realized in 472 cases filed against the Company in order to fulfill its obligation.

12.2.1 The LSRSA Project Agreement dated 21 December 2005 regarding 750 units in İzmir Mavisehir 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 Turnkey projects.

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 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.

In the expert report dated 19 January 2016, it has been made a decision of whether related cancellation is unfair, and there alternative calculations has been realized over the possibility of whether the cancellation is right and over the effects on forward and backward. The expert report has been contested and it has been requested from the court that the expert report is declared "null and void" and that to receive a report that contains the objections of parties by creating a new committee.

The Company filed a lawsuit as well for collecting amount of TL 34,100 without prejudice to further claims as of 7 July 2011.

According to comments received from the Company's lawyer, it is not expected to arise any liability that put the Company under obligation as a result of related case.

12.2.2 The LSRSA project agreement regarding İzmir Mavisehir 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".

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NOTE 12 –PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

12.2 Contingent Liabilities of Emlak Konut GYO (Continued)

The court rejected the case on 5 March 2015. The claimant has filed an appeal. The result of appeal is being waited. As a result of the appeal the court's verdict was approved from the supreme court.

12.2.3 Contractor firm filed a lawsuit against the Company claiming compensation amounting to 21.421 TL. The court decided to accept the case. The decision of the local court was corrupted by the Court of Cassation in favor of Emlak Konut GYO. The correctness of the decision is expected. According to comments received from the Company's lawyer, it is not expected to arise any liability that put the Company under obligation as a result of related case.

12.2.4 Contractor of İzmir Mavisehir Upper North Area 2. Phase LSRSA Project, the contractor was filed a lawsuit for assignment that the claimant has given. The case is proceeding and According to comments received from the Company's lawyer, it is not expected to arise any liability that put the Company under obligation as a result of related case.

12.2.5 In terms of the assignment given by the Istanbul Ümraniye Phase 1 LSRSA contractor, ordinary partnership received amount of TL 46,000 from Şekerbank T.A.Ş. according to the contract with Emlak Konut GYO. Şekerbank T.A.Ş. claiming that the amount of TL 34,134 has not been paid unjustly to the transferring entity. The plaintiff requested that the mortgage be put on a part of the immovable subject matter in order to constitute the guarantee of taking the case. The trial is ongoing.

12.3 Contingent Assets of Emlak Konut GYO

12.3.1 The total number of lawsuits filed by the Company as the plaintiff is 1,324.

12.3.2 As of 31 December 2017, the breakdown of nominal trade receivables resulted from the residential and commercial unit sales and the expected timing of the nominal installments not due or not collected that are not included in the balance sheet as TAS 18 criteria has not been met since the construction is still ongoing or the construction has been completed but the units have not been delivered in accordance with pre-sales contract:

	Ticari Receivables	Off-balance sheet deferred revenue	Total
2018	721,531	755,373	1,476,904
2019	480,164	564,401	1,044,565
2020	343,526	488,004	831,530
2021	217,240	345,673	562,913
2022	195,767	289,508	485,275
2023	171,798	200,906	372,704
Between 2024-2028 years	364,850	848,613	1,213,463
Between 2029-2033 years	92,116	189,402	281,518
Between 2034-2039 years	79,537	93,792	173,329
	2,666,529	3,775,672	6,442,201

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NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2017 AND 2016

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NOTE 13 - EMPLOYEE BENEFITS

	31 December 2017	31 December 2016
Short-term provisions		
Unused vacation provision	4,113	6,190
	4,113	6,190
Long-term provisions		
Provision for employment termination benefit	6,162	5,508
	6,162	5,508

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 2017	31 December 2016
Discount Rate (%)	3.74	3.26
Turnover rate to estimate probability of retirement(%)	1.65	1.15

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.

If the discount rate would have been 1% lower, provision for employee termination benefits would increase by TL 667.

If the anticipated turnover rate would have been 1% higher while all other variables were held constant, provision for employee termination benefits would increase by TL 218.

Movement of the provision for employment termination benefits as of 31 December 2017 and 2016 are as follows:

	2017	2016
Balance at 1 January	5,508	3,986
Service cost	841	1,118
Interest cost	678	131
Payment within the period	(10)	(137)
Actuarial loss	(855)	410
Balance at 31 December	6,162	5,508

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NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2017 AND 2016

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NOTE 14 - OTHER ASSETS AND LIABILITIES

	31 December 2017	31 December 2016
Other current assets		
Accrued income	111,557	122,946
Progress payments given to contractors	83,020	118,700
Receivables from tax office	20,187	34,066
Deferred VAT	2,512	8,500
Other	-	263
	217,276	284,475
	31 December 2017	31 December 2016
Other non-current assets		
Deferred VAT	12,637	47,593
	12,637	47,593

NOTE 15 - DEFERRED INCOME AND PREPAID EXPENSES

	31 December 2017	31 December 2016
Short-term deferred income		
Deferred income from LSRSA projects (*)	2,069,084	1,727,759
Advances taken from LSRSA contractors (**)	850,342	976,954
Advances taken from turnkey project sales	582,153	371,128
Deferred income from sales of completed units	162,406	75,248
Advances taken from related parties (Note 25)	64,732	64,732
	3,728,717	3,215,821

(*) The balance is comprised of deferred income of future land sales regarding the related LSRSA projects residential unit's sales.

(**) In certain LSRSA projects, the Company collects a certain portion of the total Company revenue from the project before signing the agreement with the contractor

	31 December 2017	31 December 2016
Long-term deferred income		
Other advances taken	3,174	2,963
	3,174	2,963
	31 December 2017	31 December 2016
Prepaid expenses		
Advances given for inventory (*)	986,501	542,674
Prepaid expenses	-	1,137
	986,501	543,811

(*) A protocol has been signed between the Company and the Tariş Cooperative Associations to develop revenue sharing project on a total of 143,366-m2 land, which is belonging to the Tariş Cooperative Unions, located within the boundaries of Kurukay / Umurbey, Konak district of İzmir. The Company has provided an advance of stock amounting to TL 392,355. The Company has also provided a stock advance of 533.170 TL to the contractors for the 175 houses and commercial units they have received from Ankara Yeninahalle Station and Büyükyalı projects.

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NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2017 AND 2016

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NOTE 16 - SHAREHOLDERS' EQUITY

The Company's authorized capital amount is TL 3,800,000 (31 December 2016: TL 3,800,000) and consists of 380,000,000,000 (31 December 2016: 380,000,000,000) authorized number of shares with a nominal value of TL 0,01 each.

The Company's shareholders and their shareholding percentages as of 31 December 2017 and 31 December 2016 is as follows:

Shareholders	31 December 2017		31 December 2016	
	Share (%)	TL	Share (%)	TL
Public offering portion	50.66	1,925,111	50.66	1,925,111
T.C. Başbakanlık Toplu Konut İdaresi Başkanlığı ("TOKİ")	49.34	1,874,831	49.34	1,874,831
HAS beneficiaries	0.00	56	0.00	56
Other	0.00	2	0.00	2
Total paid in capital	100	3,800,000	100	3,800,000

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.

In accordance with the Communiqué Serial: II, No: 14,1 which became effective as of 13 June 2013 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.

There is no any use of the adjustment to share capital except adding it to the share capital.

The Company paid dividend to its shareholders amounting to TL 367,888 according to the decision in general assembly meeting on 14 April 2016. The dividend amounting to TL 11,618 which correspond to its treasury shares has been accounted in share premium account in equity.

Between 1 November 2017 and 17 November 2017, The Company has repurchased 8,309,000 numbers of shares with nominal value between full TL 2.55 and full TL 2.70 and total amounting to full TL 21,623,770 full TL). Shares average purchase price is TL 2.60 and as a result of the purchases, the share of the total shares to the total share lot is 3.38%

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NOTE 17 - REVENUE AND COST OF SALES

	1 January- 31 December 2017	1 January- 31 December 2016
Sales income		
Land sales	3,216,003	1,808,322
<i>Income from sale of land and plots by way of LSRSA</i>	2,520,918	1,743,896
<i>Land sales income</i>	695,085	64,426
Residential and commercial units sales	769,519	1,651,644
Other Income	3,066	808
	3,988,588	3,460,774
Sales returns	(87,919)	(4,210)
Sales discounts	(103)	(672)
Net sales income	3,900,566	3,455,892
Cost of sales		
Cost of land sales	(1,205,300)	(407,456)
<i>Cost of land and plots sold by way of LSRSA</i>	(728,175)	(395,711)
<i>Cost of land sales</i>	(477,125)	(11,745)
Cost of residential and commercial units sales	(582,745)	(1,212,222)
	(1,788,045)	(1,619,678)
Gross profit	2,112,521	1,836,214

NOTE 18 - GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES

	1 January- 31 December 2017	1 January- 31 December 2016
General administrative expenses		
Personnel expenses	(59,096)	(53,418)
Taxes, duties and fees	(50,201)	(24,296)
Consultancy expenses	(17,866)	(9,956)
Donations	(15,000)	(15,217)
Subcontracting service expenses	(12,402)	(8,885)
Depreciation and amortisation	(8,136)	(7,086)
Due and contribution expenses	(5,018)	(2,929)
Office expenses	(4,362)	(1,543)
Travel expenses	(4,320)	(2,996)
Maintenance	(2,368)	(773)
Insurance expenses	(1,922)	(597)
Lawsuit and notary expenses	(1,882)	(4,039)
Communication	(566)	(609)
Other	(10,992)	(5,139)
	(194,131)	(137,483)

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NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2017 AND 2016

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NOTE 18 - GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES (Continued)

	1 January- 31 December 2017	1 January- 31 December 2016
Marketing, sales and distribution expenses		
Advertising expenses	(57,940)	(49,790)
Personnel expenses	(5,678)	(4,863)
Office expenses	(541)	(135)
Notary expenses	(166)	(270)
Other	(1,352)	(1,026)
	(65,677)	(56,084)

NOTE 19 - EXPENSES BY NATURE

	1 January - 31 December 2017	1 January - 31 December 2016
Cost of land sales	1,205,300	407,456
Cost of residential and commercial units sales	582,745	1,212,222
Staff costs	64,774	58,281
Advertisement	57,940	49,790
Taxes,duties and fees	50,201	24,296
Consultancy expenses	17,866	9,956
Donations	15,000	15,217
Subcontracting service expenses	12,402	8,885
Depreciation and amortisation	8,136	7,086
Membership fees	5,018	2,929
Office expenses	4,362	1,543
Legal and notary	2,048	4,174
Insurance	1,922	597
Communication	566	609
Other	19,573	10,204
	2,047,853	1,813,245

NOTE 20- OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

	1 January- 31 December 2017	1 January- 31 December 2016
Other income from operating activities		
Finance income from credit sales	223,797	173,250
Delay penalty interest from project contractors	62,567	52,495
Impairment provision reversals (Note 8-10)	33,946	3,347
Released lawsuit provisions (Note 12)	53,033	6,277
Recirculate commission income	16,451	26,256
Fee returns from land offices	1,968	1,696
Income from guarantees	1,800	220
Income from tender contract sales	590	611
Not realized finance income	13	10,953
Insurance income	-	21
Other	40,076	13,861
	434,241	288,987

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NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2017 AND 2016

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NOTE 20 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES (Continued)

	1 January- 31 December 2017	1 January- 31 December 2016
Other expenses from operating activities		
Impairment provision expenses (Note 10)	(36,967)	(10,206)
Lawsuit provision charge for the period (Note 12)	(36,495)	(2,613)
Reversal of due date differences	(63)	(1,905)
Other	(5,616)	(9,396)
	(79,141)	(24,120)

NOTE 21 - INCOME FROM INVESTING ACTIVITIES

	1 January- 31 December 2017	1 January- 31 December 2016
Interest income from bonds	2,547	13,810
	2,547	13,810

NOTE 22 - FINANCIAL INCOME / EXPENSES

	1 January- 31 December 2017	1 January- 31 December 2016
Financial income		
Interest income from time deposits	69,202	94,238
Interest income from TOKI	11,267	-
Foreign exchange income	122	74
Other	89	-
	80,680	94,312

	1 January- 31 December 2017	1 January- 31 December 2016
Financial expenses		
Interest expense on payable to TOKI (*)	(225,689)	(127,362)
Loan interest expense	(170,252)	-
Interest discount on pay off debt	(127,735)	(95,211)
Interest expense on Turkish Treasury borrowings	(10,830)	(31,184)
Foreign exchange loss	(440)	(603)
	(534,946)	(254,360)

(*) This amount comprises of the interest expense accrued as of 31 December 2017 for the debts arising from payments of land received from the Toplu Konut İdaresi

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NOTE 23 - TAX ASSETS AND LIABILITIES

"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".

The corporate income for 2018, 2019 and 2020 will be taxed as a rate of 22% according to the "Law on the Amendment of Certain Tax Laws and Some Other Laws" numbered 7061 published in the Official Gazette dated December 5, 2017 and numbered 30261.

NOTE 24 – 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.

The Company can withdraw the issued shares. The weighted average number of stocks taken back changes the calculation of earnings per share in line with the number of shares.

	2017	2016
Net income attributable to equity holders of the parent in full TL	1,756,094	1,761,276
Weighted average number of ordinary shares	3,663,584,506	3,685,803,920
Earnings per share in full TL	0.0048	0.0048

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NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2017 AND 2016

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NOTE 25 - RELATED PARTY DISCLOSURES

The main shareholder of the Company is T.C. Başbakanlık Toplu Konut İdaresi Başkanlığı ("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 Planlama, 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 Planlama İnş. Prj. Yön. A.Ş. – Fideltus İnş. – Öztaş İnş. Ortak Girişimi
9. Ege Yapı - Emlak Planlama, İnşaat, Proje Yönetimi ve Ticaret A.Ş.
10. Emlak Planlama İnşaat. Proje. Yönetimi ve Ticaret. A.Ş. – Cathay Ortak Girişimi
11. Emlak Konut Spor Kulübü Derneği

According to the revised TAS 24 – "Related Parties Transactions Standard", exemptions have been brought to the disclosure requirements of balances. The Company has transactions with state banks (T.C.Ziraat Bankası A.Ş., Türkiye Vakıflar Bankası T.A.O., Türkiye Halk Bankası A.Ş.) and Turkish Treasury.

- Balances and transactions with respect to Turkish Treasury are detailed in Note 3, 4 and 8.
- The Company mostly deposits its cash in State Banks in compliance with its related statute. The bank balances with state banks amounted to TL 508,974 as of 31 December 2017 (31 December 2016: TL 2,178,178) Regarding these bank balances, the Company also generated interest income from the related State banks amounted to TL 129,212 in as of 31 December 2017 (31 December 2016: TL 226,889). Average effective interest rates of time deposits of the Company as of 31December 2017 are explained in Note 3.

The transactions made between the Company and TOKİ and its affiliates and other related parties are presented below:

	31 December 2017	31 December 2016
Trade receivables from related parties		
Emlak Planl. İnş. Prj. Yön. A.Ş. - Ege Yapı Ltd. Şti.	1,353	14,178
Emlak Planl. İnş. Prj. Yön. A.Ş. - Fideltus İnş-Öztaş İnş O.G.	5,576	5,567
Emlak Planl. İnş. Prj. Yön. A.Ş. - Cathay Ortak Girişimi	1,310	1,342
	8,239	21,087
Trade payables to related parties		
T.C. Başbakanlık Toplu Konut İdaresi Başkanlığı ("TOKİ") (*)	743,388	3,509,541
Ege Yapı Ltd. Şti.-Emlak Pazarlama O.G.	1,325	1,324
	744,713	3,510,865

(*) The Company has purchased various lands from its ultimate parent company (TOKİ). The remaining payable from this purchases to TOKİ is amounting to TL 489,380 (31 December 2016: TL 3,080,088) and accrued interest is TL 38,200 (31 December 2016: TL 429,453).

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NOTE 25 - RELATED PARTY DISCLOSURES (Continued)

Advances received from related parties	31 December 2017	31 December 2016
Emlak Planl. İnş. Prj. Yön. A.Ş. - Fideltus İnş.- Öztaş İnş. O.G. (*)	64,732	64,732
	64,732	64,732

(*) Represents the initial collections made from LSRSA projects, where the Company collects a predetermined portion of the total sales amount in line with the agreements.

Purchases from related parties	1 January- 31 December 2017	1 January- 31 December 2016
T.C. Başbakanlık Toplu Konut İdaresi Başkanlığı ("TOKİ")	1,274,500	2,314,030
Emlak Planlama İnş. Prj. Yön. A.Ş. - Ege Yapı Ltd Şti.	2,497	152,191
Emlak Planlama İnş. Prj. Yön. A.Ş. - Emlak Basın Yayın A.Ş.	985	864
Emlak Konut Spor Kulübü Derneği - Sponsorship cost	600	-
	1,278,582	2,467,085

Finance expense from related parties	1 January- 31 December 2017	1 January- 31 December 2016
T.C. Başbakanlık Toplu Konut İdaresi Başkanlığı ("TOKİ")	225,689	127,362
	225,689	127,362

According to the protocols signed with TOKİ regarding to land purchases, the cost of lands purchased from TOKİ is kept in time deposit accounts of Emlak Konut in the name of TOKİ, until the payment date determined by TOKİ. Interest income from time deposit of Emlak Konut in the name of TOKİ are net off from Interest income from time deposits in the financial statements. All of this accumulated interest income on time deposits will be paid to TOKİ.

Sales to related parties	1 January- 31 December 2017	1 January- 31 December 2016
T.C. Başbakanlık Toplu Konut İdaresi Başkanlığı ("TOKİ")	27,309	66,626
Emlak Planlama İnş. Prj. Yön. A.Ş. - Ege Yapı Ltd. Şti.	88	-
Emlak Planlama İnş. Prj. Yön. A.Ş. - Cathay Ortak Girişimi	-	58
	27,397	66,684

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:

Remuneration of key management	1 January- 31 December 2017	1 January- 31 December 2016
Salaries and other short-term employee benefits	5,876	3,096
	5,876	3,096

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NOTE 26 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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.

The maturity distribution of financial liabilities of the Company as of 31 December 2017 and 2016 is as follows:

31 December 2017	Carrying value	Contractual cash flows	Up to 3 months	3 months to 1 year	1 year- to 5 years
Short-term financial liabilities					
(Non-Derivative):					
Financial liabilities	482,364	793,073	127,909	665,164	-
Trade payables	1,266,648	1,299,282	-	1,299,282	-
Other liabilities	554,767	554,767	63,002	491,765	-
	2,303,779	2,647,122	190,911	2,456,211	-
Long-term financial liabilities					
(Non-Derivative):					
Financial liabilities	1,932,308	2,364,838	-	-	2,364,838
Trade payables	95,666	95,666	-	-	95,666
Other liabilities	37,306	37,306	-	-	37,306
	2,065,280	2,497,810	-	-	2,497,810

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NOTE 26 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Liquidity Risk (Continued)

31 December 2016	Carrying value	Contractual cash flows	Up to 3 months	3 months to 1 year	1 year- to 5 years
Short-term financial liabilities (Non-Derivative):					
Financial liabilities	219,490	220,169	61,160	159,009	-
Trade payables	3,824,119	3,967,801	1,267,894	2,699,907	-
Other liabilities	560,576	560,576	68,377	492,199	-
	4,604,185	4,748,546	1,397,431	3,351,115	-
Long-term financial liabilities (Non-Derivative):					
Trade payables	71	71	-	-	71
Other liabilities	9,352	9,352	-	-	9,352
	9,423	9,423	-	-	9,423

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 reprising dates is crucial.

The Company is exposed to interest rate risk as the Company borrow funds from Republic of Turkey Prime Ministry Undersecretariat of Treasury at floating interest rates.

Average effective annual interest rates of balance sheet items as of 31 December 2017 and 2016 are as follows:

	31 December 2017 (%)	31 December 2016 (%)
Current assets		
Cash and cash equivalents	10.41%	7.94%
Trade receivables	9.75%	7.00%
Current liabilities		
Financial liabilities	14.75%	9.75%
Non-current liabilities		
Financial liabilities	14.75%	10.14%

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NOTE 26 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Interest rate risk (Continued)

The Company's financial instruments that are sensitive to interest rates are as follows:

	31 December 2017	31 December 2016
Financial instruments with fixed interest rate		
Time deposits	706,022	2,367,483
Financial liabilities	2,414,672	-
Financial instruments with floating interest rate		
Financial liabilities	-	219,490

The profit before tax of the Company will increase / decrease by TL 0 as of 31 December 2017 (31 December 2016: TL 2,194) and in case of a 1% decrease/increase in TL market interest rates with all other factors remaining constant as of 31 December 2017.

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.

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NOTE 26 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Credit risk (Continued)

Credit risk of financial instruments as of 31 December 2017 is as follows:

31 December 2017	Trade receivables		Other receivables		Deposits in Banks	Blocked deposits more than 3 months maturity
	Related party	Other party	Related party	Other party		
Maximum exposed credit risk as of reporting date	8,239	3,360,095	-	1,181,454	897,501	165,741
Secured portion of the maximum credit risk by guarantees,etc,	8,239	3,281,425	-	1,181,454	897,501	165,741
A. Net book value of financial assets either not due or not impaired	8,239	3,281,425	-	1,181,454	897,501	165,741
Secured portion by guarantees,etc,	8,239	3,281,425	-	1,181,454	-	-
B. Financial assets with renegotiated condition						
Secured portion by guarantees,etc,	-	-	-	-	-	-
C. Net book value of the expired but not impaired financial assets	-	78,670	-	-	-	-
Secured portion by guarantees,etc,	-	78,670	-	-	-	-
D. Net book value of the impaired assets	-	-	-	-	-	-
Overdue(Gross book value)	-	1,837	-	-	-	-
Impairment(-)	-	(1,837)	-	-	-	-
Secured portion of the net value by guarantees,etc,	-	-	-	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2017 AND 2016

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NOTE 26 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Credit risk (Continued)

Credit risk of financial instruments as of 31 December 2016 is as follows:

31 December 2016	Trade receivables		Other receivables		Deposits in Banks	Blocked deposits more than 3 months maturity
	Related party	Other party	Related party	Other party		
Maximum exposed credit risk as of reporting date	21,087	2,128,635	-	839,558	2,420,028	81,203
Secured portion of the maximum credit risk by guarantees,etc,	21,087	2,775,237	-	839,551	2,420,028	81,203
A. Net book value of financial assets either not due or not impaired	21,087	2,775,237	-	839,551	2,420,028	81,203
Secured portion by guarantees,etc,	21,087	2,775,237	-	839,551	-	-
B. Financial assets with renegotiated condition						
Secured portion by guarantees,etc,	-	-	-	-	-	-
C. Net book value of the expired but not impaired financial assets		60,938	-	7	-	-
Secured portion by guarantees,etc,	-	60,938	-	7	-	-
D. Net book value of the impaired assets	-	-	-	-	-	-
Overdue(Gross book value)		1,866				
Impairment(-)	-	(1,866)	-	-	-	-
Secured portion of the net value by guarantees,etc,	-	-	-	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2017 AND 2016

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NOTE 26 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Credit risk (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 2017.

The table below summarizes the Company's foreign currency position of the Company as of 31 December 2017 and 2016. TL equivalent of foreign exchange denominated financial assets and liabilities as follows;

	31 December 2017	
	TL Amount (Functional Currency)	US Dollar
1a. Monetary Financial Assets	92	24
2.CURRENT ASSETS	92	24
3. TOTAL ASSETS	92	24
4a. Monetary Other Liabilities	3,232	857
5. CURRENT LIABILITIES	3,232	857
6.TOTAL LIABILITIES	3,232	857
7.Net Foreign Currency Assets/Liabilities Position	(3,140)	(833)
8.Monetary Items Net Foreign Currency Assets / Liabilities (1a-4a)	(3,140)	(833)

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2017 AND 2016

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

NOTE 26 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Foreign exchange risk (Continued)

	31 December 2016	
	TL Amount (Functional Currency)	US Dollar
1a. Monetary Financial Assets	538	153
2.CURRENT ASSETS	538	153
3. TOTAL ASSETS	538	153
4a. Monetary Other Liabilities	3,016	857
5. CURRENT LIABILITIES	3,016	857
6.TOTAL LIABILITIES	3,016	857
7.Net Foreign Currency Assets/Liabilities Position	(2,478)	(704)
8.Monetary Items Net Foreign Currency Assets / Liabilities (1a-4a)	(2,478)	(704)

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 2017 and 2016 are as follows:

	31 December 2017	31 December 2016
Total liabilities	2,414,672	219,490
Less:Cash and cash equivalents	(897,501)	(2,420,030)
Net Liabilities	1,517,171	(2,200,540)
Total shareholder's equity	12,465,519	10,730,193
Invested Capital	13,982,690	8,529,653
Net Liabilities (Asset)/ Invested Capital Ratio	11%	(26%)

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NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2017 AND 2016

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

NOTE 27 - 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.

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.

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

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NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2017 AND 2016

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

NOTE 27 - FINANCIAL INSTRUMENTS (Continued)

Financial liabilities (Continued)

Classifications of the assets and liabilities which are measured by fair values are as follows:

Financial assets	31 December 2017		
	Fair value levels		
	1. Level	2. Level	3. Level
	TL	TL	TL
Bond	8,266	-	-
Special issue government bonds	12,267	-	-

Financial assets	31 December 2016		
	Fair value levels		
	1. Level	2. Level	3. Level
	TL	TL	TL
Bond	128,278	-	-
Special issue government bonds	12,517	-	-

NOTE 28 - COMMITMENTS

The mortgage and guarantees received of the Company as of 31 December 2017 and 2016 are explained below;

	31 December 2017	31 December 2016
Guarantees received (*)	3,606,210	3,027,085
Mortgages received (**)	57,685	45,878
	3,663,895	3,072,964

(*) Guarantees received 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 2017 AND 2016

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

NOTE 28 - COMMITMENTS (Continued)

The collaterals, pledges and mortgages ("CPM") of the Company as of 31 December 2017 and 2016 are explained below;

	31 December 2017	31 December 2016
A. CPM given on behalf of the Company's legal personality	56,397	65,511
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	-	-
i) Total amount of CPM given on behalf of majority shareholder	-	-
ii) Total amount of CPM given on behalf of other companies which are not in scope of B and C	-	-
iii) Total amount of CPM given on behalf of third parties which are not in scope of C	-	-
	56,397	65,511

NOTE 29 - EVENTS AFTER THE REPORTING PERIOD

- 1- Emlak Konut GYO has allocated TL 470,980 of its off balance sheets receivables arising from its sales contracts as a "non-recourse" and collected TL 350,000 in cash. The receivables indexed to TÜFE in the amount of TL 470,980 will not be subject to the transfer of the TUFÉ difference income and will be collected by the company in the course of the transaction.
- 2- The Company has borrowed TL 200,000 credit from Ziraat Bank. Credit terms used: No principal payment for the first year, interest payment every 3 months; after the grace period, the principal + interest must be paid every 3 months for 4 years

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2017 AND 2016

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

ADDITIONAL NOTE - CONTROL OF COMPLIANCE WITH THE PORTFOLIO LIMITATIONS

	Non-Consolidated (Individual) Financial Statements		Current Period	Prior Period
	Main Account Items	Related Regulation	31 December 2017	31 December 2016
			(TL)	(TL)
A	Money and Capital Market Instruments	Series:III-No:48, Art,24/(b)	591,401	2,405,012
B	Properties, Projects based on Properties and Rights based on Properties	Series:III-No:48, Art,24/(a)	13,802,092	12,204,919
C	Affiliates	Series:III-No:48, Art,24/(b)	-	-
	Due from related parties (Non Commercial)	Series:III-No:48, Art,23/(f)	-	-
	Other Assets		6,134,501	4,092,436
D	Total Assets	Series:III-No:48, Art,3/(k)	20,527,994	18,702,367
E	Financial Liabilities	Series:III-No:48, Art,31	2,414,672	219,561
F	Other Financial Liabilities	Series:III-No:48, Art,31	-	-
G	Due from Financial Leases	Series:III-No:48, Art,31	-	-
H	Due to Related Parties (Non Commercial)	Series:III-No:48, Art,23/(f)	-	-
I	Shareholders' equity	Series:III-No:48, Art,31	12,465,519	10,730,193
	Other Resources		5,647,803	7,752,613
D	Total Resources	Series:III-No:48, Art,3/(k)	20,527,994	18,702,367
	Non-Consolidated (Individual) Financial Statements		Current Period	Prior Period
	Other Account Items	Related Regulation	31 December 2017	31 December 2016
			(TL)	(TL)
A1	The portion of Money and Capital Market Instruments held for Payables of Properties for the following 3 Years	Series:III-No:48, Art,24/(b)	591,401	956,203
A2	Term/ Demand/ Currency	Series:III-No:48, Art,24/(b)	385,081	956,203
A3	Foreign Capital Market Instruments	Series:III-No:48, Art,24/(d)	-	-
B1	Foreign Properties, Projects based on properties and Rights based on Properties	Series:III-No:48, Art,24/(d)	-	-
B2	Idle Lands	Series:III-No:48, Art,24/(c)	330,670	425,220
C1	Foreign Affiliates	Series:III-No:48, Art,24/(d)	-	-
C2	Affiliates for Operating Company	Series:III-No:48, Art,28	-	-
J	Non-cash Loans	Series:III-No:48, Art,31	56,397	65,511
K	Mortgage amount of Servient Lands Which Will Be Developed And Not Owned	Series:III-No:48, Art,22/(e)	-	-

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2017 AND 2016

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

ADDITIONAL NOTE - CONTROL OF COMPLIANCE WITH THE PORTFOLIO LIMITATIONS (Continued)

	Portfolio restrictions	Related regulation	31 December 2017 (%)	31 December 2016 (%)	Minimum/ Maximum Rate
1	Mortgage amount of Servient Lands Which Will Be Developed And Not Owned	Series:III-No:48, Art,22/(e)	-	-	<10%
2	Properties, Projects based on Properties and Rights based on Properties	Series:III-No:48, Art,24/(a)(b)	70	70	>50%
3	Money and Capital Market Instruments and Affiliates	Series:III-No:48, Art,24/(b)	-	8	<50%
4	Foreign Properties, Projects based on Properties, Rights based on Properties, Affiliates, Capital Market Instruments	Series:III-No:48, Art,24/(d)	-	-	<49%
5	Idle Lands	Series:III-No:48, Art,24/(c)	2	2	<20%
6	Affiliates to the Operating Company	Series:III-No:48, Art,28	-	-	<10%
7	Borrowing Limit	Series:III-No:48, Art,31	20	3	<500%
8	TL and Foreign Currency Time and Demand Deposits	Series:III-No:48, Art,22/(e)	-	-	<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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TABLE OF TENDERED LAND PLOTS (31.12.2017)

Revenue Sharing Model in Return for the Land Sale	SQM	Date of Purchase	Book Value (TRY)	Current Company Share in Total Revenue	Explanation
AĞAOĞLU MASLAK 1453 İSTANBUL PROJECT İSTANBUL ŞİŞLİ AYAZAĞA 1ST STAGE (AKDENİZ İNŞAAT)	7.194,46	30.09.2010	35.469.450,45	34.173.875,00	Construction permit obtained.
KÖY PROJECT İSTANBUL SARIYER ZEKERİYAKÖY (SİYAH KALEM MÜH.)	343.062,46	2.03.2011	228.725.474,89	475.687.500,00	The agreement of the project was signed on 19.07.2012, the construction permits for the parcels 1791/2, 1789/4, 1790/3, 1789/2, 1790/4 were obtained on 25.07.2014, 31.12.2014, 24.06.2013, 06.07.2015, 06.07.2015 respectively.
İSTMARİNA PROJECT İSTANBUL KARTAL (ELTES İNŞAAT)	53.687,97	22.04.2012	187.098.917,87	672.380.800,00	The agreement of the project was signed on 04.02.2013, the construction permits for the parcels 9051/1, 9048/2, 9049/1, 9050/1 were obtained on 14.03.2014, 10.06.2015, 18.05.2015, 27.05.2015 respectively.
GÖL PANAROMA EVLERİ PROJECT İSTANBUL AVCILAR KAPADIK (BE-MA İNŞAAT)	85.251,43	30.07.2012	14.024.334,41	34.132.033,20	The agreement of the project was signed on 05.07.2013, the construction permit was obtained on 25.04.2014.
FATİH YEDİKULE PROJECT İSTANBUL FATİH YEDİKULE (EGE YAPI - MYMETROPOL-SENA-BUKTOR JOINT VENTURE)	40.945,86	30.07.2012	67.520.449,32	105.968.270,00	The agreement of the project was signed on 02.08.2013, the construction permits were obtained 24.03.2017, 11.04.2017, 26.04.2017, 27.04.2017 respectively.
BAHÇEKENT FLORA PROJECT İSTANBUL HOŞDERE 2ND STAGE (İZKA İNŞAAT & DAĞ MÜHENDİSLİK & SİTAR İNŞAAT JOINT VENTURE)	22.449,31	14.06.2011	2.238.453,89	1.139.728,37	The agreement of the project was signed on 22.11.2013, the construction permits for the parcels 656/2, 657/2 were obtained on 23.05.2014. The construction permits for the parcels 656/1, 657/1 were obtained on 31.12.2014.
EVVEL / ADIM İSTANBUL PROJECT İSTANBUL BAŞAKŞEHİR KAYABAŞI 3RD STAGE (İNTAYA & EYG& İNTES JOINT VENTURE)	35.076,70	3.12.2012	75.392.080,27	113.895.876,18	The agreement of the project was signed on 17.12.2013. The construction permits for the parcels 884/1, 891/1, 892/1 were obtained on 04.11.2014, 31.08.2015, 31.08.2015 respectively.
ZEYTİNBURNU KAZLIÇEŞME PROJECT İSTANBUL ZEYTİNBURNU KAZLIÇEŞME (ÖZAK-YENİGÜN-ZIYLAN JOINT VENTURE)	111.262,55	24.04.2013	662.076.763,93	1.568.800.000,00	The agreement of the project was signed on 08.04.2014, the construction permits were obtained on 25.01.2016 and 18.03.2016.
PARK MAVERA PROJECT İSTANBUL BAŞAKŞEHİR KAYABAŞI 4TH STAGE (MAKRO - AK YAPI JOINT VENTURE)	45.389,81	3.12.2012	95.211.865,77	195.921.251,99	The agreement of the project was signed on 25.04.2014, the construction permits for the parcels 884/1, 883/1 were obtained on 08.10.2014, 02.09.2015 respectively.
AVRUPARK PROJECT İSTANBUL BAŞAKŞEHİR HOŞDERE 3RD STAGE (CİHAN İNŞ. - KONUT YAPI JOINT VENTURE)	78.639,77	14.06.2011	74.448.436,74	156.520.000,00	The agreement of the project was signed on 20.05.2014, the construction permit was obtained on 16.03.2015.
KOCAELİ DERİNCE PROJECT (KUMUŞOĞLU İNŞAAT - TOKAL İNŞAAT JOINT VENTURE)	72.313,00	3.04.2014	70.359.515,10	83.198.500,00	The agreement of the project was signed on 21.08.2014, the construction permit have not been obtained yet.
SOFALOCA PROJECT ANKARA ETİMESGÜT PROJECT (BAŞYAPI İNŞAAT - SOLARYAPI JOINT VENTURE)	18.228,00	3.04.2014	25.789.791,90	40.464.262,61	The agreement of the project was signed on 18.08.2014, the construction permit was obtained on 11.12.2014.
KARTAL YAKACIK PROJECT (DAĞ MÜHENDİSLİK)	24.763,18	28.05.2014	92.232.560,18	116.961.600,00	The agreement of the project was signed on 30.12.2014, the construction permit for the parcel 12626/1 was obtained on 21.01.2016 and permit for the parcel 12624/4 was obtained on 10.05.2017.
İSTANBUL BAHÇELİEVLER YENİBOSNA PROJECT (KELİF JOINT VENTURE)	36.174,56	28.05.2014	68.153.783,73	171.600.000,00	The agreement of the project was signed on 09.01.2015, the construction permit was obtained on 25.01.2016.
İSTANBUL BAŞAKŞEHİR KAYABAŞI 6TH STAGE PROJECT (ARTAŞ İNŞAAT SANAYİ VE TİC A.Ş.)	72.706,72	3.04.2014	131.893.351,16	274.428.234,89	The agreement of the project was signed on 25.05.2015, the construction permit was obtained on 19.01.2016.
İSTANBUL BAŞAKŞEHİR HOŞDERE 4TH STAGE PROJECT (DAĞ MİMARLIK YAPI GAYRİMENKUL TİC.LTD.ŞTİ.)	152.621,06	14.06.2011 - 30.07.2012	108.801.717,35	275.334.000,00	The agreement of the project was signed on 26.05.2015, the construction permit was obtained on 22.01.2016.
İSTANBUL SARIYER İSTİNYE PROJECT (TAHİNCİOĞLU GAYRİMENKUL - TAHİNCİOĞLU YAPI-NIDA JOINT VENTURE)	129.487,27	28.05.2014	993.432.511,26	1.876.392.000,00	The agreement of the project was signed on 03.06.2015, the construction permit were obtained on 14.07.2017.
KONYA MERAM YENİCE PROJECT (TORKAM İNŞAAT - BUKTOR YAPI SAN. JOINT VENTURE)	60.675,48	5.03.2015	90.845.490,44	198.759.060,00	The agreement of the project was signed on 08.06.2015, the construction permits were obtained on 24.05.2016 for the parcels 37594/5 and 37595/5.
ANKARA YENİMAHALLE İSTASYON (PASİFİK GAYRİMENKUL - ÇİFTAY İNŞAAT JOINT VENTURE)	124.475,80	3.04.2014	634.550.206,25	1.258.365.000,00	The agreement of the project was signed on 09.07.2015, the construction permit was obtained on 06.02.2017.

Revenue Sharing Model in Return for the Land Sale	SQM	Date of Purchase	Book Value (TRY)	Current Company Share in Total Revenue	Explanation
İSTANBUL KAĞITHANE SEYRANTEPE PROJECT (GÜL İNŞAAT PROJE A.Ş. - GÜL İNŞAAT A.Ş. JOINT VENTURE)	36.749,99	5.03.2015	120.609.582,07	637.000.000,00	The agreement of the project was signed on 14.07.2015, construction permit for parcels 7752/2 and 7752/4 were obtained on 16.01.2017 and 17.04.2017 respectively.
KAYABAŞI 5TH STAGE PROJECT (TAHİNCİOĞLU - NİDA İNŞAAT JOINT VENTURE)	77.327,02	3.04.2014	185.127.042,69	407.588.000,00	The agreement of the project was signed on 20.07.2015, the construction permit was obtained on 04.02.2016.
DENİZLİ MERKEZEFENDİ (TEKNİK YAPI KONUT - TEKNİK YAPI TEKNİK YAPILAR - UCD YAPI JOINT VENTURE)	95.294,22	5.03.2015	76.980.251,60	92.651.000,00	The agreement of the project was signed on 14.09.2015, the construction permit was obtained on 29.01.2016.
ANKARA ÇANKAYA ÇAYYOLU PROJECT (YP İNŞAAT A.Ş.)	29.916,83	3.04.2014	100.200.803,93	180.000.000,00	The agreement of the project was signed on 08.10.2015, the construction permit was obtained on 15.06.2016 for the parcel 29479/1.
İSTANBUL ÜSKÜDAR BARBAROS PROJECT (ELTES İNŞAAT - ISTLIFE YAPI JOINT VENTURE)	17.528,55	5.03.2015	167.961.302,19	439.887.380,00	The agreement of the project was signed on 23.10.2015, the construction permit was obtained on 05.02.2016.
AVCILAR İSPARTAKULE 5TH STAGE PROJECT (TORKAM - SİTAR İNŞAAT)	41.168,49	1.06.2007	58.105.439,44	132.000.000,00	The agreement of the project was signed on 09.06.2016, the construction permit was obtained on 03.02.2017.
İSTANBUL EYÜP ALİBEYKÖY (YENİ YAPI TACA İNŞAAT)	27.368,93	5.03.2015	47.777.179,61	168.150.000,00	The agreement of the project was signed on 11.05.2016, the construction permit of B and D Blocks were obtained on 24.03.2017, A and C Blocks were obtained on 23.06.2017.
İSTANBUL ESENYURT HOŞDERE 5TH STAGE (CİHAN İNŞAAT KONUT YAPI)	42.019,75	14.06.2011-30.07.2012	48.251.576,29	156.500.000,00	The agreement of the project was signed on 16.06.2016, the construction permit was obtained on 02.07.2017.
BAKIRKÖY YENİMAHALLE (BAŞYAPI İNŞ. - GÜNEY GAYRİMENKUL - ELİT VİZYON JOINT VENTURE)	5.250,00	5.03.2015	30.605.241,98	62.000.000,00	The agreement of the project was signed on 15.04.2016, the construction permit was obtained on 19.01.2017.
ESENYURT HOŞDERE 6TH STAGE (SURYAPI HAYAT AKPINAR JOINT VENTURE)	53.823,56	14.06.2011	45.186.030,11	150.500.000,00	The agreement of the project was signed on 04.08.2016, the construction permit of 707/1 parcel was obtained on 14.04.2017.
MALTEPE KÜÇÜKYALI (TAHİNCİOĞLU GAYRİMENKUL - TAHİNCİOĞLU KÜÇÜKYALI - KOZKEN JOINT VENTURE)	78.097,81	28.05.2014	708.787.875,60	1.527.000.300,00	The agreement of the project was signed on 02.09.2016, the construction permits of 16771/1, 16772/1, 16773/2 were obtained on 29.12.2016.
AVCILAR İSPARTAKULE 6TH STAGE (AKYAPI İNŞAAT A.Ş. EŞBAH JOINT VENTURE)	38.529,21	3.04.2015	47.979.230,35	85.600.000,00	The agreement of the project was signed on 01.09.2016, the construction permit was obtained on 30.06.2017.
İSTANBUL BEYKOZ RİVA PROJECT (YILMAZ İNŞAAT TA.AH. TİC.A.Ş.)	1.076.022,18	13.09.2017	-	190.400.000,00	The agreement of the project signed on 13.09.2017, the construction permit have not been obtained yet.
İSTANBUL ZEYTİNBURNU BEŞTELSİZ PROJECT (GÜNEY- BAŞYAPI - ELİT - AKKOM JOINT VENTURE)	36.782,54	5.03.2015	408.045.565,87	640.100.000,00	The agreement of the project signed on 14.08.2017, the construction permit was obtained on 30.09.2017.
İSTANBUL TUZLA İÇMELER PROJECT (DAĞ MİMARLIK MÜH. GAY. SAN.TİC.A.Ş.)	10.998,00	5.03.2015	20.016.360,00	53.927.500,00	The agreement of the project signed on 14.07.2017, the construction permit have not been obtained yet.
İSTANBUL ŞİLE ÇAVUŞ PROJECT (IDEALİSKENT - IDEALİST GYO JOINT VENTURE)	21.140,51	5.03.2015	9.813.133,52	15.070.000,00	The agreement of the project signed on 20.07.2017, the construction permit have not been obtained yet.
İZMİR 1ST STAGE PROJECT (TEKNİK YAPI HALK GYO JOINT VENTURE)	47.750,00	30.12.2016	0,11	117.040.000,00	The agreement of the project signed on 25.08.2017, the construction permit have not been obtained yet.
İZMİR 2ND STAGE PROJECT (PEKİNCAN YAPI BURAKCAN İNŞ. JOINT VENTURE)	95.616,00	30.12.2016	0,20	145.200.000,00	The agreement of the project signed on 08.08.2017, the construction permit have not been obtained yet.
BİZİM MAHALLE 2ND STAGE PROJECT	118.098,98	20.11.2017	486.288.069,07	551.000.000,00	The agreement of the project signed on 20.11.2017, the construction permit have not been obtained yet.
ANTALY MURATPAŞA PROJECT	40.000,00	17.10.2017	194.434.732,06	302.100.000,00	The agreement of the project signed on 20.11.2017, the construction permit have not been obtained yet.

Supervision Project	SQM	Date of Purchase	Book Value (TRY)	Current Company Share in Total Revenue	Explanation
İSTANBUL INTERNATIONAL FINANCE CENTRE PROJECT SPECIFIC PROJECT RECREATION AREA (İFM - AKDENİZ İNŞAAT JOINT VENTURE)	115.497,01	31.05.2000	0,03	29.200.000,00	The construction permit for the parcel 3328/14 and 3328/1 parcel were obtained on 01.12.2014 and 31.12.2015 respectively.

Total of Revenue Sharing Model in Return for the Land Sale 3.619.384,97 6.414.434.571,63 13.737.036.172,24

Revenue Sharing Model in Return for the Land	SQM	Date of Purchase	Book Value (TRY)	Current Company Share in Total Revenue	Explanation
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Total of Revenue Sharing Model in Return for the Land - - -

Total of Revenue Sharing Model in Return for the (Land Sale/ Land) 6.414.434.571,63 13.737.036.172,24

Tum-Key Model Projects	SQM	Date of Purchase	Book Value + Progress Payments (TRY)	Explanation
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KÖRFEZKENT 4TH STAGE (ZEK-SAN İNŞAAT) 79.804,19 25.02.2008 126.008.458,05 The agreement of the project was signed on 07.02.2015, the construction permit for parcel 1930/1 and 1925/2 were obtained on 21.11.2014 and 18.11.2014 respectively.

İSTANBUL AYAZMA 1ST STAGE (GÜR YAPI A.Ş.) 99.874,55 1.12.2010 431.550.546,25 The agreement of the project was signed on 26.05.2015, the construction permit was obtained on 18.12.2014.

EMLAK KONUT İSPARTAKULE 1ST STAGE 1ST PART PROJECT (YÖRÜK YAPI - ERMIT MÜH. JOINT VENTURE) 85.871,43 1.06.2007 265.455.017,20 The agreement of the project was signed on 18.09.2015, the construction permit was obtained on 01.06.2015.

EMLAK KONUT İSPARTAKULE 1ST PART 2ND PART PROJECT (BALPA İNŞAAT TEKS. SAN. VE TİC. A.Ş.) 74.346,32 1.06.2007 223.584.083,26 The agreement of the project was signed on 18.09.2015, the construction permit was obtained on 01.06.2015.

EMLAK KONUT BAŞAKŞEHİR EVLERİ 2ND STAGE PROJECT (KALYON İNŞAAT) 24.272,40 3.04.2014 128.922.092,21 The agreement of the project was signed on 02.02.2016, the construction permit was obtained on 11.08.2015.

NEVŞEHİR MERKEZ (CENT YAPI TİCARET LTD.ŞTİ.) 29.541,40 3.04.2014 163.996.483,86 The agreement of the project was signed on 24.05.2016, the construction permit was obtained on 07.03.2016.

BAŞAKŞEHİR AYAZMA 2ND STAGE PROJECT (YILMAZ İNŞAAT SAN.TİC.A.Ş.) 17.623,78 3.04.2014 108.260.951,42 The agreement of the project was signed on 25.04.2016, the construction permit was obtained on 31.12.2015.

NİĞDE EMLAK KONUTLARI (PEKİNİTAŞ YAPI) 25.643,04 27.05.2016 64.636.114,58 The agreement of the project was signed on 22.11.2016, the construction permit was obtained on 20.09.2016.

GEBZE EMLAK KONUTLARI 3RD STAGE 1ST PART (MUSTAFA EKŞİ İNŞAAT) 91.564,72 30.06.2010 95.990.551,61 The agreement of the project was signed on 22.12.2016, the construction permit was obtained on 28.10.2016.

GEBZE EMLAK KONUTLARI 3RD STAGE 2ND PART (SİYAH KALEM MÜHENDİSLİK) 90.774,12 30.06.2010 115.432.441,63 The agreement of the project was signed on 18.01.2017, the construction permit was obtained on 28.10.2016.

GEBZE EMLAK KONUTLARI 3RD STAGE 3RD PART 6.337,96 3.04.2014 2.173.025,88 The agreement of the project have not been signed yet, the construction permit was obtained on 28.10.2016.

KAYABAŞI RECREATION AREA (YAPI VE YAPI İNŞAAT A.Ş.) 82.740,17 3.04.2014 227.940.879,59 The agreement of the project was signed on 08.12.2016, the construction permit was obtained on 05.10.2016.

BAŞKENT EMLAK KONUTLARI 2ND STAGE PROJECT (ASL İNŞAAT TAHH. TİC. LTD.ŞTİ.) 30.521,16 3.04.2014 131.649.427,56 The agreement of the project was signed on 16.02.2017, the construction permit was obtained on 04.01.2017.

Turn-Key Model Projects	SQM	Date of Purchase	Book Value + Progress Payments (TRY)	Explanation
BAŞKENT EMLAK KONUTLARI 1ST STAGE PROJECT (KALYON İNŞAAT)	89.502,19	3.04.2014	338.730.840,37	The agreement of the project was signed on 24.01.2017, the construction permit was obtained on 06.12.2016.
KÖRFEZKENT ÇARŞI	11.966,61	3.04.2014	11.261.810,21	The agreement of the project was signed on 18.07.2017, the construction permit was obtained on 21.02.2017.
Total of Turn-Key Model Projects	840.384,04		2.435.592.723,68	-
TOTAL OF ONGOING PROJECTS	4.459.769,01		8.850.027.295,31	13.528.914.712,14

EK-4 EMLAK KONUT REIC TABLE OF LAND STOCK (31.12.2017)

Location/ Appraisal Report Name	# of Parcels	SQM	Date of Purchase	Expertise Date	Book Value (TRY)	Expertise Value (TRY)
TEKİRDAĞ ÇORLU PARCELS	4	35.923,48	24.03.2006 - 30.09.2010	31.12.2017	6,152,734.00	8,965,010.00
TEKİRDAĞ ÇERKEZKÖY PARCELS	17	371.235,69	9.12.2005	31.12.2017	6,209,809.00	125,633,276.90
KOCAELİ KÖRFEZ PARCELS	4	16.610,44	25.02.2008	31.12.2017	1,528,023.00	5,365,000.00
KOCAELİ GEBZE GÜZELLER PARCELS	27	19.707,51	21.03.2007 29.06.2009 - 17.02.2010	31.12.2017	7,839,258.00	8,783,908.00
KASTAMONU CİDE PARCEL	1	9.110,04	06.10.2011 - 07.08.2012 14.06.2011 - 30.07.2012	31.12.2017	52,663.00	60,000.00
İSTANBUL ESENYURT HOŞDERE PARCELS	3	53.689,19	14.06.2011 - 30.07.2012	31.12.2017	49,588,110.00	89,169,988.00
İSTANBUL ÜMRANİYE PARCELS	4	17.067,99	31.12.2012	31.12.2017	1,843,977.00	28,250,000.02
İSTANBUL ZEKERİYAKÖY PARCEL	1	992,00	2.03.2011	31.12.2017	677,397.00	719,200.00
ANKARA ÇANKAYA CEBECİ PARCELS	2	400,00	18.05.1990	31.12.2017	0.08	291,518.00
İSTANBUL BÜYÜKÇEKMECE PARCEL	1	78,10	31.08.1987	31.12.2017	1.00	16,853.20
İSTANBUL ARNAVUTKÖY PARCELS	14	3.645.527,92	5.06.2013	31.12.2017	333,309,401.00	444,956,714.80
İSTANBUL, ATAŞEHİR 13 PARCELS	12	25.252,88	24.04.2013 - 22.04.2012	31.12.2017	40,135,570.42	80,021,876.08
İSTANBUL MALTEPE PARCEL	1	305,84	28.05.2014	31.12.2017	3,010,214.00	3,012,524.00
İSTANBUL ŞİLE PARCEL	1	7.231,97	5.03.2015	31.12.2017	2,440,657.00	2,640,000.00
İSTANBUL ŞİŞLİ TEŞVİKİYE PARCELS	3	24.468,90	29.05.2015	31.12.2017	455,121,541.23	455,121,540.00
İSTANBUL KÜÇÜKÇEKMECE HALKALI PARCELS	2	841.289,96	3.04.2014	31.12.2017	1,341,391,957.92	1,666,007,793.10
NEVŞEHİR PARCELS	2	26,10	3.04.2014	31.12.2017	8,088.00	8,500.00

Location/ Appraisal Report Name	# of Parcels	SQM	Date of Purchase	Expertise Date	Book Value (TRY)	Expertise Value (TRY)
ANKARA ÇANKAYA MÜHYE PARSELS	14	39.057,12	3.04.2014	31.12.2017	46,042,287.55	66,149,421.00
İSTANBUL SARIYER İSTİNYE PARCELS	4	1.373,21	28.05.2014	31.12.2017	7,733,586.01	7,782,155.00
İSTANBUL KARTAL PARCELS	19	73.969,72	24.04.2013 - 22.04.2012	31.12.2017	133,877,656.00	152,096,920.85
İSTANBUL BAŞAKŞEHİR HOŞDERE PARCELS	20	286.161,98	14.06.2011 - 06.10.2011 - 30.07.2012 - 07.08.2012	31.12.2017	73,352,374.00	115,461,922.80
İSTANBUL BAŞAKŞEHİR İKİTELLİ-2 PARCELS	34	207.732,09	01.12.2010 - 07.03.2012 - 25.09.2012 - 01.10.2012 - 05.03.2015	31.12.2017	220,760,267.18	276,207,002.25
İSTANBUL TUZLA PARCELS	5	66.410,18	30.12.2005 05.03.2015 - 01.06.2007	31.12.2017	205,916,871.00	209,837,666.31
İSTANBUL BAKIRKÖY YEŞİLKÖY ŞEVKETİYE PARCEL	1	81.328,00	30.05.2017	31.12.2017	422,905,599.76	422,905,600.00
İSTANBUL BAŞAKŞEHİR KAYABAŞI PARCEL	1	20.396,70	30.05.2017	31.12.2017	58,129,999.51	58,130,000.00
İSTANBUL TAŞDELEN - ÇEKMEKÖY PARCEL	1	187.750,00	30.05.2017	31.12.2017	247,830,000.36	247,830,000.00
SAMSUN CANIK PARCELS	3	51.697,64	30.05.2017	31.12.2017	94,264,874.28	94,264,873.50
İSTANBUL BAKIRKÖY ŞENLİK PARSELS	1	40.722,50	30.05.2017	31.12.2017	262,500,000.00	262,500,000.00
TOTAL OF LAND STOCK	202	6.125.517			4,022,622,917	4,832,189,264

EK-5 EMLAK KONUT REIC TABLE OF BUILDING INVENTORY (31.12.2017)

Building Inventory	Number of Units in Inventory	SQM	Date of Purchase	Expertise Date	Book Value (TRY)	Expertise Value (TRY)	Explanation
UNITS IN SPRADON QUARTZ	2	153,21	22.09.2011- 17.07.2012	31.12.2016	598,696.81	670,458.00	
UNITS IN VARYAP MERİDİAN	2	137,60	7.05.2013	31.12.2016	805,413.00	1,040,000.00	
UNITS IN PARKYAŞAM MAVİŞEHİR	1	345,07	31.10.2013	31.12.2016	1,738,800.00	1,738,800.00	
UNITS IN ANKARA ÇANKAYA NEXT LEVEL	4	989,00	23.11.2013	31.12.2016	-	9,065,000.00	
UNIT IN EMLAK KONUT MAVİŞEHİR EVLERİ	1	143,87	31.12.2013	31.12.2016	403,960.00	403,960.40	
STÜDYO 24 PROJECT	2	116,77	30.04.2014	31.12.2016	335,300.00	360,000.00	
UNİKONUT PROJECT	11	3.761,01	28.02.2015	31.12.2016	23,434,913.00	23,439,120.39	
BATIŞEHİR PROJECT	17	3.747,40	31.12.2015	31.12.2016	41,631,172.00	41,637,906.83	
KÖRFEZKENT 3RD STAGE	6	1.057,50	31.12.2015	31.12.2016	1,089,468.00	2,016,900.00	
BAHÇEKENT EMLAK KONUTLARI 1ST STAGE 3RD PART	42	4.869,48	29.02.2016	31.12.2016	11,616,418.75	12,932,261.04	

Building Inventory	Number of Units in Inventory	SQM	Date of Purchase	Book Value (TRY)	Expertise Date	Expertise Value (TRY)	Explanation
BAŞAKŞEHİR EMLAK KONUT EVLERİ 1ST STAGE 2ND PART	12	1.488,48	30.06.2016	31.12.2016	4,345,144.00	13,765,358.50	
EMLAK KONUT BAŞAKŞEHİR EVLERİ 1-4	7	1.249,71	31.03.2016	31.12.2016	2,418,036.08	6,034,616.50	
ATAŞEHİR HEADQUARTER'S OFFICE BUILDING	2	49.771,00	31.03.2016	31.12.2016	94,968,123.60	194,360,110.00	
DUMANKAYA MİKS PROJECT	31	2.569,85	22.09.2016	31.12.2016	24,866,400.31	25,733,021.19	
BULVAR İSTANBUL PROJECT	4	659,98	30.12.2016	31.12.2016	3,917,000.29	3,917,000.00	
NİDAKULE ATAŞEHİR PROJECT	5	1.505,92	30.12.2016	31.12.2016	30,862,400.00	30,975,000.00	
ESENLER EMLAK KONUTLARI	308	41.963,18	30.12.2016	31.12.2016	138,827,647.90	179,349,200.00	
BÜYÜKYALI PROJECT*	31	3.920,81	30.12.2016	31.12.2016	-	-	*Related units have been obtained from pre-sales and the units are still under the construction process.
METROPOL İSTANBUL PROJECT	144	75.610,55	30.12.2016	31.12.2016	141,096,452.00	141,099,582.06	
SARPHAN FİNANSPARK PROJECT	180	8.815,33	30.12.2016	31.12.2016	231,042,188.00	232,510,229.61	
MERKEZ ANKARA PROJECT*	23	17.404,99	30.12.2016	31.12.2016	-	118,348,800.00	*Related units have been obtained from pre-sales and the units are still under the construction process.
AĞAOĞLU MASLAK 1453 PROJECT	88	14.087,27	29.12.2017		168,335,406.00	168,338,200.00	
TOTAL	923	234,367.98			922,332,939.74	1,289,171,424.52	

ANNEX 6- SUMMARY APPRAISAL REPORTS (PROJECTS)

SUMMARY APPRAISAL REPORTS ANNEX 6- SUMMARY APPRAISAL REPORTS (PROJECTS)

NAME OF THE WORK SUBJECT TO VALUATION	Avrupark Hayat Project
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Atak Gayrimenkul Değerleme A.Ş.
REPORT DATE	9.10.2017
REPORT TYPE	Project
CURRENT USE	Construction activities are underway.
PROJECT'S VALUE AFTER COMPLETION	427,942,303.00 TRY
EMLAK KONUT REIC'S SHARE UPON THE COMPLETION OF THE PROJECT	156,500,000.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Bahçekent Flora Project
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Atak Gayrimenkul Değerleme A.Ş.
REPORT DATE	31.10.2017
REPORT TYPE	Project
CURRENT USE	Housing Project with commercial units
PROJECT'S VALUE AFTER COMPLETION	456,883,667.74 TRY
EMLAK KONUT REIC'S SHARE UPON THE COMPLETION OF THE PROJECT	118,877,096.40 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Nidapark Küçükyalı Project
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Atak Gayrimenkul Değerleme A.Ş.
REPORT DATE	24.10.2017
REPORT TYPE	Project
CURRENT USE	Construction activities are underway.
PROJECT'S VALUE AFTER COMPLETION	2,509,147,564.00 TRY
EMLAK KONUT REIC'S SHARE UPON THE COMPLETION OF THE PROJECT	1,527,000,300.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Tual Bahçekent Project
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Atak Gayrimenkul Değerleme A.Ş.
REPORT DATE	20.10.2017
REPORT TYPE	Project
CURRENT USE	Construction activities are underway.
PROJECT'S VALUE AFTER COMPLETION	881,429,231.20 TRY
EMLAK KONUT REIC'S SHARE UPON THE COMPLETION OF THE PROJECT	275,334,000.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Ankara Çankaya Oran Land Sale-based Revenue Sharing Project
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Atak Gayrimenkul Değerleme A.Ş.
REPORT DATE	20.12.2017
REPORT TYPE	Project
CURRENT USE	Construction activities are underway.
PROJECT'S VALUE AFTER COMPLETION	138,416,786.68 TRY
EMLAK KONUT REIC'S SHARE UPON THE COMPLETION OF THE PROJECT	46,800,000.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Ayazma Emlak Konutları 1-1 Project
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Atak Gayrimenkul Değerleme A.Ş.
REPORT DATE	8.11.2017
REPORT TYPE	Project
CURRENT USE	Construction activities are underway.
PROJECT'S VALUE AFTER COMPLETION	441,770,000.00 TRY
EMLAK KONUT REIC'S SHARE UPON THE COMPLETION OF THE PROJECT	698,901,840.00 TRY

SUMMARY APPRAISAL REPORTS
ANNEX 6- SUMMARY APPRAISAL REPORTS (PROJECTS)

NAME OF THE WORK SUBJECT TO VALUATION	Ayazma Emlak Konutları 1-2 Project
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Atak Gayrimenkul Değerleme A.Ş.
REPORT DATE	28.12.2017
REPORT TYPE	Project
CURRENT USE	Construction activities are underway.
PROJECT'S VALUE AFTER COMPLETION	107,682,106.50 TRY
EMLAK KONUT REIC'S SHARE UPON THE COMPLETION OF THE PROJECT	157,270,300.24 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Başkent Emlak Konutları 2nd Stage
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Atak Gayrimenkul Değerleme A.Ş.
REPORT DATE	13.12.2017
REPORT TYPE	Project
CURRENT USE	Construction activities are underway.
PROJECT'S VALUE AFTER COMPLETION	335,128,625.00 TRY
EMLAK KONUT REIC'S SHARE UPON THE COMPLETION OF THE PROJECT	335,128,625.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Büyükyalı İstanbul Project
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Atak Gayrimenkul Değerleme A.Ş.
REPORT DATE	29.11.2017
REPORT TYPE	Project
CURRENT USE	Construction activities are underway.
PROJECT'S VALUE AFTER COMPLETION	4,805,165,556.10 TRY
EMLAK KONUT REIC'S SHARE UPON THE COMPLETION OF THE PROJECT	1,777,911,255.76 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Dumankaya Miks Project
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Atak Gayrimenkul Değerleme A.Ş.
REPORT DATE	17.11.2017
REPORT TYPE	Project
CURRENT USE	Housing Project with commercial units and offices.
PROJECT'S VALUE AFTER COMPLETION	350,978,300.00 TRY
EMLAK KONUT REIC'S SHARE UPON THE COMPLETION OF THE PROJECT	107,048,381.50 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Ebruli Project
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Atak Gayrimenkul Değerleme A.Ş.
REPORT DATE	10.11.2017
REPORT TYPE	Project
CURRENT USE	Construction activities are underway.
PROJECT'S VALUE AFTER COMPLETION	354,910,677.00 TRY
EMLAK KONUT REIC'S SHARE UPON THE COMPLETION OF THE PROJECT	132,000,000.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Evora Denizli Project
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Atak Gayrimenkul Değerleme A.Ş.
REPORT DATE	8.11.2017
REPORT TYPE	Project
CURRENT USE	Construction activities are underway.
PROJECT'S VALUE AFTER COMPLETION	531,400,068.86 TRY
EMLAK KONUT REIC'S SHARE UPON THE COMPLETION OF THE PROJECT	95,652,012.39 TRY

SUMMARY APPRAISAL REPORTS
ANNEX 6- SUMMARY APPRAISAL REPORTS (PROJECTS)

NAME OF THE WORK SUBJECT TO VALUATION	Stage 3, Part 1 Project of Gebze Emlak Konutları
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Atak Gayrimenkul Değerleme A.Ş.
REPORT DATE	15.12.2017
REPORT TYPE	Project
CURRENT USE	Construction activities are underway.
PROJECT'S VALUE AFTER COMPLETION	383,254,379.31 TRY
EMLAK KONUT REIC'S SHARE UPON THE COMPLETION OF THE PROJECT	78,646,846.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Stage 3, Part 2 Project of Gebze Emlak Konutları
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Atak Gayrimenkul Değerleme A.Ş.
REPORT DATE	15.12.2017
REPORT TYPE	Project
CURRENT USE	Construction activities are underway.
PROJECT'S VALUE AFTER COMPLETION	358,492,482.59 TRY
EMLAK KONUT REIC'S SHARE UPON THE COMPLETION OF THE PROJECT	91,080,131.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Stage 3, Part 3 Project of Gebze Emlak Konutları
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Atak Gayrimenkul Değerleme A.Ş.
REPORT DATE	15.12.2017
REPORT TYPE	Project
CURRENT USE	Construction activities are underway.
PROJECT'S VALUE AFTER COMPLETION	27,581,252.46 TRY
EMLAK KONUT REIC'S SHARE UPON THE COMPLETION OF THE PROJECT	5,291,290.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Göl Panorama Houses Project
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Atak Gayrimenkul Değerleme A.Ş.
REPORT DATE	3.11.2017
REPORT TYPE	Project
CURRENT USE	Construction activities are underway.
PROJECT'S VALUE AFTER COMPLETION	680,654,028.66 TRY
EMLAK KONUT REIC'S SHARE UPON THE COMPLETION OF THE PROJECT	190,583,128.03 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Koordinat Çayyolu Project
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Atak Gayrimenkul Değerleme A.Ş.
REPORT DATE	6.11.2017
REPORT TYPE	Project
CURRENT USE	Construction activities are underway.
PROJECT'S VALUE AFTER COMPLETION	336,989,801.08 TRY
EMLAK KONUT REIC'S SHARE UPON THE COMPLETION OF THE PROJECT	180,000,000 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Merkez Ankara Project
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Atak Gayrimenkul Değerleme A.Ş.
REPORT DATE	29.12.2017
REPORT TYPE	Project
CURRENT USE	Construction activities are underway.
PROJECT'S VALUE AFTER COMPLETION	3,040,695,770.00 TRY
EMLAK KONUT REIC'S SHARE UPON THE COMPLETION OF THE PROJECT	1,258,365,000.00 TRY

SUMMARY APPRAISAL REPORTS
ANNEX 6- SUMMARY APPRAISAL REPORTS (PROJECTS)

NAME OF THE WORK SUBJECT TO VALUATION	Metropol Istanbul Project
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Atak Gayrimenkul Değerleme A.Ş.
REPORT DATE	20.12.2017
REPORT TYPE	Project
CURRENT USE	Construction activities are underway.
PROJECT'S VALUE AFTER COMPLETION	2,260,002,881.67 TRY
EMLAK KONUT REIC'S SHARE UPON THE COMPLETION OF THE PROJECT	975,191,243.44 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Nidapark İstinye Project
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Atak Gayrimenkul Değerleme A.Ş.
REPORT DATE	29.11.2017
REPORT TYPE	Project
CURRENT USE	Construction activities are underway.
PROJECT'S VALUE AFTER COMPLETION	3,450,006,342.38 TRY
EMLAK KONUT REIC'S SHARE UPON THE COMPLETION OF THE PROJECT	1,876,392,000.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Avangart Istanbul Project
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	13.10.2017
REPORT TYPE	Project
CURRENT USE	Construction activities are underway.
PROJECT'S VALUE AFTER COMPLETION	808,050,000.00 TRY
EMLAK KONUT REIC'S SHARE UPON THE COMPLETION OF THE PROJECT	637,000,000.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Avrupark Project
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	12.10.2017
REPORT TYPE	Project
CURRENT USE	Construction activities are underway.
PROJECT'S VALUE AFTER COMPLETION	669,495,000.00 TRY
EMLAK KONUT REIC'S SHARE UPON THE COMPLETION OF THE PROJECT	174,070,000.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Park Mavera Project
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Atak Gayrimenkul Değerleme A.Ş.
REPORT DATE	6.12.2017
REPORT TYPE	Project
CURRENT USE	Construction activities are underway.
PROJECT'S VALUE AFTER COMPLETION	1,249,419,476.83 TRY
EMLAK KONUT REIC'S SHARE UPON THE COMPLETION OF THE PROJECT	420,000,000.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Semt Bahçekent Project
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Atak Gayrimenkul Değerleme A.Ş.
REPORT DATE	1.11.2017
REPORT TYPE	Project
CURRENT USE	Construction activities are underway.
PROJECT'S VALUE AFTER COMPLETION	493,178,950.00 TRY
EMLAK KONUT REIC'S SHARE UPON THE COMPLETION OF THE PROJECT	150,500,000.00 TRY



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NAME OF THE WORK SUBJECT TO VALUATION	Sofa Loca Project
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Atak Gayrimenkul Değerleme A.Ş.
REPORT DATE	25.10.2017
REPORT TYPE	Project
CURRENT USE	Construction activities are underway.
PROJECT'S VALUE AFTER COMPLETION	129,185,285.48 TRY
EMLAK KONUT REIC'S SHARE UPON THE COMPLETION OF THE PROJECT	54,000,000.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Zekeriya Köy Project
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Atak Gayrimenkul Değerleme A.Ş.
REPORT DATE	17.11.2017
REPORT TYPE	Project
CURRENT USE	Construction activities are underway.
PROJECT'S VALUE AFTER COMPLETION	1,746,025,943.27 TRY
EMLAK KONUT REIC'S SHARE UPON THE COMPLETION OF THE PROJECT	563,093,366.71 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Fatih Yedikule Project
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	29.11.2017
REPORT TYPE	Project
CURRENT USE	Construction activities will begin.
PROJECT'S VALUE AFTER COMPLETION	445,280,000.00 TRY
EMLAK KONUT REIC'S SHARE UPON THE COMPLETION OF THE PROJECT	155,895,000.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Emlak Konutları İspartakule Stage 6 Project
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	7.12.2017
REPORT TYPE	Project
CURRENT USE	Construction activities are underway.
PROJECT'S VALUE AFTER COMPLETION	374,445,000.00 TRY
EMLAK KONUT REIC'S SHARE UPON THE COMPLETION OF THE PROJECT	93,610,000.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION	İstmarina Project
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	25.12.2017
REPORT TYPE	Project
CURRENT USE	The construction works are underway.
PROJECT'S VALUE AFTER COMPLETION	1,805,300,000.00 TRY
EMLAK KONUT REIC'S SHARE UPON THE COMPLETION OF THE PROJECT	722,120,000.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Nidapark Kayabaşı Project
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	8.12.2017
REPORT TYPE	Project
CURRENT USE	The construction works are underway.
PROJECT'S VALUE AFTER COMPLETION	1,043,290,000.00 TRY
EMLAK KONUT REIC'S SHARE UPON THE COMPLETION OF THE PROJECT	407,588,000.00 TRY

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NAME OF THE WORK SUBJECT TO VALUATION	Niğde Emlak Konutları Project
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	5.12.2017
REPORT TYPE	Project
CURRENT USE	The construction activities are underway.
PROJECT'S VALUE AFTER COMPLETION	45,610,000.00 TRY
EMLAK KONUT REIC'S SHARE UPON THE COMPLETION OF THE PROJECT	140,195,000.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Bakırköy Karat Office Project
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	11.10.2017
REPORT TYPE	Project
CURRENT USE	Construction activities are underway.
PROJECT'S VALUE AFTER COMPLETION	119,900,000.00 TRY
EMLAK KONUT REIC'S SHARE UPON THE COMPLETION OF THE PROJECT	62,000,000.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Yeniköy Konakları İstanbul Project
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	3.11.2017
REPORT TYPE	Project
CURRENT USE	Construction activities are underway.
PROJECT'S VALUE AFTER COMPLETION	255,220,000.00 TRY
EMLAK KONUT REIC'S SHARE UPON THE COMPLETION OF THE PROJECT	168,150,000.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Emlak Konutları İspartakule Stage 1 Part 1 Project
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	3.11.2017
REPORT TYPE	Project
CURRENT USE	Construction activities are underway.
PROJECT'S VALUE AFTER COMPLETION	276,825,000.00 TRY
EMLAK KONUT REIC'S SHARE UPON THE COMPLETION OF THE PROJECT	468,700,000.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Emlak Konutları İspartakule Stage 1 Part 2 Project
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	3.11.2017
REPORT TYPE	Project
CURRENT USE	Construction activities are underway.
PROJECT'S VALUE AFTER COMPLETION	242,665,000.00 TRY
EMLAK KONUT REIC'S SHARE UPON THE COMPLETION OF THE PROJECT	402,870,000.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Karat 34 Project
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	17.10.2017
REPORT TYPE	Project
CURRENT USE	Construction activities are underway.
PROJECT'S VALUE AFTER COMPLETION	383,200,000.00 TRY
EMLAK KONUT REIC'S SHARE UPON THE COMPLETION OF THE PROJECT	171,600,000.00 TRY



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NAME OF THE WORK SUBJECT TO VALUATION		Kayabaşı Emlak Konut Stage 2 Project
INSTITUTION REQUESTING VALUATION		Emlak Konut REIC
INSTITUTION PREPARING THE REPORT		Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE		22.11.2017
REPORT TYPE		Project
CURRENT USE		Construction activities are underway.
PROJECT'S VALUE AFTER COMPLETION		136,94,000.00 TRY
EMLAK KONUT REIC'S SHARE UPON THE COMPLETION OF THE PROJECT		149,155,000.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION		Körfezkent 4 Project
INSTITUTION REQUESTING VALUATION		Emlak Konut REIC
INSTITUTION PREPARING THE REPORT		Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE		30.10.2017
REPORT TYPE		Project
CURRENT USE		Construction activities are underway.
PROJECT'S VALUE AFTER COMPLETION		178,500,000.00 TRY
EMLAK KONUT REIC'S SHARE UPON THE COMPLETION OF THE PROJECT		289,465,000.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION		Körfezkent Ticaret Project
INSTITUTION REQUESTING VALUATION		Emlak Konut REIC
INSTITUTION PREPARING THE REPORT		Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE		27.10.2017
REPORT TYPE		Project
CURRENT USE		Construction activities are underway.
PROJECT'S VALUE AFTER COMPLETION		11,815,000.00 TRY
EMLAK KONUT REIC'S SHARE UPON THE COMPLETION OF THE PROJECT		69,850,000.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION		Emlak Konut Nevşehir Project
INSTITUTION REQUESTING VALUATION		Emlak Konut REIC
INSTITUTION PREPARING THE REPORT		Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE		10.11.2017
REPORT TYPE		Project
CURRENT USE		Construction activities are underway.
PROJECT'S VALUE AFTER COMPLETION		129,695,000.00 TRY
EMLAK KONUT REIC'S SHARE UPON THE COMPLETION OF THE PROJECT		203,855,000.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION		Kayaşehir Recreation Project
INSTITUTION REQUESTING VALUATION		Emlak Konut REIC
INSTITUTION PREPARING THE REPORT		Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE		9.11.2017
REPORT TYPE		Project
CURRENT USE		Construction activities are underway.
PROJECT'S VALUE AFTER COMPLETION		251,035,000.00 TRY
EMLAK KONUT REIC'S SHARE UPON THE COMPLETION OF THE PROJECT		605,380,000.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION		Sarphan Project
INSTITUTION REQUESTING VALUATION		Emlak Konut REIC
INSTITUTION PREPARING THE REPORT		Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE		9.11.2017
REPORT TYPE		Project
CURRENT USE		Construction activities are underway.
PROJECT'S VALUE AFTER COMPLETION		807,980,000.00 TRY
EMLAK KONUT REIC'S SHARE UPON THE COMPLETION OF THE PROJECT		303,075,000.00 TRY

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NAME OF THE WORK SUBJECT TO VALUATION	Temaşehir Konya Project
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Atak Gayrimenkul Değerleme A.Ş.
REPORT DATE	25.10.2017
REPORT TYPE	Project
CURRENT USE	Construction activities are underway.
PROJECT'S VALUE AFTER COMPLETION	467,624,128.43 TRY
EMLAK KONUT REIC'S SHARE UPON THE COMPLETION OF THE PROJECT	198,759,060.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Üsküdar Validebağ Project
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	29.11.2017
REPORT TYPE	Project
CURRENT USE	Construction activities will begin.
PROJECT'S VALUE AFTER COMPLETION	769,375,000.00 TRY
EMLAK KONUT REIC'S SHARE UPON THE COMPLETION OF THE PROJECT	439,887,380.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Avrupa Konutları Başakşehir Project
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	17.11.2017
REPORT TYPE	Project
CURRENT USE	Construction activities are underway.
PROJECT'S VALUE AFTER COMPLETION	846,720,000.00 TRY
EMLAK KONUT REIC'S SHARE UPON THE COMPLETION OF THE PROJECT	350,400,000.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Zeytinburnu Project
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	28.11.2017
REPORT TYPE	Project
CURRENT USE	Construction activities will begin.
PROJECT'S VALUE AFTER COMPLETION	1,149,330,000.00 TRY
EMLAK KONUT REIC'S SHARE UPON THE COMPLETION OF THE PROJECT	640,100,000.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Evvel / Adım İstanbul Project
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Atak Gayrimenkul Değerleme A.Ş.
REPORT DATE	17.11.2017
REPORT TYPE	Project
CURRENT USE	Construction activities are underway.
PROJECT'S VALUE AFTER COMPLETION	909,933,711.23 TRY
EMLAK KONUT REIC'S SHARE UPON THE COMPLETION OF THE PROJECT	236,582,764.92 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Başkent Emlak Konutları Stage 1
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Atak Gayrimenkul Değerleme A.Ş.
REPORT DATE	8.12.2017
REPORT TYPE	Project
CURRENT USE	Construction activities are underway.
PROJECT'S VALUE AFTER COMPLETION	846,000,744.00 TRY
EMLAK KONUT REIC'S SHARE UPON THE COMPLETION OF THE PROJECT	846,000,744.00 TRY



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NAME OF THE WORK SUBJECT TO VALUATION	Maslak 1453 Project
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Atak Gayrimenkul Değerleme A.Ş.
REPORT DATE	29.12.2017
REPORT TYPE	Project
CURRENT USE	Construction activities are underway.
PROJECT'S VALUE AFTER COMPLETION	7,350,358,321.80 TRY
EMLAK KONUT REIC'S SHARE UPON THE COMPLETION OF THE PROJECT	2,609,377,204.24 TRY

ANNEX 7- SUMMARY APPRAISAL REPORTS (LAND PLOTS)

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NAME OF THE WORK SUBJECT TO VALUATION	Valuation of 2 parcels in Halkalı Neighborhood, Küçükçekmece district, Istanbul
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	14.12.2017
REPORT TYPE	Land
CURRENT USE	Empty
TITLE DEED INFORMATION	1 parcel within Block No. 808 with a surface area of 379,495.94 sqm and 6 parcels within Block No. 853 with a surface area of 579,893.00 sqm in Halkalı Neighborhood, Küçükçekmece district, Istanbul
TOTAL MARKET VALUE	2,158,625,115.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Plot No. 31, Umurbey, Kuruçay, Konak, Izmir
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Atak Gayrimenkul Değerleme A.Ş.
REPORT DATE	27.12.2017
REPORT TYPE	Land
CURRENT USE	Empty
TITLE DEED INFORMATION	Owner: Emlak Konut REIC PROVINCE: İzmir DISTRICT: Konak NEIGHBORHOOD: Kuruçay, Umurbey
TOTAL MARKET VALUE	540,599,500.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Market value of 1 parcel in Muratpaşa Neighborhood, Antalya
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Atak Gayrimenkul Değerleme A.Ş.
REPORT DATE	4.12.2017
REPORT TYPE	Land
CURRENT USE	Empty Land
TITLE DEED INFORMATION	See Corresponding Report Article 3.2
TOTAL MARKET VALUE	190,000,000.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Market value of 3 parcels in Hoşdere Neighborhood, Esenyurt, Istanbul
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Atak Gayrimenkul Değerleme A.Ş.
REPORT DATE	3.11.2017
REPORT TYPE	Land
CURRENT USE	Empty Land
TITLE DEED INFORMATION	See Corresponding Report Article 3.2
TOTAL MARKET VALUE	89,169,988.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Market value 33 parcels in İkitelli-2, Başakşehir, Istanbul
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Atak Gayrimenkul Değerleme A.Ş.
REPORT DATE	30.11.2017
REPORT TYPE	Land
CURRENT USE	Empty Land
TITLE DEED INFORMATION	See Corresponding Report Article 3.2
TOTAL MARKET VALUE	270,721,376.75 TRY

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NAME OF THE WORK SUBJECT TO VALUATION	Market value of 2 parcels in Riva Neighborhood, Beykoz, Istanbul
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Atak Gayrimenkul Değerleme A.Ş.
REPORT DATE	24.11.2017
REPORT TYPE	Land
CURRENT USE	Empty Land
TITLE DEED INFORMATION	See Corresponding Report Article 3.2
TOTAL MARKET VALUE	396,012,118.80 TRY
NAME OF THE WORK SUBJECT TO VALUATION	Market value of Parcel No. 1, Block No. 1491 in Rumelihisari, Beşiktaş, Istanbul
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	5.10.2017
REPORT TYPE	Land
CURRENT USE	Empty Land
TITLE DEED INFORMATION	Parcel No. 1 with "Land" status with a surface area of 1,298.32 square meters within Block No. 1491 in Rumelihisari Neighborhood, Beşiktaş district, Istanbul
TOTAL MARKET VALUE	4,525,000.00 TRY
NAME OF THE WORK SUBJECT TO VALUATION	Total market value of 3 parcels in Teşvikiye Neighborhood, Şişli district, Istanbul
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	18.10.2017
REPORT TYPE	Land
CURRENT USE	Marmara University campus is located on it
TITLE DEED INFORMATION	Parcel No. 9 with "Garden" status with a surface area of 3,485.90 square meters; Parcel No. 14 with "Stone House and Garden" status with a surface area of 17,466.00 square meters and Parcel No. 102 with "Two Private Stone Schools with Garden" status with a surface area of 3,517.00 square meters within Block No. 405, Map Sheet No. 54 in Teşvikiye Neighborhood, Şişli district, Istanbul
TOTAL MARKET VALUE	455,121,540.00 TRY
NAME OF THE WORK SUBJECT TO VALUATION	Total market value of 4 parcels in Küçükbakkalköy, Ümraniye, Istanbul
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	4.10.2017
REPORT TYPE	Land
CURRENT USE	Empty Land
TITLE DEED INFORMATION	Parcel No. 20, Block No. 3317; Parcel No. 21, Block No. 3317; Parcel No. 22, Block No. 3317; and Parcel No. 15, Block No 3328 in Küçükbakkalköy Neighborhood, Ümraniye district, Istanbul.
TOTAL MARKET VALUE	28,250,000.00 TRY
NAME OF THE WORK SUBJECT TO VALUATION	Market value of 4 parcels within Block No. 16773 in Küçükyalı Neighborhood, Maltepe, Istanbul
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Atak Gayrimenkul Değerleme A.Ş.
REPORT DATE	30.10.2017
REPORT TYPE	Land
CURRENT USE	Empty Land
TITLE DEED INFORMATION	Parcel No. 4 with a surface area of 600.00 sqm within Block No. 16773 in Küçükyalı Neighborhood, Maltepe district, Istanbul.
TOTAL MARKET VALUE	3,012,524.00 TRY
NAME OF THE WORK SUBJECT TO VALUATION	Total market value of Parcel No. 6 and 11 within Block No. 2941 in Öncebeci, Çankaya, Ankara
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	4.10.2017
REPORT TYPE	Land
CURRENT USE	Empty Land
TITLE DEED INFORMATION	6 parcels and 11 parcels with "land" status with a surface area of 200 square meters each within Block No. 2941, in Ön Cebeci Neighborhood, Çankaya district, Ankara
TOTAL MARKET VALUE	291,518.00 TRY
NAME OF THE WORK SUBJECT TO VALUATION	Market value of 1 parcel within Block No. 4968 in Çenedeğ Neighborhood, Derince district, Kocaeli
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	5.10.2017
REPORT TYPE	Land
CURRENT USE	There is an old stadium on the parcel.
TITLE DEED INFORMATION	1 parcel within Block No. 4968 with a surface area of 72,620 square meters in Çenedeğ Neighborhood, Derince district, Kocaeli
TOTAL MARKET VALUE	72,600,000.00 TRY

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NAME OF THE WORK SUBJECT TO VALUATION	Market value of Parcel No. 1 within Block No. 984 in Kayabaşı, Başakşehir, Istanbul
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	12.10.2017
REPORT TYPE	Land
CURRENT USE	Empty Land
TITLE DEED INFORMATION	Parcel No. 1 with a surface area of 20,396.70 m square meters within Block No. 984 in Kayabaşı Neighborhood, Başakşehir district, Istanbul.
TOTAL MARKET VALUE	58,130,000.00 TRY
NAME OF THE WORK SUBJECT TO VALUATION	Total market value of 14 parcels in Dursunköy, Arnavutköy, Istanbul
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	28.12.2017
REPORT TYPE	Land
CURRENT USE	Empty Land
TITLE DEED INFORMATION	14 parcels in total located in Karahallı Çiftliği Area, Dursunköy Neighborhood, Arnavutköy district, Istanbul
TOTAL MARKET VALUE	444,956,714.80 TRY
NAME OF THE WORK SUBJECT TO VALUATION	Market value of 1 parcel in Şevketiye Neighborhood, Bakırköy, Istanbul
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Atak Gayrimenkul Değerleme A.Ş.
REPORT DATE	10.11.2017
REPORT TYPE	Land
CURRENT USE	Empty Land
TITLE DEED INFORMATION	Parcel No. 212, Block No. 1221
TOTAL MARKET VALUE	422,905,600.00 TRY
NAME OF THE WORK SUBJECT TO VALUATION	Market value of 4 parcels in Kazımiye Neighborhood, Çorlu, Tekirdağ
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Atak Gayrimenkul Değerleme A.Ş.
REPORT DATE	6.12.2017
REPORT TYPE	Land
CURRENT USE	Empty Land
TITLE DEED INFORMATION	See Corresponding Report Article 3.2
TOTAL MARKET VALUE	8,965,010.00 TRY
NAME OF THE WORK SUBJECT TO VALUATION	Market value of 17 parcels in Kapaklı, Tekirdağ
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Atak Gayrimenkul Değerleme A.Ş.
REPORT DATE	15.11.2017
REPORT TYPE	Land
CURRENT USE	Empty Land
TITLE DEED INFORMATION	See Corresponding Report Article 3.2
TOTAL MARKET VALUE	125,633,277.00 TRY
NAME OF THE WORK SUBJECT TO VALUATION	Market value of 1 parcel in Çayyolu Neighborhood, Çankaya, Ankara
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Atak Gayrimenkul Değerleme A.Ş.
REPORT DATE	6.11.2017
REPORT TYPE	Land
CURRENT USE	Technical Infrastructure Area
TITLE DEED INFORMATION	See Corresponding Report Article 3.2
TOTAL MARKET VALUE	0.00 TRY
NAME OF THE WORK SUBJECT TO VALUATION	Market value of 20 parcels in Hoşdere Neighborhood, Başakşehir, Istanbul
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Atak Gayrimenkul Değerleme A.Ş.
REPORT DATE	1.11.2017
REPORT TYPE	Land
CURRENT USE	Empty Land
TITLE DEED INFORMATION	See Corresponding Report Article 3.2
TOTAL MARKET VALUE	115,461,922.80 TRY

SUMMARY APPRAISAL REPORTS
ANNEX 7- SUMMARY APPRAISAL REPORTS (LAND PLOTS)

NAME OF THE WORK SUBJECT TO VALUATION	Market value of the parcel No. 461 in Taşdelen, Çekmeköy, İstanbul
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	12.10.2017
REPORT TYPE	Land
CURRENT USE	Empty Land
TITLE DEED INFORMATION	Parcel No. 461 with a 187,750-square-meter surface area in Taşdelen Neighborhood, Çekmeköy district, İstanbul.
TOTAL MARKET VALUE	247,830,000.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Market value of Parcel No. 7 within Block No. 1562 in Göztepe Neighborhood, Bağcılar, İstanbul
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	9.10.2017
REPORT TYPE	Land
CURRENT USE	Transportation
TITLE DEED INFORMATION	Parcel No. 7 with a "Military Shooting Land (Road Area)" status with a surface area of 531.70 square meters within Block No. 1562 located on Batışehir Street, Göztepe Neighborhood, Bağcılar district, İstanbul
TOTAL MARKET VALUE	953,843.22 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Market value of the parcel No. 4009 in Mimar Sinan, Büyükkçekmece, İstanbul
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	5.10.2017
REPORT TYPE	Land
CURRENT USE	Empty Land
TITLE DEED INFORMATION	Parcel No. 4009 with a "Transformer (Transformer Area)" status with a surface area of 156.20 square meters within Sheet No. 3-5/1 located on Babürnu Çöplüce Yolu Area, Mimar Sinan Neighborhood, Büyükkçekmece district, İstanbul
TOTAL MARKET VALUE	16,853.20 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Total market value of 2 parcels in Alibeyköy, Eyüp, İstanbul
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	3.11.2017
REPORT TYPE	Land
CURRENT USE	Empty Land
TITLE DEED INFORMATION	Parcel No. 130 with a surface area of 1,175.04 square meters and Parcel No. 131 with a surface area of 1,743.40 square meters within Block No. 859 in Alibeyköy Neighborhood, Eyüp district, İstanbul.
TOTAL MARKET VALUE	0.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Total market value of 2 parcels in central Nevşehir
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	10.11.2017
REPORT TYPE	Land
CURRENT USE	Empty Land
TITLE DEED INFORMATION	Parcel No. 772 with "land" status with a surface area of 14.51 square meters and Block No. 773 with "land" status with a surface area of 11.59 square meters within Block No. 70 in Yeni Neighborhood, Merkez district, Nevşehir.
TOTAL MARKET VALUE	8,500.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Total market value of 3 parcels in Şile district, İstanbul
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	16.11.2017
REPORT TYPE	Land
CURRENT USE	Empty Land
TITLE DEED INFORMATION	Parcel No. 82 with a surface area of 17,631 square meters within Block No. 70, Parcel No. 194 with a surface area 3,509.51 square meters within Block No. 91 in Çavuş Neighborhood, Şile district, İstanbul; and Parcel No. 119 with a surface area of 7,231.97 square meters within Block No. 42 in Balibey Neighborhood
TOTAL MARKET VALUE	13,005,000.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Total market value of 4 parcels in Körfez Yarımca, Kocaeli
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	11.10.2017
REPORT TYPE	Land
CURRENT USE	Empty Land
TITLE DEED INFORMATION	Parcel No. 10 within Block No. 1919, Parcel No. 2 within Block No 1921, and Parcel No. 1 and 2 within Block No 1928 in Yarımca (Şuyulandırma) Neighborhood, Körfez district, Kocaeli
TOTAL MARKET VALUE	5,365,000.00 TRY

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ANNEX 7- SUMMARY APPRAISAL REPORTS (LAND PLOTS)

NAME OF THE WORK SUBJECT TO VALUATION	Market value of 3 parcels in Hoşdere Neighborhood, Esenyurt, Istanbul
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Atak Gayrimenkul Değerleme A.Ş.
REPORT DATE	3.11.2017
REPORT TYPE	Land
CURRENT USE	Empty Land
TITLE DEED INFORMATION	See Corresponding Report Article 3.2
TOTAL MARKET VALUE	89,169,988.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Total market value of Kartal Parcels in Istanbul
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	5.12.2017
REPORT TYPE	Land
CURRENT USE	Lands consisting of empty and unauthorized buildings
TITLE DEED INFORMATION	Parcel No. 676/108, 720/2, 720/8, 720/34, 2226/33, 2227/5, 2227/48, 2227/50, 2227/52, 9048/1 in Çavuşoğlu Neighborhood; Parcel No. 1094/33, 1094/34, 1094/37, 1094/38, 5705/35, 5705/39, 5705/324 in Soğanlık Neighborhood; and Parcel No. 2657/12 in Yakacık Neighborhood, Kartal district, Istanbul
TOTAL MARKET VALUE	149,892,771.35 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Parcel No. 8 within Block No. 118 in Doğanköy, Cide, Kastamonu
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	8.12.2017
REPORT TYPE	Field
CURRENT USE	Empty
TITLE DEED INFORMATION	Parcel No. 8 within Block No. 118 with a surface area of 9,110.04 square meters in Çenedeğ Village, Cide district, Kastamonu
TOTAL MARKET VALUE	60,000.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Total Market Value of Block No. 12483 and Parcel No. 1; Block No. 12484 and Parcel No. 1; Block No. 12488 and Parcel No. 1 within Yeni Mahalle, Canik, Samsun
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	24.11.2017
REPORT TYPE	Land
CURRENT USE	Empty Land
TITLE DEED INFORMATION	Block No.12483 and Parcel No. 1; Block No. 12484 and Parcel No. 1; Block No. 12488 and Parcel No. 1 within Yeni Mahalle, Canik district, Samsun
TOTAL MARKET VALUE	94,264,873.50 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Total market value of 1 parcel in Florya, Bakırköy, Istanbul
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	10.11.2017
REPORT TYPE	Land
CURRENT USE	Empty Land
TITLE DEED INFORMATION	Parcel No. 220 with "land" status with a surface area of 40,722.50 square meters within Block No. 292, Sheet No. 75 in Şenlik Neighborhood, Bakırköy district, Istanbul.
TOTAL MARKET VALUE	262,500,000.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Total market value of 1 parcel in İçmeler, Tuzla, Istanbul
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	21.11.2017
REPORT TYPE	Land
CURRENT USE	Empty Land
TITLE DEED INFORMATION	Real estate with "shrubbery" status registered in Parcel No. 4554 with a surface area of 10,988 square meters in Aydınlı Neighborhood, Tuzla district, Istanbul
TOTAL MARKET VALUE	25,295,400.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Market value of 4 parcels in İstinye Neighborhood, Sarıyer, Istanbul
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Atak Gayrimenkul Değerleme A.Ş.
REPORT DATE	6.11.2017
REPORT TYPE	Land
CURRENT USE	Empty Land
TITLE DEED INFORMATION	See Corresponding Report Article 3.2
TOTAL MARKET VALUE	7,782,155.00 TRY

SUMMARY APPRAISAL REPORTS
ANNEX 7- SUMMARY APPRAISAL REPORTS (LAND PLOTS)

NAME OF THE WORK SUBJECT TO VALUATION	Total Market Value of Parcel No. 1, 2, 3, Block No. 101, Parcel No. 2, Block No. 103 Aydınlı, Tuzla; and Parcel No. 1, Block No. 120 in Orhanlı
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	28.11.2017
REPORT TYPE	Land
CURRENT USE	Empty Land
TITLE DEED INFORMATION	Parcel No. 1, 2, 3 within Block No. 101 and Parcel No. 2 within Block No. 103 in Aydınlı Neighborhood; Block No. 1 within Block No. 120 in Orhanlı Neighborhood, Tuzla district, Istanbul
TOTAL MARKET VALUE	209,837,666.31 TRY
NAME OF THE WORK SUBJECT TO VALUATION	Mühye Parcels in Çankaya, Ankara
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Atak Gayrimenkul Değerleme A.Ş.
REPORT DATE	5.12.2017
REPORT TYPE	Land
CURRENT USE	Empty Land
TITLE DEED INFORMATION	See Corresponding Report Article 3.2
TOTAL MARKET VALUE	30,259,331.00 TRY
NAME OF THE WORK SUBJECT TO VALUATION	Market value of 27 parcels in Güzeller Neighborhood, Gebze, Kocaeli
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Atak Gayrimenkul Değerleme A.Ş.
REPORT DATE	22.12.2017
REPORT TYPE	Land
CURRENT USE	Empty Land
TITLE DEED INFORMATION	See Corresponding Report Article 3.2
TOTAL MARKET VALUE	8,783,908.00 TRY

ANNEX 8- SUMMARY APPRAISAL REPORTS (BUILDINGS)

SUMMARY APPRAISAL REPORTS
ANNEX 8- SUMMARY APPRAISAL REPORTS (BUILDINGS)

NAME OF THE WORK SUBJECT TO VALUATION	Total market value of 2 units in Stüdyo 24 Project, Firüzköy, Avcılar, Istanbul
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	13.11.2017
REPORT TYPE	Building
CURRENT USE	Offices
TITLE DEED INFORMATION	Unit No. 1 and 2 within Block C with "2 Blocks of Concrete Buildings, 2 Blocks of Concrete Workplaces, Parking Lot and Land" status located on Parcel No. 2 within Block No. 634 in Firüzköy Neighborhood, Avcılar district, Istanbul
TOTAL MARKET VALUE OF 2 UNITS	360,000.00 TRY
NAME OF THE WORK SUBJECT TO VALUATION	Total market value of 7 units in Istanbul Bahçetepe Project
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Atak Gayrimenkul Değerleme A.Ş.
REPORT DATE	30.11.2017
REPORT TYPE	Building
CURRENT USE	Shop
TITLE DEED INFORMATION	See Corresponding Report Article 3.2
TOTAL MARKET VALUE OF 7 UNITS	3,721,916.50 TRY
NAME OF THE WORK SUBJECT TO VALUATION	Total market value of 12 units in Başakşehir Evleri 1-2 Project, Istanbul
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Atak Gayrimenkul Değerleme A.Ş.
REPORT DATE	6.12.2017
REPORT TYPE	Building
CURRENT USE	Shop
TITLE DEED INFORMATION	See Corresponding Report Article 3.2
TOTAL MARKET VALUE OF 12 UNITS	13,765,358.50 TRY

SUMMARY APPRAISAL REPORTS
ANNEX 8- SUMMARY APPRAISAL REPORTS (BUILDINGS)

NAME OF THE WORK SUBJECT TO VALUATION	Total market value of 8 units in Başakşehir Evleri 1-4 Project, Istanbul
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Atak Gayrimenkul Değerleme A.Ş.
REPORT DATE	6.12.2017
REPORT TYPE	Building
CURRENT USE	Shop
TITLE DEED INFORMATION	See Corresponding Report Article 3.2
TOTAL MARKET VALUE OF 8 UNITS	6,629,480.50 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Total market value of 13 units in Batışehir Project
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Atak Gayrimenkul Değerleme A.Ş.
REPORT DATE	7.12.2017
REPORT TYPE	Building
CURRENT USE	Shop
TITLE DEED INFORMATION	See Corresponding Report Article 3.2
TOTAL MARKET VALUE OF 13 UNITS	40,862,631.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Total market value of 341 units in Istanbul Esenler Emlak Konutları
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Atak Gayrimenkul Değerleme A.Ş.
REPORT DATE	22.12.2017
REPORT TYPE	Building
CURRENT USE	Apartment, Shop
TITLE DEED INFORMATION	See Corresponding Report Article 3.2
TOTAL MARKET VALUE OF 341 UNITS	200,223,600.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Total market value of 1 unit in Seyran Şehir Project, Kayabaşı, Başakşehir, Istanbul
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	24.11.2017
REPORT TYPE	Building
CURRENT USE	Shop
TITLE DEED INFORMATION	Shop with unit No. 1 within E Block of the Project with "Concrete Building Consisting of 11 Blocks and Land" status on Parcel No. 4, Block No. 1000 in Kayabaşı Neighborhood, Başakşehir district, Istanbul
TOTAL MARKET VALUE OF 1 UNIT	427,500.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Total market value of 1 unit in Park Yaşam Project, Şemikler, Karşıyaka, Izmir
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	5.12.2017
REPORT TYPE	Building
CURRENT USE	Shop
TITLE DEED INFORMATION	Unit No. 2 at entry apartment 32/C on ground floor in the building with "8-story Building with Entry No. 32 A-B and C and Single-story Workplace with Entry No. 32 D-E and F and Land" status located on Parcel No. 1, Block No. 26032 in Şemikler Neighborhood, Karşıyaka district, Izmir
TOTAL MARKET VALUE OF 1 UNIT	1,740,000.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Total market value of 4 units in Bulvar Istanbul Project, İkitelli-2, Başakşehir, Istanbul
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	15.11.2017
REPORT TYPE	Building
CURRENT USE	Housing, Shop
TITLE DEED INFORMATION	1 unit on Parcel No. 3, Block No. 1358 and 3 unit on Parcel No. 5, Block No. 1359 in İkitelli-2 Neighborhood, Başakşehir district, Istanbul
TOTAL MARKET VALUE OF 4 UNITS	3,917,000.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Total market value of 8 units in Ünikonut Project, Firüzköy, Avcılar, Istanbul
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	15.11.2017
REPORT TYPE	Building
CURRENT USE	Housing, Shop
TITLE DEED INFORMATION	Unit No. 1, 2, 3, 4, 5, 6, 7 and 11 within Block D with "3 Blocks of Concrete Buildings, 1 Block of Concrete Workplace, Pool and Land" status located on Parcel No. 1, Block No. 639 in Firüzköy Neighborhood, Avcılar district, Istanbul
TOTAL MARKET VALUE OF 8 UNITS	22,333,000.00 TRY

SUMMARY APPRAISAL REPORTS
ANNEX 8- SUMMARY APPRAISAL REPORTS (BUILDINGS)

NAME OF THE WORK SUBJECT TO VALUATION	1 Unit in Mavişehir, Karşıyaka, İzmir
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Atak Gayrimenkul Değerleme A.Ş.
REPORT DATE	26.10.2017
REPORT TYPE	Building
CURRENT USE	Housing
TITLE DEED INFORMATION	Owner: Emlak Konut REIC Province: İzmir, district: Karşıyaka, Neighborhood: Şemikler, Block/Parcel:25696/1, Surface Area (sqm): 10,566.00, Volume No./Page No./Date/Journal No: See: Section 3.2 of the Report
ZONING STATUS	Block No: 25696/1, Parcel No:3, Zoning Function Construction Conditions: See: Section 3.3 of the Report
1 UNITS THE VALUE OF EMLAK KONUT REIC'S SHARE (1/1) EXCLUDING VAT (TL)	380,000.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION	1 Unit in Mavişehir, Karşıyaka, İzmir
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Atak Gayrimenkul Değerleme A.Ş.
REPORT DATE	26.10.2017
REPORT TYPE	Building
CURRENT USE	Housing and Commercial Units
TITLE DEED INFORMATION	Owner: Emlak Konut REIC PROVINCE: İzmir DISTRICT: Karşıyaka NEIGHBORHOOD: Şemikler, Block/Parcel: 26023/3, Surface Area (sqm): 49,012.00, Volume No./Date/Journal No: See: Section 3.2 of the Report
ZONING STATUS	Block No.26023, Parcel No.3, Zoning Function Construction Conditions: See: Section 3.3 of the Report
1 UNITS THE VALUE OF EMLAK KONUT REIC'S SHARE (1/1) EXCLUDING VAT (TL)	504,000.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Total market value of 26 units in Stage 1, Part 3 Project of Bahçekent Emlak Konutları in 2. Kısım Neighborhood, Başakşehir, İstanbul
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	24.11.2017
REPORT TYPE	Building
CURRENT USE	Office, Shop
TITLE DEED INFORMATION	4 units on Parcel No. 1, Block No. 654 and 22 units on Parcel No. 5 units within Block No. 656 in Hoşdere Neighborhood, Başakşehir district, İstanbul
TOTAL MARKET VALUE OF 26 UNITS	10,067,000.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Total market value of 5 units in Körfezkent 3 Project
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	30.10.2017
REPORT TYPE	Building
CURRENT USE	Shop
TITLE DEED INFORMATION	Unit No. 1, 2, 3, 4 and 8 within the real estate with "1x7-story, 2x8 story, 2x9 story, 1x10 story concrete buildings and 1x2-story, 1xsingle-floor office and workplace and land" status on Parcel No. 10, Block No. 1924 in Yarımca (Şuyulandırma) Neighborhood, Körfez district, Kocaeli
TOTAL MARKET VALUE OF 5 UNITS	1,905,000.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Total market value of 4 units in Ankara Çankaya Next Level Project
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	4.10.2017
REPORT TYPE	Building
CURRENT USE	Offices
TITLE DEED INFORMATION	Unit No. 88, 89, 90 and 91 within the building with "39-story Concrete A Block Office and Workplace, 31-story Concrete B Block Residence, 10-story Concrete C Block Office and Workplace and Land" status on Parcel No. 4, Block No. 27457 with a surface area of 19,590.00 square meters in Karakusunlar Neighborhood, Çankaya district, Ankara
TOTAL MARKET VALUE OF 4 UNITS	9,065,000.00 TRY

NAME OF THE WORK SUBJECT TO VALUATION	Total market value of 5 units in Nidakule Ataşehir Project, Küçükbakkalköy, Ataşehir, İstanbul
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	4.10.2017
REPORT TYPE	Building
CURRENT USE	Shop
TITLE DEED INFORMATION	Unit No. 1, 2, 3, 4, and 40 within the building "37-story Reinforced Concrete Building" on Parcel No. 5, Block No. 3334 in Küçükbakkalköy Neighborhood, Ataşehir district, İstanbul
TOTAL MARKET VALUE OF 5 UNITS	30,975,000.00 TRY

SUMMARY APPRAISAL REPORTS
ANNEX 8- SUMMARY APPRAISAL REPORTS (BUILDINGS)

NAME OF THE WORK SUBJECT TO VALUATION	Total market value of 2 units in Varyap Meridian Project, Küçükbakkalköy, Ataşehir, İstanbul
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	4.10.2017
REPORT TYPE	Building
CURRENT USE	Housing
TITLE DEED INFORMATION	Unit No. 337 and 344 within the building "Concrete Buildings consisting of 58-story A Block, 8x3-story villas and 6x3-story villas with swimming pool and Land" status on Parcel No. 1, Block No. 3346 in Küçükbakkalköy Neighborhood, Ataşehir district, İstanbul
TOTAL MARKET VALUE OF 2 UNITS	1,040,000.00 TRY
NAME OF THE WORK SUBJECT TO VALUATION	Official Institution Building
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Nova Taşınmaz Değerleme ve Danışmanlık A.Ş.
REPORT DATE	16.10.2017
REPORT TYPE	Project
CURRENT USE	The construction activity is underway in Block A. Block B is completed.
PROJECT VALUE IN THE CURRENT STATE	195,890,000.00 TRY
PROJECT'S VALUE AFTER COMPLETION	198,675,000.00 TRY
NAME OF THE WORK SUBJECT TO VALUATION	2 Units within İstanbul Başakşehir Spradon Quartz Project
INSTITUTION REQUESTING VALUATION	Emlak Konut REIC
INSTITUTION PREPARING THE REPORT	Atak Gayrimenkul Değerleme A.Ş.
REPORT DATE	18.12.2017
REPORT TYPE	Building
CURRENT USE	Apartment
TITLE DEED INFORMATION	See Corresponding Report Article 3.2
TOTAL MARKET VALUE OF 2 UNITS	670,458.00 TRY

ANNEX 8 - LAWSUIT INVOLVING OUR COMPANY

Maslak 1453 Project

UCTEA, Chamber of City Planners, Istanbul Branch

The case was brought against the Ministry of Environment and Urban Planning and the Housing Development Administration at the Chamber No. 6 of the Council of State with the file No. 2012/4412 for the stay of execution and cancellation of the Revision Master Zoning Plan (scale: 1: 1,500 and Revision Application Zoning Plan (scale: 1: 1,000) (both dated: 16.09.2011 and No. 103140) for the Slum Prevention Zone in Ayazağa, Şişli. Our company joined the case as an intervenor together with the defendant institutions. The court rendered a stay of execution judgment and dismissed the objection to the judgment of the stay of execution. The expert report based on the survey reached the conclusion that the implementation plans in dispute violate the legislation, public interest, the principles and procedures of urban planning, and planning techniques and that the geological and geotechnical surveys and evaluations conducted based on the zoning plan did not cause any issues for housing. Our company made necessary objections to the report. The court decided to cancel the transaction in dispute. The parties wait for the result of the appellate review.

UCTEA, Chamber of City Planners, Istanbul Branch

The case was brought against Sarıyer Municipality Mayorship and Şişli Municipality Mayorship at the Istanbul Administrative Court No. 12 with the file No. 2015/1354 E. for the reversal of the dismissal of the request for stay of execution and cancellation of the construction and renovation licenses and the said licenses themselves granted for the Section No. 2, Block No. 1, and Parcel No. 20, 49, and 50 (previously Block No. 1 and Parcel No. 145 and after the zoning application Block No. 10622 and Parcel No. 1) in Ayazağa Slum Prevention Zone, Şişli District, Istanbul. Our company joined the case as an intervenor together with the defendant institutions. The court rejected the request for the stay of execution, and the plaintiff's objection to the dismissal of the request for the stay of execution was rejected by Istanbul Regional Administrative Court. The court decided to dismiss the case on 05.10.2017. There was an appeal request for the ruling and the parties wait for the outcome.

Istanbul Metropolitan Municipality Council Members (Hakkı Sağlam et al.)

The case was brought at the Istanbul Administrative Court No. 10 with the file No. 2016/1026 E. against the Ministry of Environment and Urban Planning for the stay of execution and cancellation of the Environmental

Plan Amendment (scale: 1:100,000), Master Zoning Plan Amendment (scale: 1/5,000) and Application Zoning Plan (scale: 1:1,000) approved by the Ministry of Environment and Urban Planning ex officio on 19.01.2016 for the Ayazağa Shanty Prevention Area within Sarıyer District, Istanbul. The court decided to reject the request for the stay of execution. Our company joined the case as an intervenor together with the defendant institutions.

UCTEA Chamber of Architects, Istanbul Büyükkent Branch, UCTEA Chamber of City Planners, Istanbul Branch

The case was brought at the Istanbul Administrative Court No. 4 with the file No. 2016/685 E. against the Ministry of Environment and Urban Planning for the stay of execution and cancellation of the Environmental Plan Amendment for Istanbul with one-sheet plan proceeding No. İÇDP-17092,2 (scale: 1:100,000), one-sheet plan proceeding No. NİP-17063 Master Zoning Plan Amendment (scale: 1/5,000) and five-sheet plan proceeding No. NİP-17066 Application Zoning Plan (scale: 1:1,000) approved by the Ministry of Environment and Urban Planning ex officio on 19.01.2016 for the Ayazağa Shanty Prevention Area within Sarıyer District, Istanbul. Proceedings continue with the file No. 2016/6417 at the Chamber No. 6 of the Council upon the court's dismissal of the case on the ground of authorization on 21.04.2016, and the referral of the file to the Council of State. On 17.11.2017, our company submitted a request to intervene together with the defendants.

Zekeriya köy Project

UCTEA, Chamber of City Planners, Istanbul Branch

The case was brought against the Ministry of Environment and Urban Planning and Housing Development Administration at the Chamber No. 6 of the Council of State with the file No. 2012/3789 for the stay of execution and cancellation of the Protective Master Zoning Plan (scale: 1:1,500) and Application Zoning Plan (scale: 1:1,000) for Zekeriya köy Mas Housing Development Area, prepared for the third-degree natural protected area within Zekeriya köy Neighborhood, Sarıyer District, Istanbul and granted approval (dated: 13.03.2012, No. 1769) On 30.06.2016, the court decided to annul the transaction in dispute. An appeal was made against the decision and the parties wait for the result of the appellate review.

UCTEA, Chamber of City Planners, Istanbul Branch

The case was brought against the Ministry of Environment and Urban Planning at the Istanbul Administrative Court No. 7 with the file No. 2013/2478 E. for the stay of execution and cancellation of the Protective Master Zoning Plan (scale: 1:5,000) and the Protective Application Zoning Plan (scale: 1:1,000) (dated: 14.08.2013, No. 8097) for the Zekeriyaköy Mass Housing Development Area within Zekeriyaköy Neighborhood, Sarıyer, District, Istanbul. Our company joined the case as an intervenor together with the defendant institutions. The court ordered a discovery, which came in favor of our company. On 09.10.2017, the court decided to dismiss the request for the stay of execution. The Chamber No. 4 of the District Administrative Court dismissed the objection of the plaintiff to the relevant ruling on 15.11.2017.

UCTEA, Chamber of Forest Engineers, Istanbul Branch

The case was brought against the Housing Development Administration (TOKİ), Ministry of National Defense, Ministry of Finance at the Istanbul Administrative Court No. 3 with the file No. 2014/268 E. for the stay of execution and cancellation of the transaction for the transfer of 34 immovables allocated to the Ministry of National Defense in Zekeriyaköy Neighborhood, Sarıyer District, Istanbul, to Housing Development Administration (TOKİ) as well as the Ministry of Finance's transaction for the transfer of these immovables to TOKİ. Our company joined the case as an intervenor together with the defendant institutions.

The court dismissed the case. The plaintiff appealed against the Administrative Court's judgment with a request for the stay of execution. On 24.02.2016, the Chamber No. 10 of the Council of State decided to suspend the execution. The parties wait for the result of the appellate review.

Kuasar Project

Serdar Bayraktar et al.,

The case was brought at the Istanbul Administrative Court No. 5 with the file No. 2014/260 E. for the stay of execution and cancellation of the Master Zoning Plan amendment (scale: 1:5,000) and the Application Zoning Plan amendment (scale: 1:1,000) (both dated: 19.06.2013 and No. 6186) regarding the immovable in Section No. 58, Block No. 1199, and Parcel No. 230, Dikilitaş Neighborhood, Şişli District. Our company joined the case as an intervenor together with the

defendant institutions. The court accepted the case and decided to cancel the plan in dispute. The Chamber No 6th of the Council of State decided that the ruling of the first instance court should be dismissed. The plaintiffs requested a revision to the decision and the parties wait for the result.

UCTEA, Chamber of City Planners, Istanbul Branch

The case was brought at the Istanbul Administrative Court No. 5 with the file No. 2013/2103 E. for the stay of execution and cancellation of the Master Zoning Plan amendment (scale: 1:5,000) and the Application Zoning Plan amendment (scale: 1:1,000) (both dated: 19.06.2013 and No. 6186) regarding the immovable in Section No. 58, Block No. 1199, and Parcel No. 230, Dikilitaş Neighborhood, Şişli District. Our company joined the case as an intervenor together with the defendant institutions. The court accepted the case and decided to cancel the plan in dispute. An appeal was made against the judgment of the stay of execution. The Chamber No 6th of the Council of State decided that the ruling of the first instance court should be dismissed.

Istanbul Kapadık Area

Avçılar Municipality Mayorship

The case was brought against the Ministry of Environment and Urban Planning at the Chamber No. 6 of the Council of State with the file No. 2013/6332 E. for the stay of execution and cancellation of the Master Zoning Plan Revision (scale: 1:5,000) and the Application Zoning Plan Revision (scale: 1:1,000) approved by the Ministry of Environment and Urban Planning (dated: 01.04.2013, No. 4989) for Kapadık Area, Yeşilkent Neighborhood, Avçılar District, Istanbul. Our company joined the case as an intervenor together with the defendant institutions. The court accepted the case and decided to cancel the transaction in dispute on 22.03.2017. The parties wait for the result of the appellate review.

Avçılar Municipality Mayorship

The case was brought against the Ministry of Environment and Urban Planning at the Chamber No. 6 of the Council of State with the file No. 2012/4041 E. for the stay of execution and cancellation of the Master Zoning Plan Revision (scale: 1:5,000) and the Application Zoning Plan Revision (scale: 1:1,000) approved by the Ministry of Environment and Urban Planning (dated: 09.01.2012, No. 491) for Kapadık Area, Yeşilkent Neighborhood, Avçılar District, Istanbul. On 23.09.2013, the court accepted the request for the

association and survey of the case together with the case No. 2013/6332 E. (filed against the 2013 plan). Our company joined the case as an intervenor together with the defendant institutions. The court accepted the case and decided to cancel the transaction in dispute on 22.03.2017. The parties wait for the result of the appellate review.

Istanbul Metropolitan Municipality Council Members (Hakkı Sağlam et al.)

The case was brought against the Ministry of Environment and Urban Planning at the Istanbul Administrative Court No. 11 with the file No. 2016/1665 E. for the stay of execution and cancellation of the execution of the Ministry of Environment and Urban Planning procedure No. 8199, dated 17.05.2016 for the approval of the Master Zoning Plan Amendment (scale: 1: 5,000) and Application Zoning Plan Amendment (scale: 1:5,000) regarding the immovable with the former Parcel No. 557 in Kapadık Neighborhood, Avclar District, Istanbul. On 10.05.2017, the court decided to reject the request for the stay of execution.

Istanbul Kayabaşı

Istanbul Metropolitan Municipality Council Members (Serdar Bayraktar et al.)

The case was brought against the Ministry of Environment and Urban Planning at the Istanbul Administrative Court No. 9 with the file No. 2013/2096 E. for the stay of execution and cancellation of the Revision Master Zoning Plan amendment (scale: 1:5,000) and the Revision Application Zoning Plan amendment (scale: 1:1,000) (dated: 09.05.2013, No. 7096) for the Kayabaşı Mass Housing Development Area in Başakşehir District, Istanbul. On 24.06.2016, the court accepted the case and decided to annul the transaction in dispute. Our company waits for the result of its appeal.

Serdar Bayraktar & Hakkı Sağlam

The case was brought against the Housing Development Administration at the Istanbul Administrative Court No. 4 with the file No. 2017/245 E. for the stay of execution and cancellation of the Revision Master Zoning Plan amendment (scale: 1:5,000) and the Revision Application Zoning Plan amendment (scale: 1:1,000) approved on 15.08.2016 for the Kayabaşı Mass Housing Development Area in Başakşehir District, Istanbul. On 10.10.2017, our company submitted a request to intervene together with the defendants.

The decided to review the request for the stay of execution after taking the defendant administration's first defense and fulfillment of the interim judgment.

Istanbul Zeytinburnu

UCTEA, Chamber of City Planners, Istanbul Branch

The case was brought against the Ministry of Environment and Urban Planning at the Istanbul Administrative Court No. 5 with the file No. 2014/561 E. for the stay of execution and cancellation of the Master Zoning Plan (scale: 1:5,000) and the Application Zoning Plan (scale: 1:1,000) (dated: 19.11.2013, No. 17978) for Block No. 774 and Parcel No. 6 and 31 in Kazlıçeşme Neighborhood, Zeytinburnu District, Istanbul. Our company joined the case as an intervenor together with the defendant institution. The court decided to annul the disputed process. Our company made a request for appeal. On 24.04.2017, the Chamber No. 4 of the Istanbul Regional Administrative Court examining the appeal request requested the conduct of a discovery and expert survey and decided for the stay of execution until the submission of the expert report. A survey was conducted on 26.07.2017, and the report was notified to the parties. The expert report was in the company's favor. However, we made an objection to the statements of expert Kılıç Ali who lodged da statement of opposition. The High Court decided to deny our appeal request.

UCTEA, Chamber of Architects, Istanbul Büyükkent Branch

The case was brought against the Ministry of Environment and Urban Planning at the Istanbul Administrative Court No. 5 with the file No. 2014/1641 E. for the stay of execution and cancellation of the Master Zoning Plan (scale: 1:5,000) and Application Zoning Plan amendment (scale: 1:1,000) (dated: 19.11.2013 and No. 17978) for Block No. 774 and Parcel No. 6 and 31 within Kazlıçeşme Neighborhood, Zeytinburnu District, Istanbul as well as the Master Zoning Plan (scale: 1:5,000) and the Application Zoning Plan amendment (scale: 1:1,000) approved by the Ministry of Environment and Urban Planning with the office consent (dated: 20.03.2014, No. 4446). Our company joined the case as an intervenor together with the defendant institution. The court decided to annul the disputed process. Our company made a request for appeal. On 24.04.2017, the Chamber No. 4 of the Istanbul Regional Administrative Court examining the appeal request requested the conduct of a discovery and expert survey and decided for the stay of execution until the submission of the expert report. A survey was conducted on 26.07.2017, and the report was notified to the parties.

The expert report was in the company's favor. However, we made an objection to the statements of expert Kılıç Ali who lodged a statement of opposition. The High Court decided to deny our appeal request.

Kartal Project

S.S.İstanbul Anadolu Yakası Kumcular Üretim ve Paz. Kooperatifi

The case was brought against the Ministry of Environment and Urban Planning at the Istanbul Administrative Court No. 9 with the file No. 2013/2105 E. for the stay of execution and subsequent cancellation of the approval (dated: 05.11.2012 and No. 16997) of the master zoning plan (scale: 1:5,000) and application zoning plan (scale: 1:1,000) conducted for the plan notes and immediate environs of Block No. 674 and Parcel No. 1, 4, 5, 6; Block No. 675 and Parcel No. 1, 2, 3; Block No. 676 and Parcel No. 108; Block No. 720 and Parcel No. 2, 4, 8, 19, 34 within Kartal District. Our company joined the case as an intervenor together with the defendant institution. On 27.04.2015, the court decided to dismiss the case. The company appealed against the decision. The High Court decided to approve the decision upon appellate review.

UCTEA, Chamber of City Planners, Istanbul Branch

The case was brought against the Ministry of Environment and Urban Planning at the Istanbul Administrative Court No. 1 with the file No. 2013/685 E. for the stay of execution and subsequent cancellation of the approval (dated: 05.11.2012 and No. 16997) of the master zoning plan (scale: 1:5,000) and application zoning plan (scale: 1:1,000) conducted for the plan notes and immediate environs of Block No. 674 and Parcel No. 1, 4, 5, 6; Block No. 675 and Parcel No. 1, 2, 3; Block No. 676 and Parcel No. 108; Block No. 720 and Parcel No. 2, 4, 8, 19, 34 within Kartal District. Our company joined the case as an intervenor together with the defendant institution. On 16.04.2015, the court decided to dismiss the case, and the parties wait for the result of the plaintiff's appeal.

Financial Center Project

UCTEA, Chamber of City Planners, Istanbul Branch

The case was brought against the Ministry of Environment and Urban Planning at the Istanbul Administrative Court No. 7 with the file No. 2013/621 E. for the stay of execution and subsequent cancellation of the Istanbul Financial Center Master Zoning Plan (scale: 1:5,000) and Istanbul Financial Center Application Zoning Plan (scale: 1:1,000) for the region

known as Istanbul Financial Center within Ümraniye and Ataşehir districts. Our company joined the case as an intervenor together with the defendant institution. The court ordered for re-discovery to overcome the contradictions in the two expert reports in the file, and the report after the discovery was positive. The court decided to reject the case on the grounds that the plan was in conformity with the law.

UCTEA, Chamber of Architects

The case was brought against the Ministry of Environment and Urban Planning at the Istanbul Administrative Court No. 8 with the file No. 2012/1672 E. for the stay of execution and subsequent cancellation of the Istanbul Financial Center Master Zoning Plan (scale: 1:5,000) and Istanbul Financial Center Application Zoning Plan (scale: 1:1,000) for the region known as Istanbul Financial Center within Ümraniye and Ataşehir districts. Our company joined the case as an intervenor together with the defendant institution. The court decided to refer the file ruling that it was related to the file no. 2013/621 E. of the Administrative Court No. 7 and the file docket was closed. The above-cited docket was renamed 2014/1102 at Istanbul Administrative Court No. 7 and the court decided to reject the case on the grounds that the plan was in conformity with the law.

UCTEA, Chamber of Architects

The case was brought against the Housing Development Administration and Istanbul Metropolitan Municipality Mayorship at the Istanbul Administrative Court No. 1 with the file No. 2013/1927 E. for the cancellation of the "Ataşehir Mass Housing Development Area Revision Master Zoning Plan Amendment" (scale: 1:5,000) prepared by the Housing Development Administration and published on 14.03.2008 after its approval on 15.02.2008 by the Istanbul Metropolitan Municipality Council. The same request was made for the Ataşehir Mass Housing Development Area Revision Application Zoning Plan Amendment (scale: 1:1,000), which was published on 12.03.2008 after its approval on 15.02.2008. Our company joined the case as an intervenor together with the defendants. The court dismissed the case, and the parties wait for the outcome of the appellate review.

İstinye Project

Sarıyer Municipality Mayorship

The plaintiff, Sarıyer Municipality Mayorship, brought the case at the Civil Court of First Instance No. 12 with the file No. 2015/73 for the stay of execution and cancellation of the tender to be carried out on

03.03.2015 with the Land Sale-based Revenue Sharing method for the immovables owned by our company within Block No. 380 and Parcel No. 17, 18 and 38; Block No. 360 and Parcel No. 3 and 64; Block No. 1352 and Parcel No. 3 within İstinye Neighborhood, Sarıyer, Istanbul. On 02.03.2015, the court made the judgment No. 2015/79 K. to dismiss the case on the grounds of authorization. Our company made an appeal against the judgment together with the plaintiff. The Court of Cassation decided that the Court of First Instance was authorized as a result of its the appellate review. After the reversal of the decision, the proceedings continue in the file based on the file No. 2017/232 of the Istanbul Civil Court of First Instance No. 12.

Fatih Yedikule

The plaintiff, Hikmet Öz et al. brought the case against Istanbul Metropolitan Municipality Mayorship, Ministry of Culture and Tourism, and Fatih Municipality Mayorship at the Istanbul Administrative Court No. 2 with the file No. 2013/347 E. for the stay of execution and cancellation of the protective Application Plan and plan provisions (scale: 1:1,000) for Historic Peninsula's Urban History, Urban Archaeological, 1st Degree Archaeological Area (Turkish State Railways, TCDD Workshops and Yedikule Gashouse), accepted with the Fatih Municipality Council's decision (dated: 09.05.2012 and No. 2012/44) and approved by the Istanbul Metropolitan Municipality Mayorship on 04.10.2012. On 10.10.2016, the court ruled that a decision cannot be given with the disputed zoning plan related to Topkapı İETT Terminal area and Sirkeci Train Station area and decided to reject the case with respect to the other aspects of the plan. The plaintiff made a request for appeal. On 15.05.2017, the Chamber No. 4 of the Istanbul Regional Administrative Court made a judgment for the partial acceptance and dismissal of the appeal request. The plaintiff and the defendant authorities appealed against this ruling waiting for the outcome of the appellate review.

Mühye Land

UCTEA, Chamber of City Planners, Ankara Branch

The case was brought against the Ministry of Environment and Urban Planning and Housing Development Administration for the stay of execution and cancellation of the Başkent Ankara Master Zoning Plan Amendment (scale: 1:25,000), Master Zoning Plan Amendment (scale: 1:5,000) and the Application Zoning Plan (scale: 1:1,000) (dated: 27.02.2015, No. 3341) for the Parcel No. 2 of the Block No. 644, 831, 919, 920, 921, 3189, 3198, 3320, 3321 and 28060 within Mühye

Neighborhood, Çankaya District, Ankara. The trial took place with the file No. 2015/2968 E. of the Ankara Administrative Court No. 5. The court decided to cancel the transaction, and our company appealed the ruling. Upon its review, the court decided to accept the appeal request for the Master Zoning Plan (scale: 1:25000) and reject the other requests..

UCTEA, Chamber of Architects, Ankara Branch

The case was brought against the Ministry of Environment and Urban Planning and the Housing Development Administration at the Ankara Administrative Court No. 4 with the file No. 2015/1482 E. for the stay of execution and cancellation of the Başkent Ankara Master Zoning Plan Amendment (scale: 1:25,000), Master Zoning Plan Amendment (scale: 1:5,000) and the Application Zoning Plan (scale: 1:1,000) (dated: 27.02.2015, No. 3341) for the Parcel No. 2 of the Block No. 644, 831, 919, 920, 921, 3189, 3198, 3320, 3321 and 28060 within Mühye Neighborhood, Çankaya District, Ankara. The trial took place with the file No. 2015/3052 E. of the Ankara Administrative Court No. 5. The court decided to cancel the transaction, and our company appealed the verdict. The parties wait for the result of the appellate review.

Çankaya Municipality Mayorship

The case was brought against the Ministry of Environment and Urban Planning and Housing Development Administration for the stay of execution and cancellation of the Başkent Ankara Master Zoning Plan Amendment (scale: 1:25,000), Master Zoning Plan Amendment (scale: 1:5,000) and the Application Zoning Plan (scale: 1:1,000) (dated: 27.02.2015, No. 3341) for the Parcel No. 2 of the Block No. 644, 831, 919, 920, 921, 3189, 3198, 3320, 3321 and 28060 within Mühye Neighborhood, Çankaya District, Ankara. Our company intervened in the case. The trial continued with the file No. 2015/2940 E. of the Ankara Administrative Court No. 5. On 04.05.2017, the court decided to cancel the transaction in dispute. Our company made a request for appeal. Upon its review, the court decided to accept the appeal request for the Master Zoning Plan (scale: 1:25000) and reject the other requests.

Gazi Sönmez et al. (a total of 44 plaintiffs, owners),

The case was brought against the Ministry of Environment and Urban Planning and the Housing Development Administration at the Ankara Administrative Court No. 5 with the file No. 2015/1482 E. for the stay of execution and cancellation of the Başkent Ankara Master Zoning Plan Amendment (scale: 1:25,000), Master Zoning Plan Amendment (scale: 1:5,000) and the Application Zoning Plan (scale: 1:1,000) (dated: 27.02.2015, No. 3341) for

the Parcel No. 2 of the Block No. 644, 831, 919, 920, 921, 3189, 3198, 3320, 3321 and 28060 within Mühye Neighborhood, Çankaya District, Ankara. Our company intervened in the case. The court decided to annul the transaction in dispute on 11.05.2017. The parties wait for the result of the appellate review. Upon its review, the court decided to accept the appeal request for the Master Zoning Plan (scale: 1:25000) and reject the other requests.

UCTEA, Chamber of City Planners, Ankara Branch

The case was brought against the Housing Development Administration at the Ankara Administrative Court No. 5 with the file No. 2017/1011 E. for the stay of execution and cancellation of the Master Zoning Plan Amendment (scale: 1:5,000) and the Application Zoning Plan (scale: 1:1,000) approved by the Housing Development Administration with the office consent (dated: 01.09.2016, No. 3996) for the Slum Prevention Zone in Mühye Neighborhood, Çankaya District, Ankara. On 17.02.2017, our company submitted a request to join the case as an intervenor together with the defendant institution. On 08.12.2017, the court accepted the case and decided to cancel the proceeding in dispute. Our company made a request for appeal and waits for the outcome.

UCTEA, Chamber of Architects, Ankara Branch

The case was brought against the Housing Development Administration at the Ankara Administrative Court No. 17 with the file No. 2016/5166 E. for the stay of execution and cancellation of the Master Zoning Plan Amendment (scale: 1:5,000) and the Application Zoning Plan (scale: 1:1,000) approved by the Housing Development Administration with the office consent (dated: 01.09.2016, No. 3996) for the Slum Prevention Zone in Mühye Neighborhood, Çankaya District, Ankara. On 17.02.2017, our company submitted a request to join the case as an intervenor together with the defendant institution. The court ruled for a discovery and expert survey, and the parties currently wait for the survey day. On 31.05.2017, the court decided to accept our intervention request, have a survey and expert review, and rule on the request for a stay of execution after the relevant expert review. The court waits for the expert report.

Gazi SÖNMEZ

The case was brought against the Governorship of Ankara at the Istanbul Administrative Court No. 5 with the file No. 2017/550 E. regarding the "Emlak Konut Mühye Mass Housing Project" planned to be constructed within Block No. 29396, Parcel No. 3, Block No. 29397 and Parcel No. 3, Block No. 29397

and Parcel No. 4 within Mühye Neighborhood, Çankaya district, Ankara. The plaintiff requested the stay of execution and cancellation of the decision "No Environmental Impact Assessment is required" given by the Ministry of Environment and Urban Planning on 24.11.2016. On 18.05.2017, our company made a request to join the case as an intervenor together with the defendant institution and the court accepted this intervention request on 26.09.2017.

İlyas Kara as a proxy of Hüseyin Zorlu,

The case was brought against the Housing Development Administration and Çankaya Municipality at the Ankara Administrative Court No. 1 with the file No. 2017/562 E. for the stay of execution and cancellation of the amendment of Master Zoning Plan Amendment (scale: 1:5,000) and the Application Zoning Plan (scale: 1:1,000), parcel plan amendment and the granted construction permit as approved by the Housing Development Administration with the office consent (dated: 01.09.2016, No. 3996) for the immovable property No. parcel No. 921 within in Mühye Village, Çankaya District, Ankara. On 15.05.2017, our company submitted a request to join the case as an intervenor together with the defendant institutions. On 14.06.2017, the court decided to obtain a survey and expert review and rule on the stay of execution after obtaining such survey and expert review. On 13.09.2017, the court decided to accept our company's request to intervene. The report arranged by the experts was unfavorable.

Gazi Sönmez et al. (a total of 45 plaintiffs, owners),

The case was brought against the Housing Development Administration at the Ankara Administrative Court No. 5 with the file No. 2017/722 E. for the stay of execution and cancellation of the Master Zoning Plan Amendment (scale: 1:5,000) and the Application Zoning Plan (scale: 1:1,000) approved by the Housing Development Administration with the office consent (dated: 01.09.2016, No. 3996) for the Slum Prevention Zone in Mühye Neighborhood, Çankaya District, Ankara. On 12.05.2017, the court decided to notify our company of the case and rule on the stay of execution after obtaining survey and expert review in the relevant location. On 05.06.2017, our company submitted a request to join the case as an intervenor together with the defendant institution. On 21.06.2017, the court decided to review the request for the stay of execution after the same court made a ruling regarding the stay of execution in the file No. 2017/1011 E. The court decided to accept our intervention request on 08.12.2017. Also, it decided that there was no ground for making a decision regarding

the stay of execution request as the request lost its substance due to another cancellation decision, on 08.12.2017, regarding the case No. 2017/1011 brought for the cancellation of the same zoning plans.

UCTEA, Chamber of Architects, Ankara Branch

The case was brought against the Housing Development Administration at the Ankara Administrative Court No. 15 with the file No. 2017/2692 E. for the stay of execution and cancellation of the Master Zoning Plan Amendment (scale: 1:25,000), Master Zoning Plan Amendment (scale: 1:5,000) and the Application Zoning Plan (scale: 1:1,000) approved by the Housing Development Administration with the office consent (dated: 01.06.2017, No. 2017/2532) for the Slum Prevention Zone in Mühye Neighborhood, Çankaya District, Ankara. On 08.09.2017, the court considered the Ankara Metropolitan Municipality Mayor and Çankaya Municipality Mayor as adverse parties deciding to review the request for the stay of execution after taking the defendant's first defense and fulfillment of the interim judgment. On 17.11.2017, our company submitted a request to intervene. The court decided to refer the file to the Ankara Administrative Court No. 17 due to the connection. The proceedings continue with the file No. 2017/3394 E.

Çayyolu Land

UCTEA, Chamber of Architects, Ankara Branch

The case was brought against the Ministry of Environment at the Ankara Administrative Court No. 10 with the file No. 2015/1987 E. for the stay of execution and cancellation of the Başkent Ankara Master Zoning Plan Amendment (scale: 1:25,000) Master Zoning Plan Amendment (scale: 1:5,000) and the Application Zoning Plan (scale: 1:1,000) approved by the Ministry of Environment and Urban Planning ex officio on 21.05.2015 for the Parcel No. 953 within Çayyolu Neighborhood, Çankaya District, Ankara. Our company intervened in the case. The court decided to dismiss the case on 25.03.2016, and the parties wait for the review of the plaintiff's appeal.

UCTEA, Chamber of City Planners, Ankara Branch

The case was brought against the Ministry of Environment at the Ankara Administrative Court No. 16 with the file No. 2015/2300 E. for the stay of execution and cancellation of the Başkent Ankara Master Zoning Plan Amendment (scale: 1:25,000) Master Zoning Plan Amendment (scale: 1:5,000) and the Application Zoning Plan (scale: 1:1,000) approved by the Ministry of Environment and Urban Planning ex officio on 21.05.2015 for the Parcel No. 953 within

Çayyolu Neighborhood, Çankaya District, Ankara. On 16.12.2015, our company submitted a request to join the case as an intervenor together with the defendant institutions. The court decided to accept TOKİ's and our company's request to intervene on 24.12.2015 and 15.02.2016, respectively. The expert report following the discovery and expert survey conducted on 07.06.2016 was against our company, and we objected to it on 03.10.2016. On 04.11.2016, the court decided to review the request for the stay of execution after the conduct of an additional expert survey and the submission of the additional expert report to the court. On 19.01.2017, the court decided to reject the request for the stay of execution. In the meantime, our company made an objection to the unfavorable parts of the expert report submitted in the file. The plaintiff objected to the decision of refusal regarding the request for the stay of execution, On 06.03.2017, the Chamber No. 5 of the District Administrative Court decided to accept the objection partially, partially remove the decision to refuse the stay of execution. In addition, the court gave a stay of execution decision regarding the part "The floor area ratio shall be given based on cadastral 953" of the Plan note no. 10 of the Application Zoning Plan. On 30.03.2017, the court decided to cancel the part ("floor area ratio calculation shall be conducted based on cadaster parcel No. 953") of the plan note No. 10 of the Application Zoning Plan in dispute, while dismissing the case regarding other procedures in dispute. Our company made a request for appeal regarding the above-cited ruling and waits for the outcome.

Ela Betül Termeli

The case was brought against Ankara Metropolitan Municipality Mayorship and the Ministry of Environment and Urban Planning at the Istanbul Administrative Court No. 17 with the file No. 2016/4065 E. for the cancellation of the zoning plan amendments approved by the Ministry of Environment and Urban Planning on 21.05.2015 ex officio regarding the Parcel No. 1 within the Block No. 29622 and Parcel No. 1, 2, 3, and 4 (953) within the Block No. 29479 in Çayyolu Neighborhood, Çankaya District, Ankara as well as the stay of execution of the related construction building permit. Our company submitted a request to intervene. On 17.05.2017, the court decided to accept our intervention request. On 18.05.2017, it decided to dismiss the case on grounds of capacity and period of limitation. The plaintiff party made a request of appeal on 18.09.2017.

UCTEA, Chamber of City Planners, Ankara Branch

The case was brought against the Ministry of Environment and Urban Planning at the Ankara

Administrative Court No. 1 with the file No. 2017/2665 for stay of execution and cancellation of the Başkent Ankara Master Zoning Plan Amendment (Scale: 1:25,000), Master Zoning Plan Amendment (scale: 1:5,000), and Application Zoning Plan Amendment (scale: 1:1,000) prepared for Parcel No. 1, 2, 3, 4 within Block No. 29479, Parcel No. 1, Block No. 29622, park and road area in Çayyolu Neighborhood, Çankaya district, Ankara approved by the Ministry of Environment ex officio on 10.06.2017. On 20.09.2017, the court decided to review the request for the stay of execution after taking the defendant administration's first defense and fulfillment of the interim judgment. On 17.11.2017, our company submitted a request to intervene.

Alibeyköy

Istanbul Metropolitan Municipality Council Members (Özgür Aydın, İsa Öztürk),

The case was brought against the Ministry of Environment at the Istanbul Administrative Court No. 5 with the file No. 2015/2131 E. for the stay of execution and cancellation of the Master Zoning Plan Amendment (scale: 1:5,000) and the Application Zoning Plan Amendment (scale: 1:1,000) approved by the Ministry of Environment and Urban Planning on 08.09.2015 ex officio for the Block No. 859 and Parcel No. 6 (Block No. 2, Parcel No. 6 in the new records) within Osmanpaşa Area, Alibeyköy Neighborhood, Eyüp District, Istanbul. Our company intervened in the case. Our company made an objection to the unfavorable aspects of the relevant report examined by an expert. On 31.05.2017, the court decided to cancel the procedure in dispute. Our company made a request for appeal regarding the above-cited ruling. The Chamber No. 4 of the District Administrative Court decided to dismiss our request for the stay of execution based on the survey of the file No. 2017/1623 E.

Maltepe Küçükyalı Project

Maltepe Municipality Mayorship

The case was brought by Maltepe Municipality Mayorship against the Ministry of Environment and Urban Planning and the Housing Development Administration at the Istanbul Administrative Court No. 10 with the file No. 2016/1529 E. for the stay of execution and cancellation of the Master Zoning Plan (scale: 1:5,000) and the Application Zoning Plan (scale: 1:1,000) regarding the Parcel No. 2 and 3 within Block No. 1396, and various parcels within Block No. 2775 and 1586 owned by our company and the planning area consisting of non-registered areas

in Küçükyalı and Başibüyük neighborhoods, Maltepe District, Istanbul. Our company and the contractor Tahincioğlu-Küçükyalı Joint Venture requested to participate in the case together with the defendant institutions and the court accepted this request for intervention. In accordance with the decision of the Chamber No. 10 of the Istanbul Regional Administrative Court on 24.05.2017, the file was sent to the Administrative Court No. 4. due to its relation. The file was registered to Istanbul Administrative Court No. 4 with the docket No. 2017/1137. The court decided to cancel the plan in dispute with the decision No. 2017/1949 K on 12.10.2017. Our company applied for an appellate review.

Özgür AYDIN – Hakkı SAĞLAM

The case was brought by plaintiffs Özgür Aydın and Hakkı Sağlam against the Ministry of Environment and Urban Planning and the Housing Development Administration at the Istanbul Administrative Court No. 10 with the file No. 2016/1478 E. for the stay of execution and cancellation of the Master Zoning Plan (scale: 1:5,000) and the Application Zoning Plan (scale: 1:1,000) regarding the Parcel No. 2 and 3 within Block No. 1396, and various parcels within Block No. 2775 and 1586 owned by our company and the planning area consisting of non-registered areas in Küçükyalı and Başibüyük neighborhoods, Maltepe District, Istanbul. Our company and the contractor Tahincioğlu-Küçükyalı Joint Venture requested to participate in the case together with the defendant institutions and the court accepted this request for intervention. In accordance with the decision of the Chamber No. 10 of the Istanbul Regional Administrative Court on 24.05.2017, the file was sent to the Administrative Court No. 4. due to its relation. The file was registered to Istanbul Administrative Court No. 4 with the docket No. 2017/1138. The court decided that there was no ground for making a decision because the Istanbul Administrative Court No. 4 decided to cancel the plans in dispute with the decision No. 2017/1137 E. 2017/1949 K.

UCTEA, Chamber of City Planners – UCTEA, Chamber of Architects

The case was brought for the cancellation and stay of execution of the additional Master Zoning Plan (scale: 1: 5,000) and additional application zoning plan (scale: 1:1,000) prepared for Parcel No. 2 and 3 within Block No. 1396, various parcels within Block No. 2775 and 15896 in Küçükbakkalköy and Başibüyük Neighborhood, Maltepe district, Istanbul. The court decided to refer the file to the Istanbul

Administrative Court No. 4 due to the connection, and it was registered as 2017/1170 E. The court decided that there was no ground for making a decision regarding this case because the matter in dispute was canceled with the file No. 2017/1137 of the Istanbul Administrative Court No. 4.

Revenue Sharing Based on Land Sales in İstasyon, Yenimahalle, Ankara. UCTEA, Chamber of Architects, Ankara Branch

The case was brought by the Ankara branch of the UCTEA Chamber of City Planners against the Ministry of Environment and Urban Planning and at the Istanbul Administrative Court No. 13 with the file No. 2017/501 E. regarding the "Revenue Sharing Based on Land Sales in İstasyon, Yenimahalle, Ankara" project planned in Block No. 63865, Parcel No. 2 within Emniyet Neighborhood, Yenimahalle district, Ankara. The plaintiff requested the stay of execution and cancellation of the decision "Environmental Impact Assessment is favorable" given by the Ministry of Environment and Urban Planning on 21.12.2016. Our company submitted a request with the petition dated 15.05.2017 to join the case as an intervenor together with the Ministry of Environment and Urban Planning. On 22.06.2017, the court decided to notify the parties of the intervention request and the proceedings continue.

BAKIRKÖY YENİMAHALLE

Bakırköy Municipality Mayorship,

The case was brought against the Ministry of Environment at the Istanbul Administrative Court No. 4 with the file No. 2015/1853 E. (previous Docket No. 2014/2297) for the stay of execution and cancellation of the Master Zoning Plan Amendment (scale: 1:5,000) and the Application Zoning Plan (scale: 1:1,000) approved by the Ministry of Environment and Urban Planning on 20.03.2014 for the Parcel No. 18, Block No. 901, within Yenimahalle Neighborhood, Bakırköy District, Istanbul. On 23.10.2015, the court decided to dismiss the request for the stay of execution. A survey was conducted on 14.07.2016. On 24.07.2017, our company submitted a request to join intervention together with the defendant institution.

ANTALYA MURATPAŞA

Antalya Murapaşa Municipality Mayorship,

The case was brought against the Ministry of Environment at the Izmir Administrative Court No. 1 with the file No. 2016/1489 E. for the stay of execution and cancellation of the Master Zoning Plan Amendment (scale: 1:5,000) and the Application

Zoning Plan (scale: 1:1,000) approved by the Ministry of Environment and Urban Planning on 20.07.2016 for the parcel No. 6, Block No. 12581 within Bahçelievler Neighborhood, Muratpaşa District, Antalya. On 22.02.2017, the court decided to dismiss the request for the stay of execution. On 01.08.2017, our company submitted a request to join the case together with the defendant institution. On 21.12.2017, the court decided to accept our company's request to intervene.

Antalya Branch of the UCTEA, Antalya Branch of UCTEA Chamber of City Planners, Antalya Barr, Polat Balkan

The case was brought against the Ministry of Environment at the Izmir Administrative Court No. 1 with the file No. 2016/1200 E. for the stay of execution and cancellation of the Master Zoning Plan Amendment (scale: 1:5,000) and the Application Zoning Plan (scale: 1:1,000) approved by the Ministry of Environment and Urban Planning on 20.07.2016 for the parcel No. 6, Block No. 12581 within Bahçelievler Neighborhood, Muratpaşa District, Antalya. On 18.01.2017, the court decided to dismiss the request for the stay of execution. On 01.08.2017, our company submitted a request to join the case together with the defendant institution. On 21.12.2017, the court decided to accept our company's request to intervene.

İZMİR KONAK

Izmir Branch of the UCTEA Chamber of City Planners, General Presidency of the UCTEA Chamber of Architects

The case was brought against the Ministry of Environment at the Izmir Administrative Court No. 1 with the file No. 2017/1124 E. for the stay of execution and cancellation of the Master Zoning Plan Amendment (scale: 1:5,000) and the Application Zoning Plan (scale: 1:1,000) approved by the Ministry of Environment and Urban Planning on 10.05.2017 for the various panels within Kuruçay and Umurbey Neighborhoods, Konak District, Izmir. On 26.07.2017, the court decided to examine the request for the stay of execution after taking the defendant's statement. Our company submitted a request to join the case with the defendant institution. On 08.11.2017, the court decided to dismiss the request for the stay of execution and accepted our company's request to intervene.

LEGAL NOTICE

This interim report includes information about the Company's operations and accounts for the period from January 1 to December 31, 2017. It was prepared in accordance with legal regulations and based on the Board of Directors Report, Corporate Governance Compliance Report and Financial Statements.

The report was prepared to inform shareholders and does not constitute the basis for any investment decision. The views and estimated figures in the report reflect the Company management's opinions about the future; however, they may take place differently depending on the variables and estimates that constitute such prospective and estimated figures. Accordingly, Emlak Konut GYO A.Ş. (Emlak Konut REIC) or members of the Board of Directors, its advisors or employees shall not be responsible for any direct or indirect losses or damages suffered by any person due to any information or communication conducted through this report or any when such results are based on any information covered in this report or deemed to have resulted from the lack of thereof.

All the information provided in this report is considered to be correct as of its publication date; Emlak Konut GYO A.Ş. shall not assume any responsibility for any errors that may occur in writing and printing stages.



EMLAK KONUT

REAL ESTATE INVESTMENT COMPANY

THE PARTICIPATION OF T.C. PRIME MINISTRY TOKİ
(HOUSING DEVELOPMENT ADMINISTRATION)



TOKI
TÜRK İÇİŞİLERİ BAKANLIĞI
KONUT İÇİŞİLERİ GENEL MÜDÜRLÜĞÜ



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