

INTERIM REPORT

June - 2016

EMLAK KONUT REIC'S
BOARD OF DIRECTORS INTERIM REPORT
SECOND QUARTER 2016

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Comments by

Murat KURUM, General Manager

Dear Shareholders,

We have completed the first half of 2016, which we started with great zeal and a fast pace of work. As Emlak Konut, we pay strict attention to provide services with great devotion and to show maximum effort for reaching our targets in the first half of the year.

We finalized the tenders for our 7 revenue sharing projects in the first half of 2016. The projects that we finalized the tenders of correspond to more than 60% of all the projects that are planned to be put in tender this year. The total sales turnover of these projects are approximately TL 6.45 billion and the minimum revenue share for Emlak Konut is around TL 2.28 billion. Moreover, works are under way for the tenders that we are

going to carry out in the second half of 2016.

A look at our financial results indicates that our profits is **TL 630.8 million** in the first half of 2016 as a result of the construction projects that we have successfully completed.

Upon the Resolution of the General Assembly meeting held in the second quarter of 2016, we paid cash dividends totaling TL 367 million from 2015 profits to our shareholders, as we have promised and adopted as a company policy.

When assessed in terms of the new projects that we launched, I believe that we had a successful first half. In the first quarter of the year, the projects we launched are Tual Adalar located in Kartal District on the Anatolian side, the second phase of our Park



Mavera project in Başakşehir (Kayabaşı), and Karat 34 in Bahçelievler on the European side of Istanbul. Furthermore, in the second quarter following these projects, we initiated sales of Avrupa Konutları Başakşehir project in Başakşehir and Tual Bahçekent project in Hoşdere. Apart from these, we have also launched our Evora Denizli project in Denizli, an Anatolian city where we will carry out a project for the first time, in the first half of the year... In all our projects, we cooperate with Turkey's experienced and trustworthy contracting companies. We firmly believe that we will achieve successful sales figures in these projects, as we do in the projects that we are already continuing the sales of... We will continue to bring dynamism and a breath of fresh air to the industry in the upcoming

periods through new campaigns and payment schemes that we will launch and new projects that we will start the sales of.

On the other hand, we have had a very fruitful quarter in terms of land acquisitions. We purchased a total of 5 plots of land with an acreage of 959,000 sqm in Küçükçekmece and 25,000 sqm in Şişli from our main shareholder TOKİ for an approximate price of TL 2.3 billion. The significant point here is that the repayment for these purchases will be made in installments. In addition to these acquisitions, we informed our shareholders and the public that we could generate funds up to TL 2 billion through various borrowing methods in the upcoming period, to be used in our land plot purchases. Through this resolution, we aimed to generate an alternative resource for land purchases and devised a way to let Emlak Konut grow faster.

Another business deal that we finalized in the second quarter, which should also be mentioned, is the protocol that we signed with the Association of Galatasaray Sports Club... Within the scope of this protocol, we will co-develop projects on the land plots with an acreage of 23,000 sqm in Bakırköy Florya and 1,000,000 sqm in Beykoz Riva, which are both owned by the Association.

As indicated earlier, Emlak Konut has completed the first half of 2016 as planned, with new launches and land acquisitions, creating new goals and always searching ways to do better. However, as we have always mentioned and persistently laid emphasis on, the political and economic stability of our country is the most important matter that we pay regard to and place emphasis on. We believe that the development of real estate

industry, which is one of the main drivers of our economy, will only be possible through the deepening of our democracy and the strengthening of our economy. We have the utmost faith that we will overcome the challenges we are faced with in both domestic and foreign markets owing to the strong image of our country, and under the presence of factors that foster confidence and stability. As Emlak Konut, we will be more than happy to do our share and will continue to contribute to the national economy.

As Emlak Konut, since the initial public offering that we undertook in 2010, we have kept all promises we made to our shareholders and carried out all the operations that we

committed ourselves to; we do not have a single project that we could not complete or realize, we maximized our recognition in foreign markets for the last 6 years, and created a strong Emlak Konut profile thanks both to our unique business models, and experienced and devoted co-workers.

We promise to all our stakeholders that we shall never stop working and producing.

Best Regards,

Murat Kurum

ABOUT THE COMPANY



Founded in 1953, Emlak Konut REIT is one of the most well established Turkish companies that specialize in housing unit development. The company has operated as a Real Estate Investment Company since 2002. Its brand value is based on years of experience and numerous successful projects.

Emlak Konut has become a reliable institution for all stakeholders, thanks to its adaptive management approach that fostered a strong corporate culture for more than 60 years. The brand value that has been created over the years allows our company to enjoy a management approach that continuously raises standards in the real estate industry. The company is a leader and role model in the area of social awareness, especially in building systems, design, environmental awareness and business practices.

TOKİ (Housing Development Administration of Turkey) is the main shareholder of Emlak Konut REIC. Today the company is the largest real estate investment trust in Turkey based on its market value, real estate portfolio and land inventory.

Our core business activities include purchasing land in Turkey and developing real estate projects for middle and upper-middle income groups. Our main objective is to increase both pecuniary and non-pecuniary value for our shareholders and other stakeholders by implementing innovative and contemporary projects.

The paid-in capital of 3,800,000,000 Turkish lira and the authorized capital of 4,000,000,000 Turkish lira reflect the leading role of company in the real estate industry.

Emlak Konut REIC was offered to the public in 2010 and in 2013 with the goal of maintaining rapid growth. The IPO attracted unprecedented attention: the demand by domestic individual investors set a record in Turkey, becoming one of the five biggest public offerings in the history of Turkey. The second public offering, which was made in November 2013, was oversubscribed by 2.3 times the available offer shares. With more than 100 international investors from 20 countries interested in Emlak Konut shares as capital increase in Central-Eastern Europe, Middle East and Africa. It became the largest public offering of the year.



COMPANY

AREA OF OPERATIONS



Emlak Konut Real Estate Investment Company was incorporated on December 26, 1990, under the title of Emlak Konut A.Ş., as a subsidiary of Türkiye Emlak Bankası A.Ş., in accordance with its articles of association, the main statute of Türkiye Emlak Bankası A.Ş., Decree-Law No. 233 on State Economic Enterprises and the Turkish Commercial Code. Its incorporation was registered and announced on March 6, 1991, after which the company began its operations. Pursuant to Law No. 4603, its articles of associations were amended on May 19, 2001, and the company was therefore subjected to the provisions of the Turkish Commercial Code.

Pursuant to Higher Planning Council Decision No. 99/T-29 on August 4, 1999 and Decree-Law No. 588 on December 29, 1999, the company has

decided to restructure as a Real Estate Investment Company. As per the permissions granted by the Capital Markets Board (permission no. 298 on June 20, 2002) and the Ministry of Science, Industry and Technology (permission no. 5320 on June 25, 2002), the draft amendment to the articles of association was presented to the General Assembly for approval. The articles of association were revised following the approval of the draft amendment during the Extraordinary General Assembly Meeting on July 22, 2002.

The company's articles of association were registered by Istanbul Trade Register Office on July 29, 2002, and became effective following the announcement in the Trade Registry Gazette on August 1, 2002. (Trade Registry No: 273488-221070; MERSIS [Central Registry] No: 5669-3333-4423-6524)

Per the resolution of the General Assembly Meeting on February 28, 2006, the company's business name was changed from "Emlak Gayrimenkul Yatırım Ortaklığı A.Ş." to "Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş." (Emlak Konut Real Estate Investment Company). The company has no restrictions on its legal entity.

The company's legal entity was modified to real estate investment company for engaging in activities and topics as indicated in the Capital Markets Board of Turkey (CMB) Communiqué on Principles Regarding Real Estate Investment Companies. As a result, the company acts in accordance to the provisions of relevant legislation.

Per article 5 of the articles of association, the company's areas of activity are defined as follows: The company is a publicly-held corporation established with authorized capital that engages in activities and topics as indicated in the CMB Communiqué on Principles Regarding Real Estate Investment Companies and primarily invests in real estate, real estate backed capital market instruments, real estate projects and real estate rights.

Emlak Konut REIC's objective and areas of activity are: (a) developing real estate projects that include mostly housing units as well as commercial units, educational facilities, social outfits, infrastructure, roads, and landscapes; (b) acting as construction supervisor of developed projects; (c) the marketing and sales of completed independent units. Emlak Konut REIC subcontracts all construction work by means of tenders, as it cannot serve as a construction contractor pursuant to the CMB communiqués and regulations on real estate investment companies.

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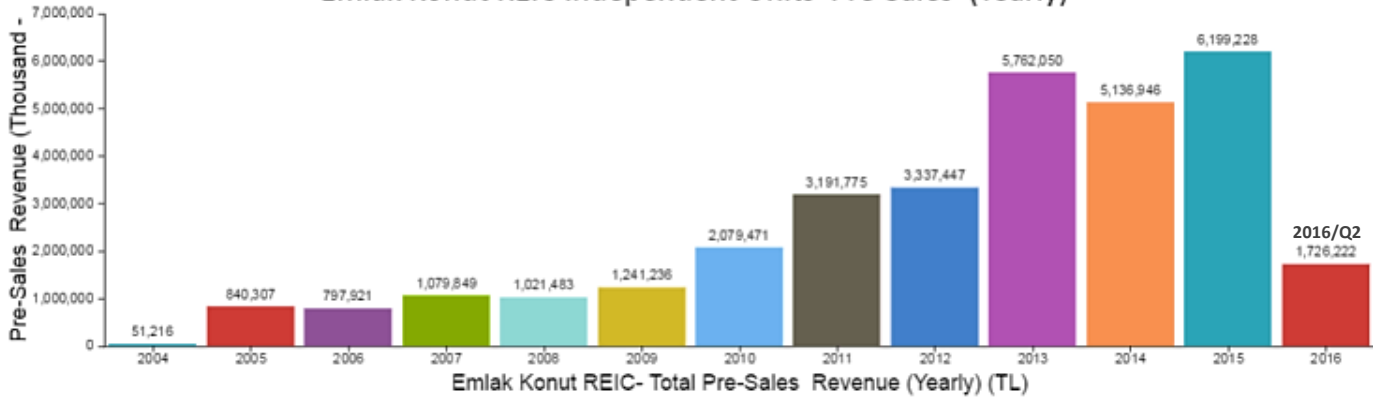
Fax 2 : 0216 579 1699

e-mail : info@emlakkonut.com.tr

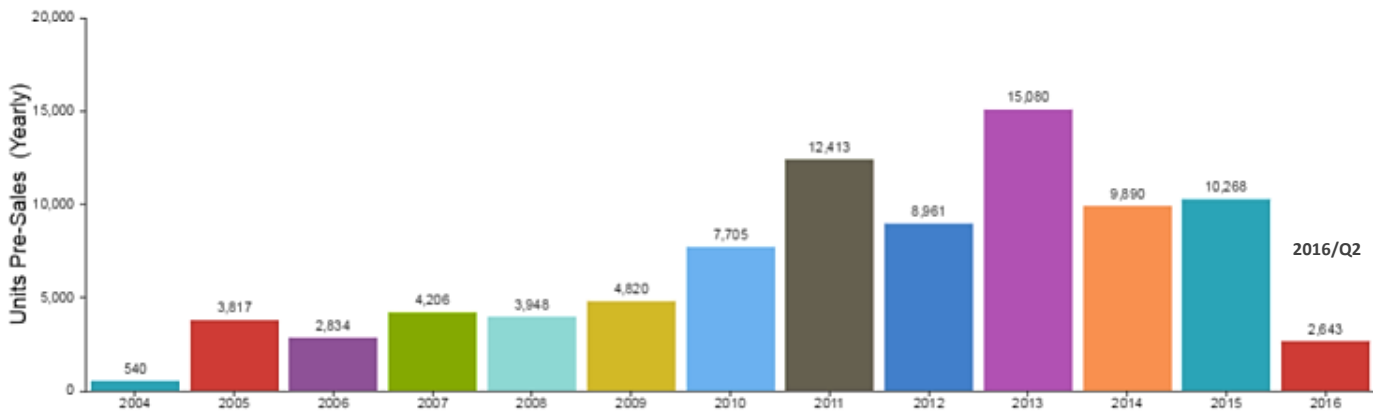
Web Site : www.emlakkonut.com.tr

SUMMARY OF FINANCIAL DATA

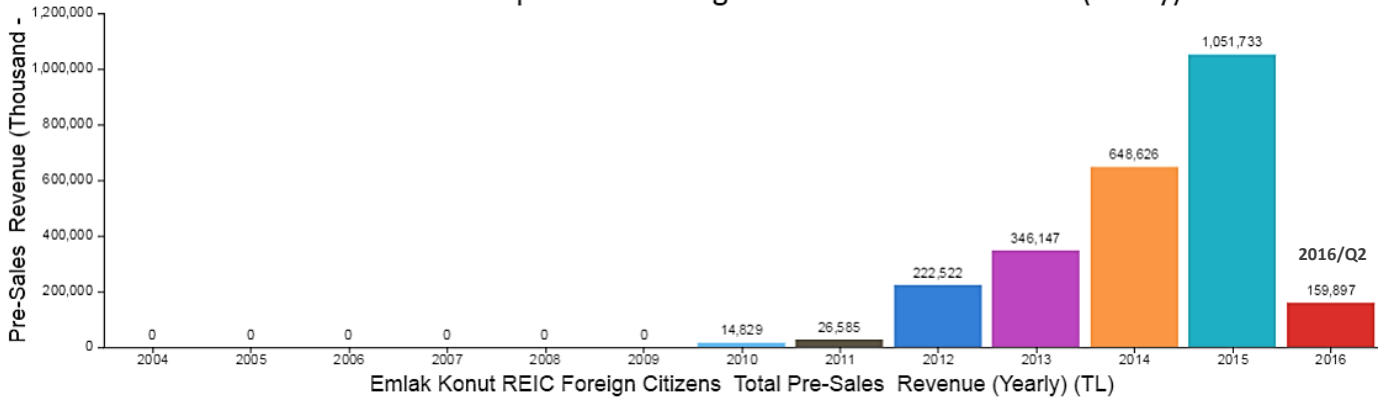
Emlak Konut REIC Independent Units Pre-Sales (Yearly)



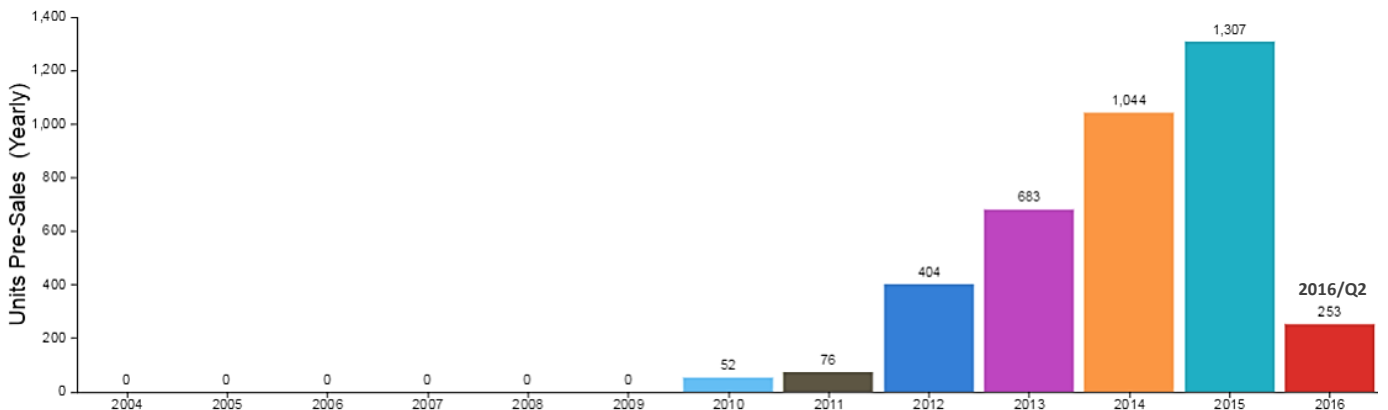
Emlak Konut REIC- Total Pre-Sales Revenue (Yearly) (TL)



Emlak Konut REIC Independent Foreign Citizens Units Pre-Sales (Yearly)



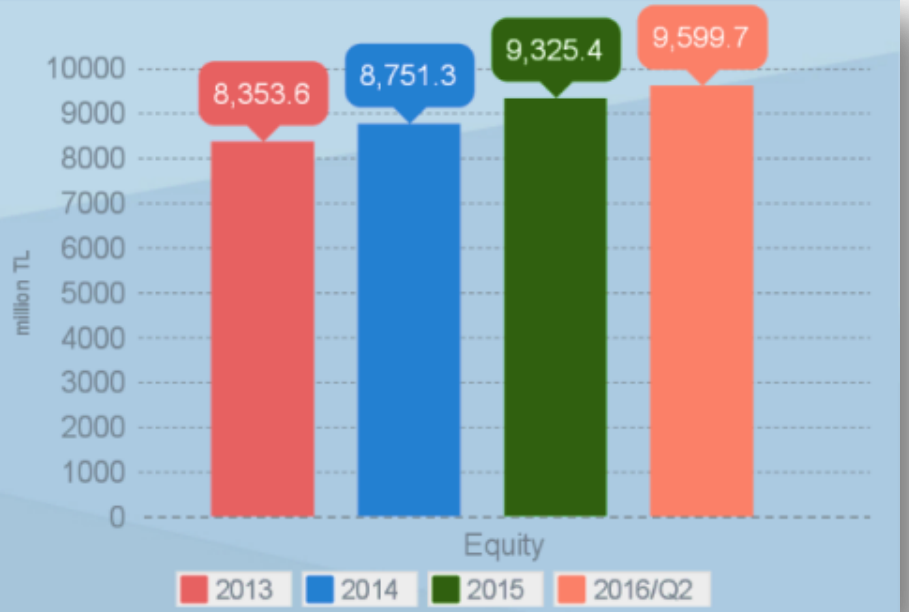
Emlak Konut REIC Foreign Citizens Total Pre-Sales Revenue (Yearly) (TL)



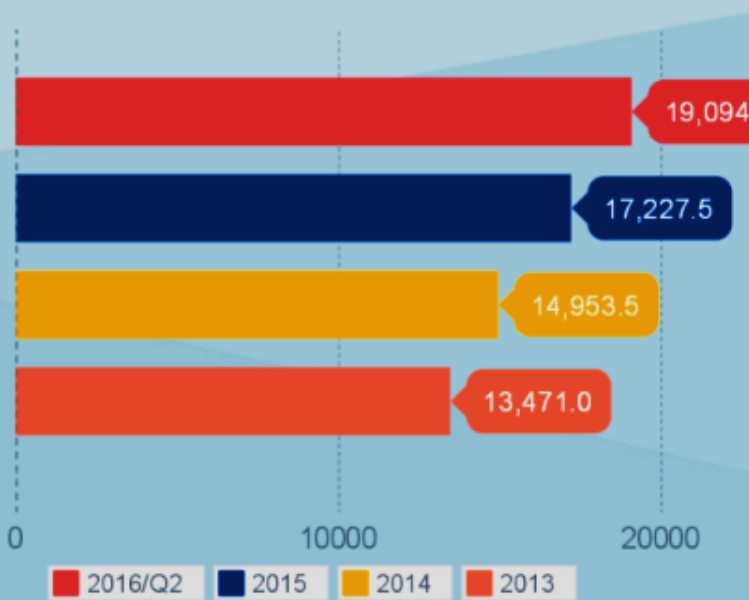
SUMMARY OF FINANCIAL DATA

✓ Our Equity

Our profitability continues for years has turned into a strong funding source.



million TL



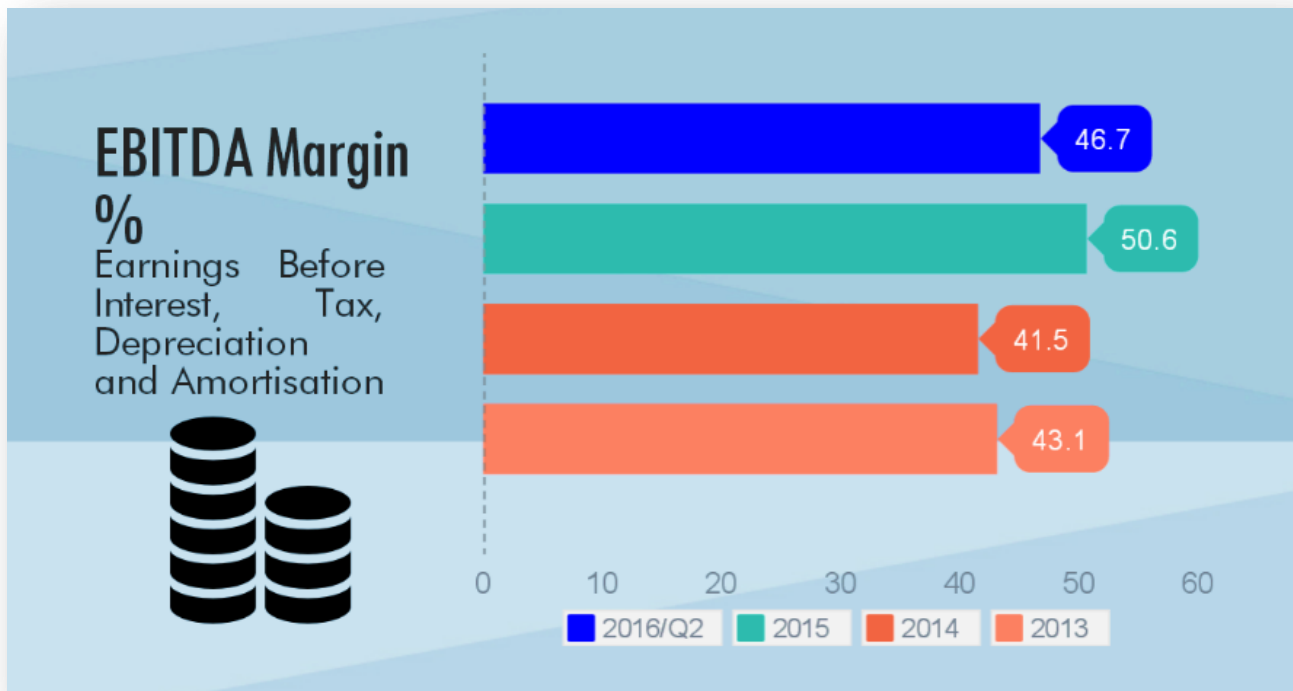
Total Assets

Our assets has been increased year over year.

SUMMARY OF FINANCIAL DATA

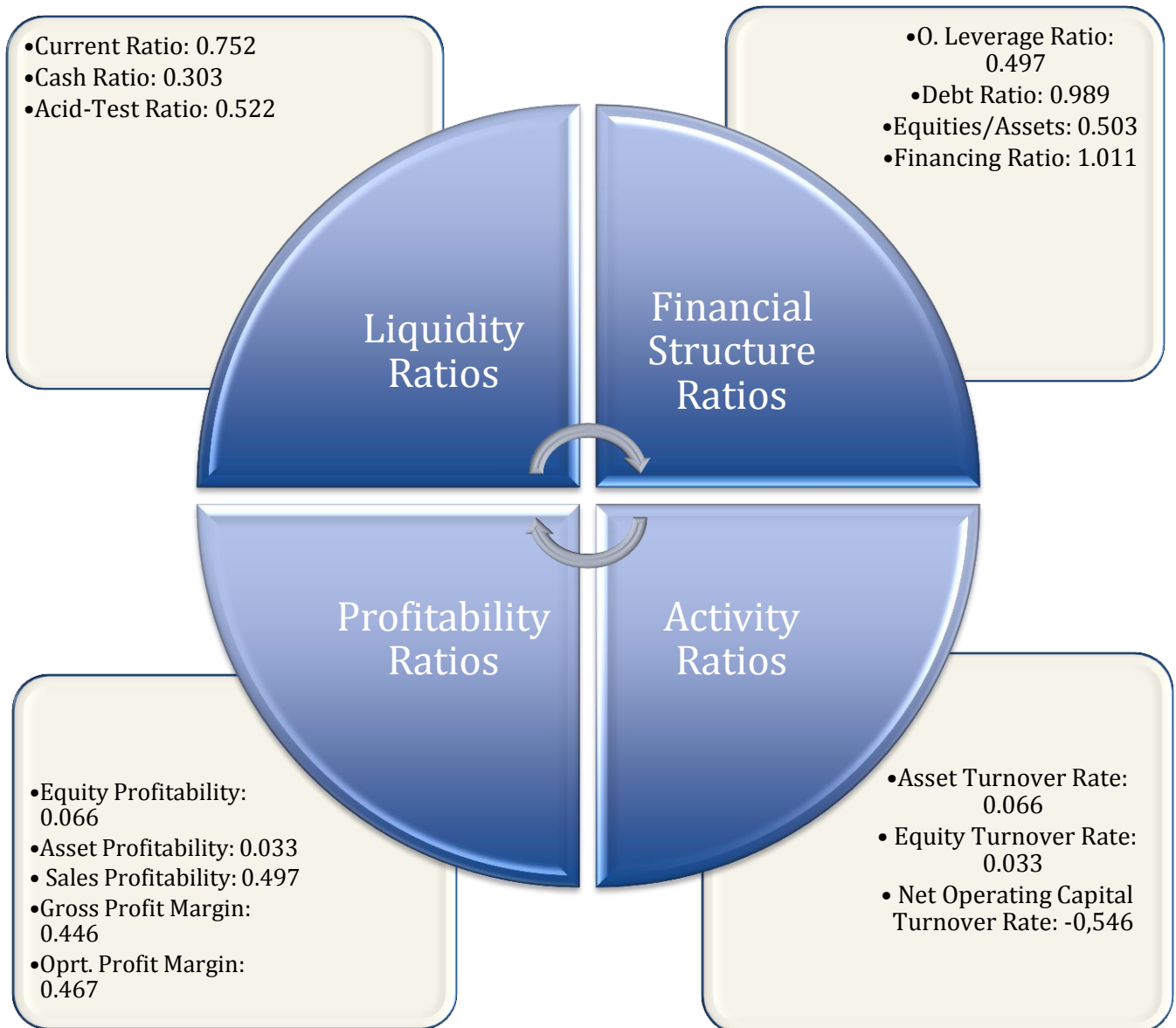
Basic Financial Data per Year (million TL)

Financial Data	2016/Q2	2015	2014	2013	2012
Income Statement					
Net Sales	1,268.4	1,786.8	1,804.5	2,331.1	1,004.6
EBITDA	592.4	904.3	749.0	1,004.4	529.8
EBITDA Margin	46.7%	50.6%	41.5%	43.1%	52.7%
Period Profit	630.8	952.6	954.4	1,060.5	523.4
Balance Sheet					
Total Assests	19,094.7	17,227.5	14,953.5	13,471.0	8,578.9
Equity	9,599.7	9,325.4	8,751.3	8,353.6	4,392.3



SUMMARY OF FINANCIAL DATA

Financial Ratios



EMLAK KONUT'S STRATEGY

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

Our goal is to maintain the position of the leading real estate development company in Turkey and to move forward and become a global real estate company. In line with this goal specified as part of the corporate vision and mission, the company's main principle is to have a continuously improving management.

Our goal is to ensure sustainable growth by creating permanent value for all our stakeholders with the power stemming from 60 years of accumulated knowledge and corporate culture.

Our logo symbolizes;



CAPITAL AND PARTNERSHIP STRUCTURE

	GROUP	TYPE	SHARE AMOUNT	NUMBER OF SHARES	%
Housing Development Administration	A	Registered (Privileged)	253,369,919.00	25,336,991,900	6.67
Housing Development Administration	B	Bearer	1,621,460,838.35	162,146,083,835	42.67
Free-floating	B	Bearer	1,925,111,072.26	192,511,107,226	50.66
Others	B	Bearer	58,170.39	5,817,039	<1
		Total	3,800,000,000.00	380,000,000,000	100



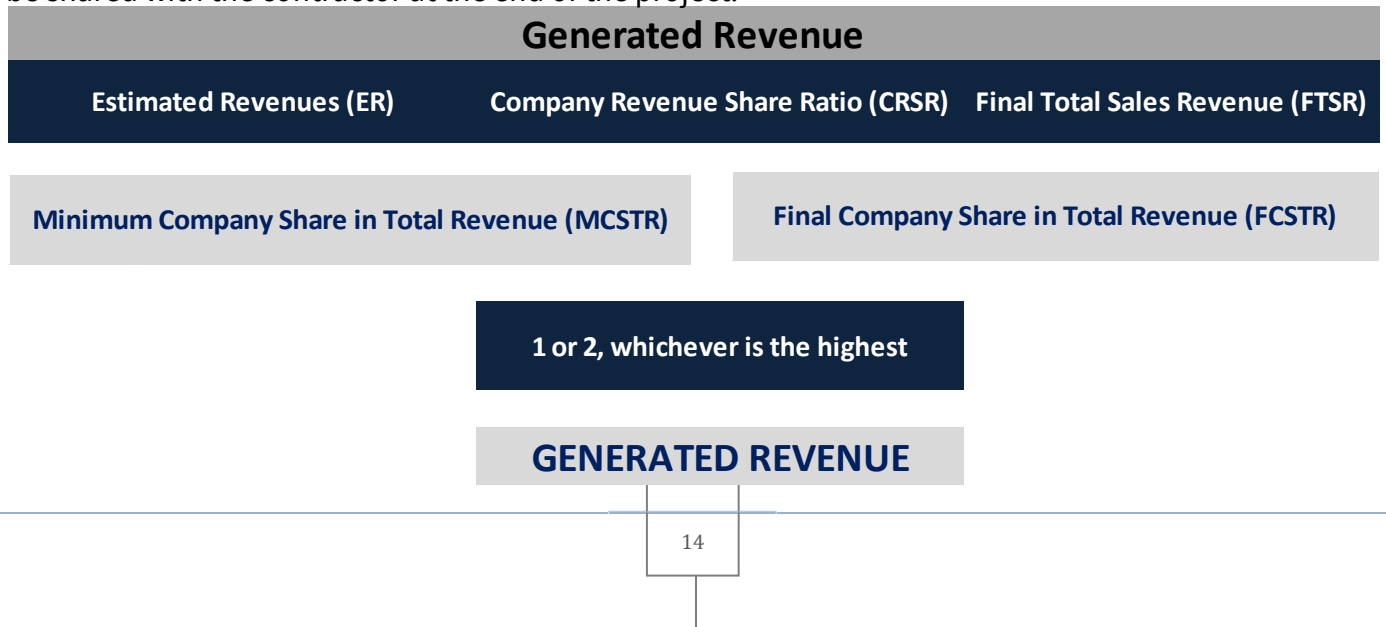
BUSINESS MODELS

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

- The business models developed and implemented by Emlak Konut REIC are an essential asset for the company. With an adaptive approach, Emlak Konut continuously improves these models. The models also serve as an important tool in managing risk, since they seek flawless completion of the process by taking into account both financial planning and construction phases of the projects.
- The models which include profit, cost and risk control from a financial perspective, also provide important contributions to construction techniques, safety and supervision.
- Emlak Konut REIC develops its projects under two business models: The Revenue Sharing Model (RSM) and Turnkey (TK) Project Model.
- Emlak Konut REIC acquires land plots for project development from TOKİ, resources as capital in-kind from Emlak Bankası and also in limited amounts from third parties.
- Pursuant to accounting requirements in construction and real estate industries, the sales and costs are added to income statement only after Emlak Konut REIC approves the project completion.
- The company's brand value, which is the fruit of 60 years of meticulous labor, influences the business models and greatly contributes to construction, marketing and sale phases of the projects.

Revenue Sharing Model

As the company's most important model in terms of generating income, the Revenue Sharing Model is used primarily in projects that are intended for upper-middle and high income groups. It is a unique model that ensures high profitability and fund flows. The company may purchase independent units of revenue-sharing projects during or after its realization, if deemed necessary or independent units may be shared with the contractor at the end of the project.



- Below is the summary of Emlak Konut REIC's projects, whose contracts were awarded in **2016** and **signed** in the period.

The first and second sessions of the “Istanbul Esenyurt Hoşdere Stage 5 Revenue Sharing Model Based Project in Return For Land Sale” tender were held on March 22, 2016, and March 30, 2016, respectively, and **“CİHAN İNŞ. MÜH. SAN.VE TİC. A.Ş.”** submitted the highest bid as follows: Final Total Sales Revenues in Return for Land Sale: 626,000,000 TL+VAT; Company Share Total Revenue in Return for Land Sale: 156,500,000 TL+VAT; Company Revenue Share Ratio in Return for Land Sale: 25%. The project contract was signed on June 16, 2016.

The first and second sessions of the “Istanbul Avcılar Ispartakule Stage 5 Revenue Sharing Model Based Project in Return For Land Sale” tender were held on March 8, 2016 and March 16, 2016, respectively, and **“TORKAM İNŞ. VE YATIRIM A.Ş.”** submitted the highest bid as follows: Final Total Sales Revenues in Return for Land Sale: 600,000,000 TL+VAT; Company Share Total Revenue in Return for Land Sale: 132,000,000 TL+VAT; Company Revenue Share Ratio in Return for Land Sale: 22%. The project contract was signed on June 9, 2016.

The first and second sessions of the “Istanbul Bakırköy Yenimahalle Revenue Sharing Model Based Project in Return For Land Sale” tender were held on February 25, 2016, and March 3, 2016, respectively, and **“BAŞ YAPI İNŞ. TAAH. VE TURZ. SAN. DIŞ TİC. LTD. ŞTİ.”** submitted the highest bid as follows: Final Total Sales Revenues in Return for Land Sale: 200,000,000 TL+VAT; Company Share Total Revenue in Return for Land Sale: 62,000,000 TL+VAT; Company Revenue Share Ratio in Return for Land Sale: 31%. The project contract was signed on April 15, 2016.

The first and second sessions of the “Istanbul Eyüp Alibeyköy Revenue Sharing Model Based Project in Return For Land Sale” tender were held on January 21, 2016, and February 2, 2016, respectively, and **“YENİ YAPI İNŞAAT SAN. VE TİC A.Ş. ~ TACA İNŞ. VE TİC. A.Ş. İŞ ORTAKLIĞI”** submitted the highest bid as follows: Final Total Sales Revenues in Return for Land Sale: 442,500,000 TL+VAT; Company Share Total Revenue in Return for Land Sale: 168,150,000 TL+VAT; Company Revenue Share Ratio in Return for Land Sale: 38%. The project contract was signed on May 9, 2016.

- Below is the summary of Emlak Konut REIC's projects, whose contracts were awarded in **2016** but **not signed yet**

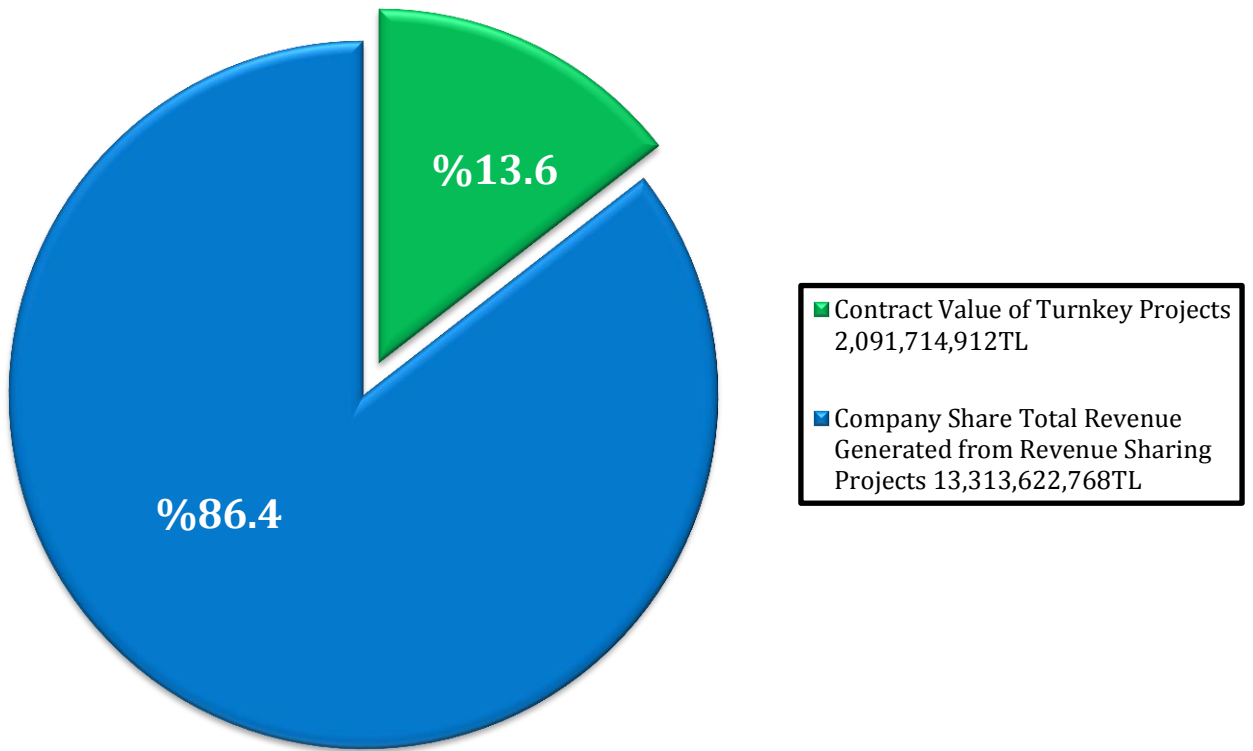
The first and second sessions of the “Istanbul Esenyurt Hoşdere Stage 6 Revenue Sharing Model Based Project in Return For Land Sale” tender were held on May 3, 2016, and May 10, 2016, respectively, and **“SUR YAPI END. SAN. VE TİC. A.Ş. & HATAY AKPINAR MAD. VE YAPI MALZ. SAN. VE TİC. A.Ş. İŞ ORTAKLIĞI”** submitted the highest bid as follows: Final Total Sales Revenues in Return for Land Sale: 602,000,000 TL+VAT; Company Share Total Revenue in Return for Land Sale:

BUSINESS MODELS

150,500,000 TL+VAT; Company Revenue Share Ratio in Return for Land Sale: 25%. The project contract has not been signed yet.

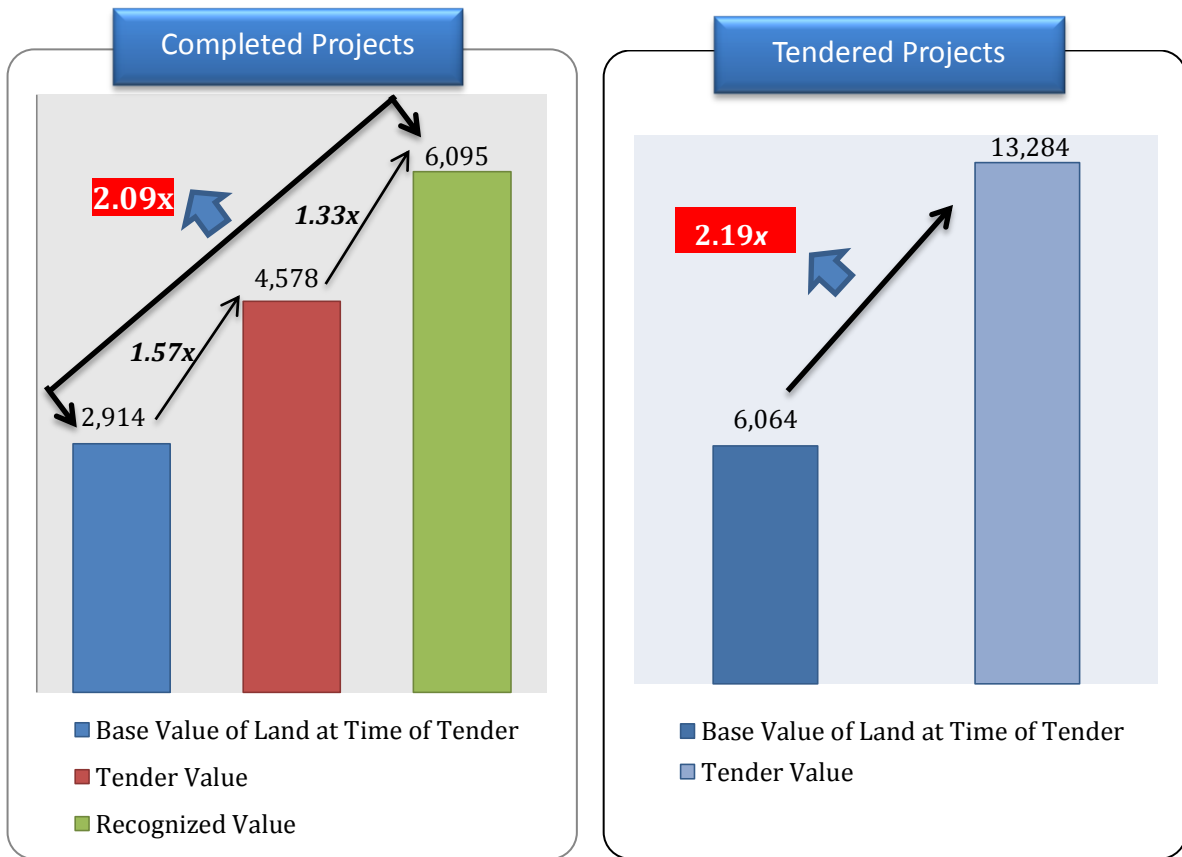
The first and second sessions of the “Istanbul Küçükyalı Revenue Sharing Model Based Project in Return For Land Sale” tender were held on May 26, 2016, and June 7, 2016, respectively, and **"TAHİNCİOĞLU GAYR. İNŞ. VE TURZ. A.Ş. & TAHİNCİOĞLU KÜÇÜKYALI İNŞ. VE TUR. A.Ş. & KOZKEN İNŞ. TAAH. VE TUR. A.Ş. İŞ ORTAKLIĞI"** submitted the highest bid as follows: Final Total Sales Revenues in Return for Land Sale: 3,635,715,000.00 TL+VAT; Company Share Total Revenue in Return for Land Sale: 1,527,000,300.00 TL+VAT; Company Revenue Share Ratio in Return for Land Sale: 42%. The project contract has not been signed yet.

Breakdown of Ongoing Projects Based on Value



BUSINESS MODELS

Project Status Charts



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



Completed Revenue Sharing Model Projects

No	Project	Base Value of Land at the time	CSTR (TL)	CRSR (%)	Recognized (TL)
1	ATAŞEHİR RESIDENCE	3.519.000	10.255.000	32,53	18.181.734
2	KENTPLUS ATAŞEHİR	72.748.200	131.100.000	33,61	179.475.009
3	IDEALISTKENT	36.600.740	38.100.000	31,75	96.143.402
4	AVRUPA TEM KONUTLARI	162.344.327	186.000.000	30,00	216.075.517
5	KÖRFEZKENT 1.ETAP	11.380.501	15.253.903	16,00	17.260.313
6	UPHILL COURT ATAŞEHİR	57.076.350	136.400.000	34,10	207.875.855
7	MY WORLD ATAŞEHİR	127.236.476	311.850.000	38,50	531.870.815
8	SOYAK MAVİŞEHİR	43.600.000	51.600.000	24,00	94.915.970
9	NOVUS RESIDENCE	16.408.600	57.750.000	55,00	115.760.305
10	MİSSTANBUL	56.779.661	112.050.000	41,50	157.780.977
11	KENTPLUS MİMARŞINAN	9.732.640	42.120.000	35,10	54.717.096
12	EMLAK KONUT PELİKAN PROJESİ	20.849.150	67.515.000	38,58	87.123.867
13	ÇERKEZKÖY DREAMCITY	3.990.647	10.065.000	30,50	13.624.442
14	BİZİMEVLER 2	48.686.587	48.750.000	33,00	54.270.185
15	ERGENE VADİSİ	23.935.426	31.000.000	25,00	42.405.496
16	SPRADON QUARTZ	75.291.059	88.520.000	41,00	131.118.805
17	İZMİR MAVİŞEHİR 5.ETAP	25.145.000	27.001.000	31,00	29.434.971
18	MERKEZ KAYAŞEHİR	29.440.000	32.000.000	32,00	40.273.717
19	ELITE CITY	54.896.071	56.000.000	35,00	71.317.909
20	MY WORLD EUROPE	179.089.192	228.018.000	30,50	305.449.312
21	PARKYAŞAM MAVİŞEHİR	51.186.000	60.000.000	25,00	76.168.663
22	AVRUPA KONUTLARI ATAKENT 3	240.000.000	264.000.000	30,00	279.524.564
23	SPRADON VADİ	50.291.820	50.310.000	26,00	61.770.244
24	BULVAR 216*	10.860.000	52.200.000	36,00	56.880.000
25	1STANBUL	102.555.962	105.000.000	30,00	154.434.905
26	ŞEHRİZAR KONAKLARI	105.535.000	137.700.000	50,00	225.371.578
27	VARYAP MERIDIAN	214.793.710	338.189.000	44,15	446.569.757
28	MY TOWERLAND	42.000.000	107.019.000	47,00	234.766.505
29	SOYAK PARK APARTS/ EVOSTAR	72.904.525	102.312.000	26,10	102.312.000
30	EVORA İSTANBUL	47.815.045	163.903.000	32,65	177.362.987
31	EVORA İSTANBUL MARMARA	49.868.323	153.600.000	32,00	166.077.766
32	AVRUPA KONUTLARI TEM 2	42.910.000	73.328.640	30,00	83.925.799
33	DUMANKAYA MİKS	37.590.590	82.502.500	30,50	82.610.259
34	KUASAR İSTANBUL	237.485.823	375.337.542	50,00	467.638.254
35	BATIŞEHİR	351.665.405	424.000.000	32,00	573.782.822
36	BAHÇETEPE İSTANBUL	110.649.748	165.100.000	26,00	189.630.902
37	SEYRANŞEHİR	23.170.000	51.520.000	28,00	58.365.088
38	NİDAKULE ATAŞEHİR	63.551.681	190.231.000	36,20	192.736.638
Total		2.913.583.259	4.577.600.585		6.095.004.427
Weigthed Average Company Share Revenue (%)				34,28	

(*) Bulvar 216 Project has been sold with its current status

BUSINESS MODELS

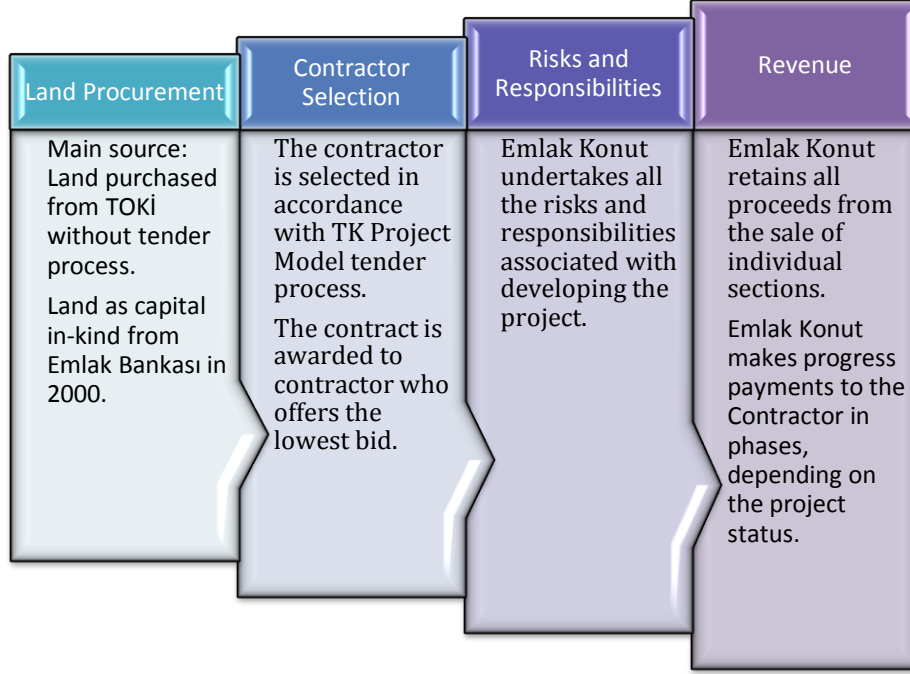
Tendered Revenue Sharing Model Projects

No.	PROJECT	Base Value of Land at the time of Tender (TL)	CSTR (TL)	CRSR (%)	Mutiplier Effect for each Project
1	SARPHAN FINANS PARK	51.786.200	61.500.000	37,50	1,19
2	METROPOL ISTANBUL	290.998.144	500.971.500	43,15	1,72
3	AĞAOĞLU MASLAK 1453 İSTANBUL	604.940.000	1.153.750.000	35,50	1,91
4	KÖY	252.910.000	475.687.500	32,25	1,88
2012 and Previous		1.200.634.344	2.191.909.000	Average Multiplier	1,83
5	ISTMARINA	214.045.000	534.000.000	40,00	2,49
6	BULVAR İSTANBUL	128.386.000	202.440.000	28,00	1,58
7	BAHÇEŞEHİR GÖL PANORAMA EVLERİ	80.810.000	148.400.000	28,00	1,84
8	FATİH YEDİKULE	67.915.000	105.968.270	35,01	1,84
9	EVVEL İSTANBUL	97.500.000	188.760.000	26,00	1,94
10	BAHÇEKENT FLORA	55.245.000	80.832.000	25,26	1,46
2013		643.901.000	1.260.400.270	Average Multiplier	1,96
11	ZEYTİNBURNU, KAZLIÇEŞME	725.700.000	1.568.800.000	37,00	2,16
12	PARK MAVERA	124.615.000	420.000.000	30,00	3,37
13	AVRUPARK	63.698.214	156.520.000	26,00	2,46
14	SOFALOCA	36.547.140	54.000.000	30,00	1,48
15	KOCAELİ, DERİNCE	70.000.000	83.198.500	21,61	1,19
16	TUAL ADALAR	85.030.299	123.900.000	26,00	1,46
2014		1.105.590.653	2.406.418.500	Average Multiplier	2,18
17	KARAT 34	63.564.095	171.600.000	39,00	2,70
18	İSTİNYE SARIYER	1.062.270.000	1.876.392.000	51,10	1,77
19	TUAL BAHÇEKENT	115.680.485	275.334.000	25,26	2,38
20	AVRUPA KONUTLARI BAŞAKŞEHİR	115.200.000	350.400.000	40,00	3,04
21	TEMAŞEHİR KONYA	85.000.000	211.500.000	30,00	2,49
22	İSTANBUL KAĞITHANE	115.953.466	637.000.000	49,00	5,49
23	ANKARA YENİMAHALLE	622.000.000	1.258.365.000	30,00	2,02
24	NİDAKULE KAYAŞEHİR	117.420.000	407.588.000	38,00	3,47
25	ANKARA MÜHYE	328.314.175	1.040.000.000	38,00	3,17
26	EVORA DENİZLİ	74.738.419	92.651.000	38,00	1,24
27	KOORDİNAT ÇAYYOLU	95.156.250	180.000.000	38,00	1,89
28	İSTANBUL ÜSKÜDAR	85.003.711	406.215.000	38,00	4,78
2015		2.880.300.601	6.907.045.000	Average Multiplier	2,40
29	BAKIRKÖY YENİMAHALLE	32.025.000	62.000.000	31,00	1,94
30	EYÜP ALİBEYKÖY	46.400.000	168.150.000	38,00	3,62
31	AVCILAR İSPARTAKULE 5. STAGE	72.111.718	132.000.000	22,00	1,83
32	ESENYURT HOŞDERE 5. STAGE	83.391.734	156.500.000	25,00	1,88
2016		233.928.452	518.650.000	Average Multiplier	2,22
TOTAL		6.064.355.050	13.284.422.770	Multiplier	2,19

Source: Company Data

CSTR: Company Share Total Revenue CRSR: Company Revenue Share Ratio

Turnkey (TK) Project Model



Since 2004, Emlak Konut has completed the tender process of 31 TK projects. 16 of these projects are completed and 14 are in progress. The 20 completed projects and other 11 projects continue. The 20 completed projects resulted with 12.628 saleable independent units. The completed TK projects are Bahçekent Emlak Konutları 1, Bahçekent Emlak Konutları 3, Emlak Konut Başakşehir Evleri 2, Emlak Konut Başakşehir Evleri 4, Ataşehir Resmi Kurum Binası, Körfezkent 3, Sultanbeyli Emlak Konutları, Alemdağ Emlak Konutları, Tuzla Emlak Konutları 1, Gebze Emlak Konutları 2, Tuzla Emlak Konutları 2, Körfezkent 2, Gebze Emlak Konutları 1, Emlak Konut Mavişehir Evleri, Selimpaşa Emlak Konutları, Burgazkent, Lüleburgaz Çarşısı, Yıldızkent 1, Yıldızkent 2 and Yıldızkent 3.

The ongoing TK projects which are under construction or whose contracts were awarded and executed are the following: Bahçekent Emlak Konutları 2, Emlak Konut Başakşehir Evleri 1, Emlak Konut Başakşehir Evleri 3, Körfezkent 4. Etap, Ayazma Emlak Konutları 1, Emlak Konut Ispartakule Evleri 1. Etap 1.Kısım, Emlak Konut Ispartakule Evleri 1. Etap 2.Kısım, Emlak Konut Başakşehir Evleri 2. Etap, Esenler Emlak Konutları, Ayazma Emlak Konutları 2 and Nevşehir Emlak Konutları 8,828 units will be constructed in TK projects.

The Board of Directors

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

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

The Board of Directors

The Board of Directors

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

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

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

Board members are elected by the general meeting of shareholders. The Board consists of seven members: Chairman, Vice-Chairman and five other members, three of which are independent.

BOARD OF DIRECTORS

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

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

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

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

Actual participation is ensured on all topics related to CMB's Communique on Corporate Governance. The Board of Directors may delegate their authority, completely or partially, either to one or more executive members or to managers who are not required to be shareholders. There are no managing members in the Board of Directors. The following Board members were elected in the General Assembly meeting on April 6, 2015:

THE BOARD OF DIRECTORS

Full Name	Position	Occupation	Whether an Independent Member or Not	Share Group(s)
Ertan Yetim	Chairman	Civil Engineer	-	A, B
Ertan Keleş	Vice-Chairman	Civil Engineer	Independent Member	B
Murat Kurum	Member and General Manager	Civil Engineer	-	A, B
Sami Er	Member	Mechanical Engineer	-	A, B
Mehmet Özçelik	Member	Civil Engineer	-	A, B
Veysel Ekmen	Member	CPA	Independent Member	B
Havvanur Yurtsever	Member	Lawyer	Independent Member	B

Activities of the Board of Directors

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

Republic of Turkey The Board of Directors was established in accordance with the provisions on board structure and terms for independence set forth in the CMB's Corporate Governance Communiques.

Board members are elected by the general meeting of shareholders. The Board consists of seven members: Chairman, Vice-Chairman and five other members, three of which are independent.

There were **42 resolutions** from **January 1, 2016 to March 31, 2016**. All resolutions were made unanimously.

There were **49 resolutions** from **April 1, 2016 to June 30, 2016**. All resolutions were made unanimously.

Board members have not been granted weighted voting rights and/or veto rights.

The Board of Directors applies its powers and responsibilities, and represents the company in line with the authority entrusted by stakeholders at general assembly and pursuant to legislation, articles of incorporation, intra-company regulations and policies. It also develops and conducts strategic plans in accordance with the corporate vision.

Amendments to the Articles of Association

No revisions were made to the articles of association between 01.01.2016 and 30.06.2016

Voting Rights and Minority Rights

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

Group A shares have nomination privileges in Board of Directors elections. All Board members, excluding independent members, are elected by the General Assembly among candidates nominated by Group A shareholders. Other than the nomination privileges granted to Group A shareholders, no privileges, including nominations for Board of Directors, may be issued or securities that provide privileges may be removed during election of the Board members. The transfer of privileged shares is

BOARD OF DIRECTORS

subject to the permission of the Capital Markets Board of Turkey. Each share equals to one vote at General Assembly. Five non-independent members of the Board are elected by the General Assembly from among candidates nominated by Group A shareholders. Three independent members of the

Board are elected from among candidates nominated by the Housing Development Administration of Turkey. There are no minority rights within the company's capital structure.

Corporate Governance and Committees

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

Emlak Konut REIC has started the standardization of its governance principles on December 30, 2011 when the CMB's Communique on Determination and Implementation of Corporate Governance Principles (IV-56) was published in the Official Gazette No. 28158 and put into effect. Based on Capital Markets Law No: 6362 (published in the Official Gazette No. 28513 on December 30, 2012), the CMB's Corporate Governance Communique No: II-17.1 (published in the Official Gazette No. 28871 on January 3, 2014) finalized the regulations, which the Company put into effect. These regulations classify publicly-traded companies by their compliance to corporate governance principles. Emlak Konut REIC is among the companies in the "First Group."

Emlak Konut REIC has introduced all mandatory rules required to comply with Corporate Governance Principles.

The Board of Directors makes use of committee efforts during its activities. The efforts by committees and related decisions are submitted to Board of Directors as proposals, and the Board makes the final decision. Detailed information about working principles of committees is declared by PDP and is also available on the corporate website at www.emlakkonut.com.tr. Committees function in compliance with these principles.

The Corporate Governance Committee also serves as the Nomination Committee and the Wages Committee. As a result of the discussions and voting that occurred during the first meeting held on April 6, 2015 by the Board of Directors elected at the Ordinary General Assembly Meeting held on April 6, 2015, it has been agreed that:

BOARD OF DIRECTORS

Corporate Governance Committee

Full Name	Position	Date Elected
Ertan KELEŞ	Independent Board Member/Chairman of the Committee	April 14, 2016
Veysel EKMEK	Board Member/Committee Member	April 14, 2016
Sami ER	Board Member/Committee Member	April 14, 2016
Hakan AKBULUT	Deputy General Manager/Committee Member	April 14, 2016

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

- March 25, 2016: Wages Policy
- April 7, 2016: Identifying the candidates for Board of Independent Members

Early Detection of Risk and Risk Management Committee

Early Detection of Risk and Risk Management Committee

Full Name	Position	Date Elected
Ertan Keleş	Independent Board Member/Chairman of the Committee	April 6, 2015
Sami ER	Board Member/Committee Member	April 6, 2015
Aliseydi Karaoğlu	Board Member/Committee Member	April 6, 2015

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

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

- February 8, 2016: Work on Early Detection of Risk and Risk Management Committee
- March 28, 2015: Work on Early Detection of Risk and Risk Management Committee
- April 21, 2016: Work on Early Detection of Risk and Risk Management Committee
- May 5, 2016: Work on Early Detection of Risk and Risk Management Committee

BOARD OF DIRECTORS

Audit Committee

Audit Committee

Full Name	Position	Date Elected
Ertan Keleş	Independent Board Member/Chairman of the Committee	April 6, 2015
Veysel Ekmen	Independent Board Member/Committee Member	April 6, 2015
Havvanur Yurtsever	Board Member/Committee Member	April 6, 2015

The committee works under Board of Directors; and intends to ensure supervision of company accounting system, public disclosure of financial information, functioning and efficiency of independent audit and internal control system.

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

- February 29, 2016: Declaration of Responsibility about the Financial Statements

Risk Management

Implementation of risk management and related policies is today one of the most indispensable elements of the business management. Knowing that risk management is, by its nature, a dynamic force, Emlak Konut REIC pays attention to make management decisions accordingly.

As a capital market institution, Emlak Konut REIC attaches importance to risk management and continues for constant improvement in this aspect. The company intends to make risk management a corporate element, and implement practices toward total and effective risk management in order to ensure sustainable growth.

Formed in 2012, the Early Detection of Risk and Risk Management Committee is actively involved in the management and decision-making mechanism of the company.

The Committee works to detect the risks early which may jeopardize the existence, development and continuity of the Company, to implement necessary measures against such risks and to manage risks.

Management and other relevant party inputs are requested in regards to risk detection plans that identify areas of weaknesses as well as their elimination. Risk management systems are reviewed at least once a year. The committee reviews any complaints, analyzes them, provides a resolution and ensures that employees communicate such issues to management pursuant to confidentiality principles.

For risk monitoring at the macro level, the Board of Directors may require reporting and analysis from departments and then duly evaluates the results. Internal control mechanism and Audit Committee also closely monitor risk potentials by monitoring the business developments. In addition, the Early

BOARD OF DIRECTORS

Detection of Risk and Risk Management Committee collects necessary information within the company and assists the Board of directors regarding risk management.

As Emlak Konut REIC adopts the principles of Corporate Risk Management, it pays attention to analyze risks beforehand and take necessary measures. The company also employs the effective use of the risk-avoidance and risk-transfer methods, which are indispensable tools of risk management,

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

Executive Management

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

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

- Our company did not change the Executive Management between January, 01 2016 and March 31, 2016.
- Please see below for changes at the Executive Management between April, 01 2016 and June, 30, 2016;

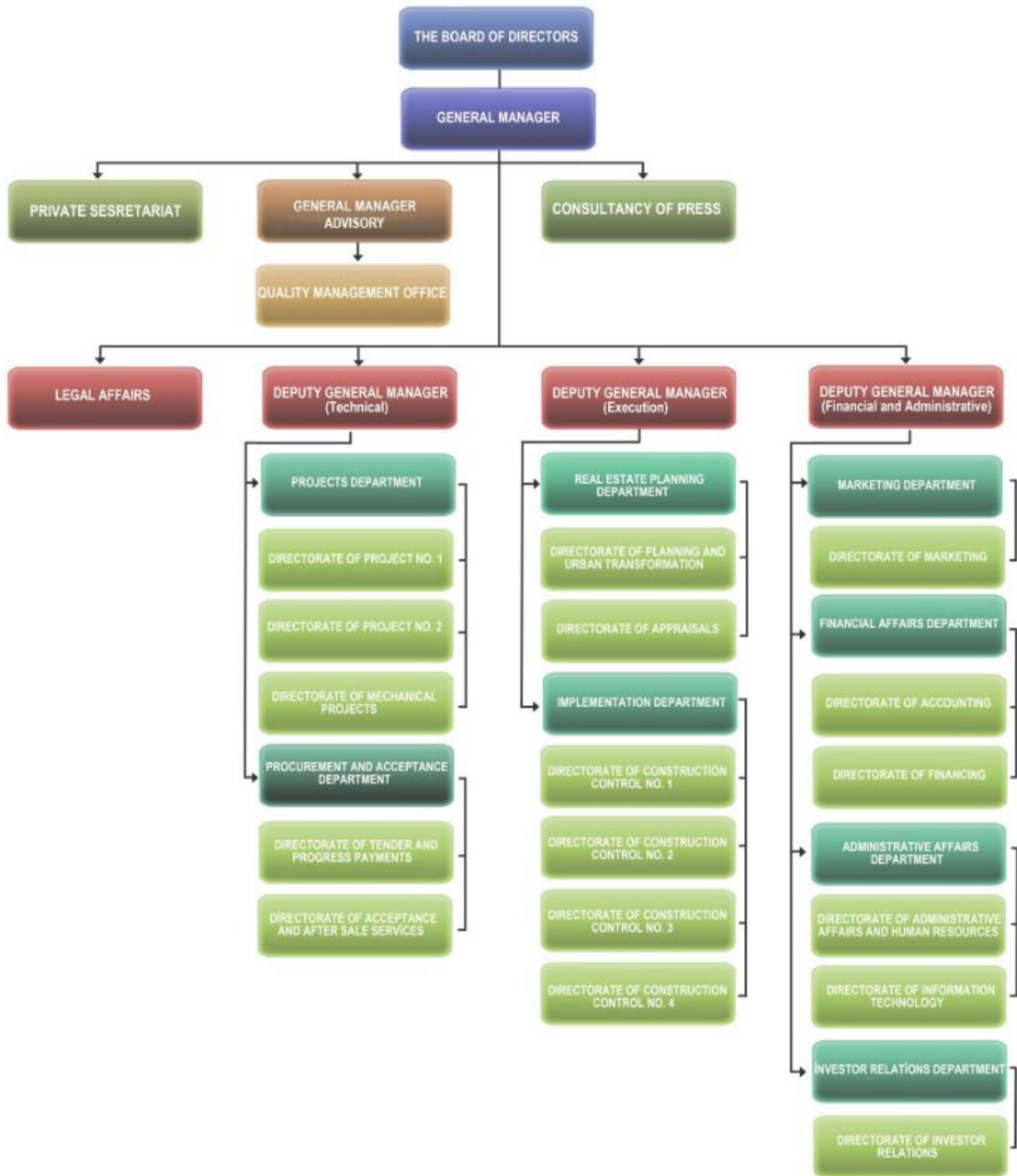
By the approval of General Manager, dated April 14, 2016;

- **Projects Directorate** was created within **Deputy General Management (Technical)** and **Directorate of Mechanical Projects** will be operated under Projects Directorate. Directorate of Construction Control Technical Expert **İbrahim OFLAZ** appointed as **Acting Director of Mechanical Projects**,
- **Directorate of Construction Control No.4** was created within **Deputy General Management (Execution)** and Directorate of Construction Control No.4 will be operated under **Implementation Department**. Directorate of Construction Control Technical Expert Construction Engineer **Nurullah ÖZTÜRK** appointed as **Acting Director of Construction Control No.4**,

Emlak Konut REIC Organization Diagram is updated according the current situation.

EXECUTIVE MANAGEMENT

Organization Diagram



Other Developments in the Reporting Period

Regarding the Protocol Signed By and Between Our Company and Galatasaray Sports Club Association

A protocol was signed by and between our Company and Galatasaray Sports Club Association on 29.06.2016 with the aim to develop projects together over the land of plots the surface of which is **22.627.00 sqm** in Florya Quarter of Bakırköy Township of Istanbul Province and over the land plots the surface of which is **1.076.022,18 sqm** in Riva Quarter of Beykoz Township of Istanbul Province.

Regarding the Protocol Signed By and Between TOKİ (The Housing Development Administration of Turkey) for Purchasing Land Plot

A Protocol was signed by and between our Company and the Republic of Turkey, the Prime Ministry, the Housing Development Administration on 20.06.2016 in connection with the purchasing of total 5 immovable the total surfaces of which are 983.857,84 sqm at a total consideration of 2.277.960.526,00 TRY so as to be 2 immovable the total surfaces of which are 959.388,94 sqm in Halkalı Quarter of Küçükçekmece Township of Istanbul Province at a total consideration of 1.822.838.986.-TRY, and 3 immovable the total surfaces of which are 24.468,90 sqm in Teşvikiye Quarter of Şişli Township of Istanbul Province at a total consideration of 455.121.540.-TRY,

The total sales consideration will be paid to TOKİ in cash as follows; of the total value, a portion of 277.960.526,00-TRY within one (1) month, and a portion 600.000.000.-TRY on 15.01.2017, and a portion of 700.000.000.-TRY on 15.06.2017 and the remaining of 700.000.000.-TRY on 15.12.2017. The said considerations will be paid by the COMPANY by updating at the rate of Yi-ÜFE (D-PPI) so as to start from the effecting of the advance payment according to the calendar of payments, and the paid amounts will be deducted from the updated total payment.

Regarding the Assessment of Our Company's Sales Data

The sales data which were explained on 13.05.2016 Friday in the Public Disclosure Platform as well as in our website are in line with the objectives and expectations of our Company. By interpreting both sales data and also financial results thereof belonging to our Company, the assessments to be made on basis of monthly or periodically will not reflect the reality. Our sales will increase in harmony with our objectives together with new project launchings the introduction of which both we made at the last period and also which will be realized in the 2nd half of the year 2016.

Regarding of the registration of the General Assembly

The registration of our Company's Ordinary General Assembly held on 14.04.2016 was realized on 21.04.2016.

OTHER DEVELOPMENTS

Regarding the Authorization Granted for Buying Back the Shares of the Company

At the Company's Ordinary General assembly held on 14.04.2016, the following changes were made regarding the authorization for the buying back of the shares of the Company.

It was resolved to authorize the Board of Directors at the Company's Ordinary General Assembly held on 14.04.2016 to replace Chairman Ertan YETİM and General Manager Murat KURUM, who were authorized for the buy-back in the buy-back program approved at the Ordinary General Assembly held on 06.04.2015.

Regarding the Board of Directors and the Committee Appointments

As a result of the discussions and voting during the first meeting on 14.04.2016 of the board of Directors as elected at the Ordinary General Assembly held on 14.04.2016, it has been agreed that

Pursuant to Article 366 of the Turkish Commercial Code, the duties were distributed as follows: Ertan Yetim as the Chairman of the Board, Independent Member Ertan Keleş was appointed as the Vice Chairman, and Murat Kurum, Sami Er, Mehmet Özçelik and Havvanur Yurtsever were appointed as the Board Members. Also, it was resolved to elect the following persons to the committees created.

Corporate Governance Committee :

Erhan KELEŞ (Committee Chairman), Veysel EKMEN, Sami Er, Hakan AKBULUT

Audit Committee :

Ertan KELEŞ (Committee Chairman), Veysel EKMEN, Havvanur YURTSEVER

Early Detection of Risk and Risk Management Committee :

Havvanur YURTSEVER (Committee Chairman), Ertan KELEŞ, Mehmet ÖZÇELİK

Independent Member Candidates for the Board of Directors

Pursuant to the Nomination Committee decision, the Board of Directors resolved to nominate Ertan KELEŞ, Veysel EKMEN and Havvanur YURTSEVER as independent board members at the Company's Ordinary General Assembly to be held on 14.04.2016.

Regarding Member Candidates for the Board of Directors

TOKİ nominated Ertan YETİM, Murat KURUM, Sami ER and Mehmet ÖZÇELİK as board member candidates at the General Assembly to be held on 14.04.2016.

OTHER DEVELOPMENTS

Regarding the date of Cash Divident Payment

Regarding the Mode of Cash Divident Payment	Cash
Date of Cash Divident Payment	24.05.2016

Share Group Information	Cash Divident Share Payment for 1.-TRY Nominal Value Shares - Gross (TRY)	Cash Divident Share Payment for 1.-TRY Nominal Value Share - Net (TRY)
Group B, EKGYO (Previous), TREGYO00017	0,0967600	0,0967600
Group A,Inactive (Privileged), TREGYO00025	0,0967600	0,0967600

R&D Activities

Emlak Konut REIC has no research & development activities.

KEY Payments

Until end of March 2016 from the beginning of year, a total of **308.41** transfers (share amount) were made to the accounts of shareholders with KEY (shares against Housing Support).

Between April 1, 2016 and June 30, 2106, no request has been made for KEY related share transfer.

Buyback Program

Company did not realize buyback program between January 1, 2016 and June 30, 2016.

Lawsuits against Emlak Konut REIC

Of the ongoing lawsuits against Emlak Konut REIC, the following are the large-scale proceedings:

MASLAK 1453 PROJECT

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

The stay of execution of the Application Zoning Plan, with the scale of 1/1,000, and the Master Development Plan, with the scale of 1/5,000, which was published between August 18 and September 17, 2010; regarding the Squatter Prevention Area of the Ayazağa neighborhood of Şişli District on file no. 2010/2191E of the First Administrative Court of Istanbul; was requested to be canceled by the Constitutional Court in accordance with article 4 of Law No: 2985 and

article 7 of Law No: 5793. The company joined the lawsuit as Intervenor together with the Defendant. The expert witness report, which was prepared following the survey and investigation, stated that the disputed zoning plan was in violation of the urbanization and planning principles. Therefore, the court ruled in favor of canceling the revisions to the disputed plan. The decision of the Administrative Court was approved by decision no: 2013/4248, 2014/5118 of the Sixth State Council on June 26, 2014. The approval was appealed for correction and results of correction request are expected.

2. İstanbul Büyükkent Branch of UCTAE

The stay of execution of the Application Zoning Plan, with the scale of 1/1,000, and Master Development Plan, with the scale of 1/5,000, which was published between August 18 and September 17, 2010; regarding the Squatter Prevention Area of the Ayazağa neighborhood of Şişli District on file no. 2010/2300 E of the Eighth Administrative Court of İstanbul; is requested to be canceled. The company joined the lawsuit as Intervenor together with the Defendant. The expert witness report, which was prepared following a survey and investigation, stated that the disputed zoning plan was in violation of the urbanization and planning principles. Therefore, the court ruled in favor of canceling the revisions to the disputed plan. The Administrative Court decision was appealed and the results of the appeal investigation are expected.

3. TMMOB Urban Planners İstanbul Branch

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

4. TMMOB Urban Planners İstanbul Branch

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

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has made the decision of stay of execution and also denied the appeal against the stay of execution.

5. TMMOB Urban Planners İstanbul Branch

The stay of execution of the construction and renovation licenses against Sarıyer Mayoralty and Şişli Mayoralty; regarding the Squatter Prevention Area of the Ayazağa neighborhood of Sarıyer District on 2 plate, 1 plot, parcels no; 20, 49, and 50 (former 1 plate, 145 parcel 10622 which was created by zone planning plot 1 parcel), no. 2015/1354 E of the Twelfth Administrative Court of İstanbul; is requested to be canceled. The company joined the lawsuit as Intervenor together with the Defendant. The court has decided to revoke the case our Company took part in on the side of defendants on February 29, 2016.

ZEKERİYAKÖY PROJECT

1. İstanbul Branch of UCTAE Urban Planners

Regarding the lawsuit brought against TOKİ and the Ministry of Environment and Urbanization by the Sixth Department of the Council of State with the file no: 2012/3789E for the suspension of execution and cancellation of the Master Development Plan with the scale of 1/5,000 and the Application Zoning Plan with the scale of 1/1,000, which were approved by transaction no: 1769 on March 13, 2012 regarding the Zekeriyaköy Mass Housing Area located in the Third Degree Natural Protected Area within the borders of Zekeriyaköy Neighborhood, Sarıyer District in İstanbul; the Court has ruled that “the request for stay of execution is accepted based on the conditions and uniqueness of the case until a new decision is made in accordance with the report to be prepared and submitted to the Court following the survey and investigation by the expert witness.” The appeal against the stay of execution was also denied. Based on the results of the survey and investigation that were carried out on January 17, 2014, the Court has made the decision of stay of execution on July 7, 2014. Appeal by the plaintiff was dismissed by the Chambers for Administrative Cases. The company filed a request on August 26, 2014 to join the lawsuit as Intervenor together with the Defendant Institutions. The request was accepted on May 4, 2015. The hearing was held on June 24, 2015. The case on December 8, 2015 has decided to notify the Forestry and Water Affairs Ministry.

2. İstanbul Branch of UCTAE Urban Planners

Regarding the lawsuit brought against the Ministry of Environment and Urbanization by the Seventh Administrative Court of İstanbul with the file no: 2013/2478E for the suspension of execution and cancellation of the Master Development Plan with the scale of 1/5,000 and the Protective Application Zoning Plan with the scale of 1/1,000, which were approved by the

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Ministry of Environment and Urbanization on August 14, 2013 (Regulatory Approval No. 8097), regarding Zekeriyaköy Mass Housing Area in Zekeriyaköy Neighborhood, Sarıyer District in Istanbul; The company joined the lawsuit as Intervenor together with the Defendant. Discovery was made on May, 20 2015, the expert's report has been notified to the company on February, 19 2016. Our company has made an appeal to against the parts of the expert report.

3. Istanbul Branch of UCTAE Chamber of Forest Engineers

Regarding the lawsuit brought against TOKİ, the Ministry of National Defense, and the Ministry of Finance by the Third Administrative Court of Istanbul with the file no: 2014/268E for the suspension of execution and cancellation of the transfer of 34 real estate properties, which are located in Zekeriyaköy Neighborhood, Sarıyer District, Istanbul, from the Ministry of National Defense to TOKİ as approved in writing by the Ministry of National Defense (No: 3075-10 on February 9, 2010) and by the Ministry of Finance (No: 37014 on November 4, 2010); the company filed a request on November 20, 2014, to join the lawsuit as Intervenor together with the Defendant Institutions. Court accepted our request to join the lawsuit as Intervenor with Siyah Kalem Müh.'in and Chamber of Forest Engineers of Turkey. The court case has been dismissed. The plaintiff has appealed the Administrative Court with a motion for stay of execution of the decision. 10th Council of State Chamber of February 24 2016 has decided to suspend the execution date; it is expected as a result of appellate review.

KUASAR PROJESİ

1. Istanbul Büyükşehir Branch of Chamber of UCTAE Architects

Stay of execution and cancellation of the revisions to the Master Development Plan with the scale of 1/5,000, which was approved on February 22, 2011, regarding the property on Sheet no: 58, Block no: 1199, Parcel No: 230, in Dikilitaş Neighborhood of Şişli District was requested by the Sixth Administrative Court of Istanbul under file no: 2011/920E. The company joined the lawsuit as Intervenor together with the Defendant. The expert witness report, which was prepared following the survey and investigation, stated that the disputed zoning plan was in violation of the urbanization and planning principles. Therefore, the court ruled in favor of canceling the revisions to the disputed plan. Decision on the Council of State upheld, result of the correction request is expecting.

2. Serdar Bayraktar and friends,

Stay of execution and cancellation of Master Development Plan with the scale of 1/5,000 which is accepted by the approval dated June 19, 2013 and no: 6186 and Application Zoning Plan with the scale of 1/1,000 regarding the property on the parcel no: 230, block no: 1199 and plot no:58 within the borders of Dikilitaş neighborhood of Şişli district is requested by the file no: 2014/260

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E of Fifth Administrative Court of Istanbul. The company joined the lawsuit as Intervenor together with the Defendant Institutions. The Court rejected the request of stay of execution by the decision taken on February 11, 2014. Expert witness review completed which was ordered by Court and report was challenged. Our company participated in the proceedings as interveners' next respondent Administrations. The court accepted the case; it was decided to cancel the plan. The result of appeal review is expecting.

3. Istanbul Branch of UCTAE Urban Planners

Stay of execution and cancellation of the revisions to the Master Development Plan with the scale of 1/5,000 and the Application Zoning Plan with the scale of 1/1,000, which were approved on June 19, 2013 with decision no: 6186, regarding the property on Sheet no: 58, Block no: 1199 and Parcel No:230 in Dikilitaş Neighborhood of Şişli District was requested by the Fifth Administrative Court of Istanbul under file no: 2013/2103E. Our company participated in the proceedings as interveners' next respondent Administrations. The court accepted the case; it was decided to cancel the plan. The result of appeal review is expecting.

İSTANBUL/KAPADIK DISRICT

1. Avcılar Municipality

Regarding the lawsuit brought against the Ministry of Environment and Urbanization by the Sixth Department of the Council of State with file no: 2013/6332E for the stay of execution, cancellation of the revisions to the Application Zoning Plan with the scale of 1/1,000 and the Master Development Plan with the scale of 1/5,000, which were approved by the Ministry of Environment and Urbanization on April 1, 2014 (approval no: 4989); regarding the property in Kapadık Locality, Yeşilkent Neighborhood, Avcılar District in Istanbul and combining the case with the lawsuit by the Sixth Department of the Council of State with file no: 2012/4041E; the Court notified TOKİ and Emlak Konut. The company filed a request to join the lawsuit as Intervenor together with the Defendant Institution on April 2, 2014. The company's objections were presented against the expert report notified as a result of the survey carried out. Based on the expert witness report, the Court ruled a stay of execution on December 1, 2014. An appeal was submitted against the Court's decision. On March 2, 2015, the company requested a new expert witness report as well as a new trial. The Council of State Administrative Cases Board, the rejection of our appeal to the decision of execution has decided on April 27, 2015. Chamber of Chamber of City Planners Istanbul Branch's request to participate in the proceedings alongside the plaintiff was rejected. On November 26, 2015 the Supreme Administrative Court prosecutor has given our opinion prosecution statement against the view presented on December 18, 2015.

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2. **Avcılar Municipality,**

Regarding the lawsuit brought against the Ministry of Environment and Urbanization by the Sixth Department of the Council of State with file no: 2012/4041E for the stay of execution, cancellation of the revisions to the Application Zoning Plan with the scale of 1/1,000 and the Master Development Plan with the scale of 1/5,000, which were approved by the Ministry of Environment and Urbanization on January 1, 2012 (approval no: 491); regarding the property in Kapadık Locality, Yeşilkent Neighborhood, Avcılar District in Istanbul and combining the case with the lawsuit by the Sixth Department of the Council of State with file no: 2013/6332E. The company filed a request to join the lawsuit as Intervenor together with the Defendant Institution on April 9, 2015 and the request was granted on June 29, 2015. Prosecutor of the State Council has given opinions on October 11, 2015. Our statement against the prosecution was submitted on December 18, 2015.

İSTANBUL/KAYABAŞI

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

Regarding the lawsuit brought against the Ministry of Environment and Urbanization by the file of the Ninth Administrative Court of Istanbul with file no: 2013/2096E for the stay of execution and cancellation of the revisions to the Revised Application Development Plan with the scale of 1/5,000 and the Revised Master Development Plan with the scale of 1/1,000, which were approved by the Ministry of Environment and Urbanization on May 9, 2013 (Regulatory Approval No. 7096), regarding the Kayabaşı Mass Housing Area in Başakşehir District of Istanbul; the company filed a request to join the lawsuit as Intervenor together with the Defendant Institution on April 21, 2014 and the request was granted on June 30, 2014. The discovery is made on November 25 2015, the expert report has been notified on February 22, 2016 to our company. The company has objected to the expert's report on April 03 2016.

İSTANBUL/ZEYTİNBURNU

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

Regarding the lawsuit brought against the Ministry of Environment and Urbanization by the Fifth Administrative Court of Istanbul with file no: 2014/561E for the stay of execution and cancellation of the Master Development Plan with the scale of 1/5,000, which were approved by the Ministry of Environment and Urbanization on November 19, 2013 (Regulatory Approval No. 17978), regarding Block No: 774, Parcel No: 6 and 31 in Kazlıçeşme Neighborhood, Zeytinburnu

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District in Istanbul, the company joined the lawsuit as Intervenor together with the Defendant. Following the rejection by the Court of the request of stay of execution on September 22, 2014, the plaintiff appeal against the Regional Administrative Court of Istanbul was also rejected. The expert report has come to favor. The plaintiff appealed to the side report.

2. İstanbul Büyükşehir Branch of Chamber of UCTAE Architects

Regarding the lawsuit brought against the Ministry of Environment and Urbanization by the Fifth Administrative Court of Istanbul with file no: 2014/1641E for the stay of execution and cancellation of the revisions to the Master Development Plan with the scale of 1/5,000 and the Application Zoning Plan with the scale of 1/1,000, which were approved by the Ministry of Environment and Urbanization on November 19, 2013 (Regulatory Approval No. 17978), regarding Block No: 774, Parcel No: 6 and 31 in Kazlıçeşme Neighborhood, Zeytinburnu District in Istanbul as well as the revisions to the said plans, which were approved by the Ministry on March 20, 2014 (Regulatory Approval No. 4446) and published between April 9, 2014 and May 8, 2014; the company filed a request on to join the lawsuit as Intervenor together with the Defendant Institution March 26, 2015. The request was accepted on May 27, 2015.

The case is being heard together with the related file no: 2014/561E of the Fifth Administrative Court of Istanbul. . The expert report has come to favor. The plaintiff appealed to the side report.

KARTAL PROJESİ

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

Regarding the lawsuit brought against the Ministry of Environment and Urbanization by the Ninth Administrative Court of Istanbul with file no: 2013/2105E for the stay of execution and cancellation of the decision no. 16997 that approved the revision of the Application Zoning Plan with the scale of 1/1,000 and Master Development Plan with the scale of 1/5,000 regarding Block No: 674, Parcel No: 1, 4, 5, and 6, Block No: 675, Parcel No: 1, 2, and 3, Block No: 676, Parcel No: 108, Block No: 720, Parcel No: 2, 4, 8, 19, and 34 in Kartal district on November 5, 2012; the company's request to join the lawsuit as Intervenor together with the Defendant Institution was granted by the Court. The Court dismissed the case on April 27, 2015. The result of plaintiff's appeal challenge is expecting.

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2. Istanbul Branch of UCTAE Urban Planners

Regarding the lawsuit brought against the Ministry of Environment and Urbanization by the First Administrative Court of Istanbul with file no: 2013/685E for the stay of execution and cancellation of the decision no. 16997 that approved the revision of the Application Zoning Plan with the scale of 1/1,000 and Master Development Plan with the scale of 1/5,000 regarding Block No: 674, Parcel No: 1, 4, 5, and 6, Block No: 675, Parcel No: 1, 2, and 3, Block No: 676, Parcel No: 108, Block No: 720, Parcel No: 2, 4, 8, 19, and 34 in Kartal district on November 5, 2012; the company's request to join the lawsuit as Intervenor together with the Defendant Institution was granted by the Court. The Court dismissed the case on April 16, 2015. The result of plaintiff's appeal challenge is expecting.

ISTANBUL FINANCE CENTER PROJECT

1. Istanbul Branch of UCTAE Urban Planners

The proceeding regarding the issue of stay order and cancellation has been requested for the 1/5000 scaled Istanbul Finance Center Master Plan and 1/1000 scaled Istanbul Finance Center Implementary Development Plan, which was announced between the dates of June 25, 2012, and July 24, 2012, at the zone known as the Istanbul Finance Center within the borders of Ümraniye and Ataşehir districts, against the Ministry of Environment and Urbanization as per the case file numbered 2013/621 E. of Istanbul 7th Administrative Court. Our company took part in the proceeding on the side of defendant administration. An expert report that is drawn up upon inspection has been delivered to our Company, and a statement has been made on the expert report within the legal term.

2. Chamber of UCTAE Architects

The stay of execution of the Application Zoning Plan with the scale of 1/1,000 and Master Development Plan with the scale of 1/5,000 which is published between June 25 and July 24, 2012 regarding the Istanbul Finance Center Area of Ümraniye and Ataşehir Districts on file no. 2012/1672 E of the Eighth Administrative Court of Istanbul was requested to be canceled, the company filed a request on February 23, 2014 to join the lawsuit as Intervenor together with the Defendant Institution. Since this case is related to file no: 2013/621E of the Seventh Administrative Court of Istanbul, the file was closed and sent to the Seventh Administrative Court of Istanbul. The file was registered under no: 2014/1102E of the Seventh Administrative Court of Istanbul. With the understanding that the decision on file no: 2013/621E would affect the present case, the Court has decided to adjourn the trial until a decision is made on the said trial following the evaluation of the expert witness report ordered for the survey and

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investigation of the disputed sites. The Court has decided to reach a verdict on file no: 2014/1102 based on the decision to be made on file no: 2013/621E. Evaluation was made in the experts' report will be referred to in the case file after a decision on the basis of the determination of the present case, it was decided to hold the case at this stage.

3. Chamber of UCTAE Architects

It is requested on the proceeding brought against the Housing Development Administration and Istanbul Metropolitan Municipality with the case file numbered 2013/1927 E. of the Istanbul 1st Administrative Court to cancel the "Ataşehir Housing Estate 1/5000 Scaled Revision Master Plan Amendment," which was verified on February 15, 2008, and announced on March 14, 2008; and "Ataşehir Housing Estate 1/1000 Scaled Revision Implementary Development Plan," which was verified on February 15, 2008, and announced on March 12, 2008, which are collectively drawn up by the Housing Development Administration and approved by Istanbul Metropolitan Municipality City Council. The court has decided to revoke the case our Company took part in on the side of defendants; the result of the appellate review is pending.

İSTİNYE PROJESİ

1. Sarıyer Municipality

Regarding the lawsuit filed by the plaintiff Sarıyer Municipality at the Twelfth Civil Court of Istanbul under file no:2015/73, the plaintiff requested a stay of execution and cancellation of the Revenue Sharing Model Based Project in Return For Land Sale Tender for Emlak Konut's real estate located in İstinye Neighborhood, Sarıyer District of Istanbul (Block no: 380, Parcel No: 17, 18 and 38; Block no: 360, Parcel No: 3 and 64; and Block No: 1352, Parcel No: 3 scheduled for March 3, 2015. The Court dismissed the case based on appointment on March 2, 2015 under decision no: 2015/79. The Court decision was appealed by the Company together with the plaintiff and the results of the appeal are expected.

2. Regarding the lawsuit filed by the plaintiff Sarıyer Municipality against the Privatization Administration at the Thirteenth Chamber of the Council of State under the file no.2014/2899 E, the plaintiff requested a stay of execution and cancellation of the decision no: 2014/51 dated May 16, 2014 by the Privatization High Council on the sales by tender of real estates located in İstinye Quarter, Sarıyer District, Istanbul (registered to the Treasury with Block no: 380, parcel no: 17, 18, and 38; Block no: 360, parcel no: 3 and 64; Block no: 1352, parcel no: 3) to Emlak Konut REIC under the Law no. 4046. Although a party to the tender and sales, the Company was not shown as a party to the aforementioned lawsuit; however, the company was externally

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informed on the lawsuit and filed a request in April 2015 to join it as Intervenor. Upon the decision by the Thirteenth Chamber on this request, the Company will submit its meritorious defense. The court stopped the execution by the plaintiff's interim decision dated October 20, 2015 has decided to reject the request.

FATİH YEDİKULE

1. Hikmet Öz and friends

The stay of execution of the Application Zoning Plan with the scale of 1/1,000 and Master Development Plan with the scale of 1/5,000 which is published on October 4, 2012 Historical Peninsula Urban History, Urban Archeology, 1st Degree Archeological Site (Yedikule TCDD Ateliers and Yedikule Gas Station) regarding the on file no. 2013/347E of the Second Administrative Court of Istanbul was requested to be canceled. The court accepted the request partially on April 4, 2015. The company filed a request on to join the lawsuit as Intervenor together with the Defendant Institutions August 7, 2015. The District Administrative Court 1st Board has accepted the appeal made by the defendant administrations on the Issue of Stay Order; and has decided to revoke the decision of Stay Order dated April 24, 2015, to make a new decision on the request of Stay Order as per the report to be gathered upon fulfillment of the examination survey. Our demand to intervene was accepted on January 1, 2016; and the Ministry of Transport, Maritime Affairs and Communication has applied to take part in the proceeding on the side of defendants on March 3, 2016.

MÜHYE LAND

1. Istanbul Branch of UCTAE Urban Planners

Regarding the lawsuit brought against the Ministry of Environment and Urbanization and Housing Development Administration of Turkey by the Eighth Administrative Court with file no. 2015/1224E, the stay of execution of the Application Zoning Plan with the scale of 1/1,000, Master Development Plan with the scale of 1/5,000 and capital city Ankara Master Development Plan with the scale of 1/25,000, which were approved by the Ministry of Environment and Urbanization on February 27, 2015 (Regulatory Approval No. 3341), regarding Block No: 644, 831, 919, 920, 921, 3189, 3198, 3320, 3321 and 28060/no.2 in Mühye Neighborhood, Çankaya District in Ankara. The company filed a request on September 10, 2015 to join the lawsuit as Intervenor together with the Defendant Institution. As per the decision of joinder of the Ankara District Administrative Court 1st Board dated October 21,

2015, numbered 2015/2933 E., 2015/2724 K., the case basis was closed and sent to the Ankara 5th Administrative Court. The court decided to conduct an examination survey upon the examination survey made on the stay order on December 3, 2015, during the proceeding ongoing with the file numbered 2015/2968 E. of the Ankara 5th Administrative Court. Our demand to intervene was accepted on January 13, 2016; and trial continues.

2. Chamber of UCTAE Architects, Ankara Branch

Regarding the lawsuit brought against the Ministry of Environment and Urbanization and Housing Development Administration of Turkey by the Fourth Administrative Court with file no. 2015/1482E, the stay of execution of the Application Zoning Plan with the scale of 1/1,000, Master Development Plan with the scale of 1/5,000 and capital city Ankara Master Development Plan with the scale of 1/25,000, which were approved by the Ministry of Environment and Urbanization on February 27, 2015 (Regulatory Approval No. 3341), regarding Block No: 644, 831, 919, 920, 921, 3189, 3198, 3320, 3321 and 28060/no.2 in Mühye Neighborhood, Çankaya District in Ankara. The company filed a request on September 10, 2015 to join the lawsuit as Intervenor together with the Defendant Institution. As per the decision of joinder of the Ankara District Administrative Court 1st Board dated October 21, 2015, numbered 2015/3087 E., 2015/2723 K., the case basis was closed and sent to the Ankara 5th Administrative Court. The court decided to conduct examination survey upon the examination survey made on the stay order on December 3, 2015, during the proceeding ongoing with the file numbered 2015/3052 E. of the Ankara 5th Administrative Court. Our demand to intervene was accepted on January 13, 2016; and trial continues.

3. Çankaya Municipality

Regarding the lawsuit brought against the Ministry of Environment and Urbanization and Housing Development Administration of Turkey by the Ninth Administrative Court with file no. 2015/1554E, the stay of execution of the Application Zoning Plan with the scale of 1/1,000, Master Development Plan with the scale of 1/5,000 and capital city Ankara Master Development Plan with the scale of 1/25,000, which were approved by the Ministry of Environment and Urbanization on February 27, 2015 (Regulatory Approval No. 3341), regarding Block No: 644, 831, 919, 920, 921, 3189, 3198, 3320, 3321 and 28060/no.2 in Mühye Neighborhood, Çankaya District in Ankara. The company filed a request on September 10, 2015 to join the lawsuit as Intervenor together with the Defendant Institution. As per the decision of joinder of the Ankara District Administrative Court 1st Board dated October 21, 2015, numbered 2015/2369 E., 2015/2726 K., the case basis was closed and sent to the Ankara 5th Administrative Court. The court decided to conduct an examination survey upon the examination survey made on the stay order on December 3,

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2015, during the proceeding ongoing with the file numbered 2015/2940 E. of the Ankara 5th Administrative Court. Our demand to intervene was accepted on January 13, 2016; and the examination will be conducted on April 12, 2016. Fatma Nazan Özey's demand to intervene was accepted on March 09, 2016 and trial continues.

4. **Gazi Sönmez and friends (44 plaintiffs, owners)**

Regarding the lawsuit brought against the Ministry of Environment and Urbanization and Housing Development Administration of Turkey by the Fifth Administrative Court with file no. 2015/1521E, the stay of execution of the Application Zoning Plan with the scale of 1/1,000, Master Development Plan with the scale of 1/5,000 and capital city Ankara Master Development Plan with the scale of 1/25,000, which were approved by the Ministry of Environment and Urbanization on February 27, 2015 (Regulatory Approval No. 3341), regarding Block No: 644, 831, 919, 920, 921, 3189, 3198, 3320, 3321 and 28060/no.2 in Mühye Neighborhood, Çankaya District in Ankara. The company filed a request on September 10, 2015 to join the lawsuit as Intervenor together with the Defendant Institution. The Ankara 5th Administrative Court was deemed to have authority over the decisions of the Ankara District Administrative Court 1st Board dated October 21, 2015, as well as associated files. The court decided to conduct an examination survey upon the examination survey made on the stay order on December 3, 2015. The Housing Development Administration's and our Company's demand to intervene was accepted on January 13, 2016; and the examination will be conducted on April 12, 2016. Fatma Nazan Özey's demand to intervene was accepted on March 09, 2016.

ÇAYYOLU LAND

1. **The Union of Chambers of Turkish Engineers and Architects (UCTEA) Ankara Branch,**

The plaintiff requested and pleaded stay of execution and cancellation regarding the lawsuit brought against the Ministry of Environment and Urbanization by the 10th Administrative Court of Ankara with file No. 2015/1987 E. with regard to the Capital Ankara Master Development Plan Change with a scale of 1/25,000, Master Development Plan Change with a scale of 1/5,000, and Implementary Development Plan with a scale of 1/1,000, which were approved by the Ministry of Environment and Urbanization on May 21, 2015 concerning Parcel No: 953 at Çayyolu Mah., Çankaya District address in Ankara. The company filed a request on October 2, 2015, to join the lawsuit as an intervening party together with the defendant institutions. On October 14, 2015, it was ruled to perform an expert examination, disclose our intervention request to the parties, and assess the request

for stay of execution after completing the discovery and expert examination. An examination was conducted on January 20, 2016; and the drawn up expertise report is in favor. Contractor YP İnşaat A.Ş. applied to take part in on January 25, 2016.

2. UCTEA Chamber of City Planners Ankara Branch,

The plaintiff requested and pleaded stay of execution and cancellation regarding the lawsuit brought against the Ministry of Environment and Urbanization by the 16th Administrative Court of Ankara with file No. 2015/2300 E. with regard to the Capital Ankara Master Development Plan Change with a scale of 1/25,000, Master Development Plan Change with a scale of 1/5,000, and Implementary Development Plan with a scale of 1/1,000, which were approved by the Ministry of Environment and Urbanization on May 21, 2015, concerning Parcel No: 953 at Çayyolu Mah., Çankaya District address in Ankara. The company filed a request on December 16, 2015, to join the lawsuit as Intervener together with the Defendant Institutions. It was decided to accept the demand to intervene of the Housing Development Administration on December 24, 2015; and our Company on February 15, 2016.

Dividend Distribution Policy and Principles

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

With the Board of Directors resolution on March 31, 2014:

Pursuant to the Capital Markets Board Communique No: II-19.1 on Dividends, the company has decided to prepare its Dividend Distribution Policy as provided below and has agreed to inform its shareholders during the first General Assembly Meeting to be held. The related disclosure was issued on PDP on March 31, 2014. The Dividend Distribution Policy is available on the corporate website.

Article 30 of Emlak Konut's articles of association is stated below.

Articles of Association; Article 30 - Profit Distribution:

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:

First legal reserve:

- a) Five percent of the balance sheet profit is set aside as first legal reserves until the total reserve reaches 20% of the paid-in capital, per article 519 of the Turkish Commercial Code.

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 DISTRIBUTION POLICY

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) The second legal reserve is set aside pursuant to article 519 paragraph 2 sub-paragraph (c) of the Turkish Commercial Code.
- 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.

By taking into consideration the operational performance of its current projects and the company's financial situation as well as any negative developments in domestic and global economic conditions, the Board of Directors sets its dividend distribution proposal in accordance with the CMB Communiqués and Regulations. Subsequent to approval by the General Assembly, the company may distribute at least 40 percent of the net distributable period profit as dividends in cash, bonus shares, or as both cash and bonus shares.

Per the company's articles of association, the General Assembly may authorize the Board of Directors for distributing dividend advances to the shareholders in accordance with the Capital Markets Law and the relevant regulations of the Capital Markets Board. The Board's authority to distribute dividend advances is limited to the year in which the authorization is granted by the General Assembly.

Dividend Distribution for 2015

The proposal of the Board of Management for the profit appropriation of the year 2015 was read out. It was accepted to confirm the proposal of the Board of Management stated in the Annual Report regarding the profit appropriation of the year 2015 as is; to confirm the proposal of the Board of Management to launch the profit appropriation in line with the resolution proposed on May 24, 2016 as is; to distribute the profit of the year 2015 in cash as follows in line with the profit appropriation regulations of the Republic of Turkey Prime Minister's Office, Capital Markets Board; to set the dividend distribution date as of May 24, 2016; by a majority vote against the negative votes representing the 1,209,126 Turkish Liras of the capital. Related statement was made on Public Disclosure Platform in legal period.

Disclosure Policy

Emlak Konut REIC applies its Disclosure Policy pursuant to the provisions set forth in the Corporate Governance Principles of the CMB. The policy is disclosed to public via company website and annual report. The Disclosure Policy indicates which information will be declared by whom, through which means and at which frequency. The company discloses complete and accurate information in a timely, understandable and easily accessible manner.

With the Board of Directors resolution on March 31, 2014:

Pursuant to the Capital Markets Board Communique No: II-15.1 on Material Events Disclosures, the company has decided to prepare its Disclosure Policy as provided below and has agreed to inform the shareholders during the first General Assembly Meeting to be held. The related disclosure was issued on PDP on March 31, 2014. The Disclosure Policy is available on the corporate website.

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.

Means for Public Disclosure

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

- Material Event Disclosures
- Financial Statements and Footnotes periodically communicated to BIST and Independent Audit
- Report
- Quarterly Reports

DISCLOSURE POLICY

- Annual Reports
- Corporate Website (<http://www.emlakkonut.com.tr>)
- Investor and Analyst Meetings
- Press Releases
- Press Conferences

Emlak Konut REIC immediately updates the website upon any changes in the shareholding and management structure. The company endeavors to promptly responding to any inquiry received via the website.

Emlak Konut REIC's Directorate of Press and Public Relations is responsible for preparing press releases for the purposes of public disclosure and/or corporate communications. The Directorate engages intra-company or external support on topics that require expertise.

Communications with Shareholders and individuals Authorized to Make Public Disclosures

Pursuant to CMB's Communique on the Principles Regarding the Public Disclosure of Material Events (No: II-15.1),

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

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

Authority and Responsibility

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

The provisions of the Disclosure Policy are managed by the Directorate of Investor Relations.

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 affects the company's development and commercial targets. Emlak

DISCLOSURE POLICY

Konut REIC has identified the Board Members and Executive Management as individuals with administrative responsibility.

Principles regarding the disclosure of the company's assessment regarding 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 case of differences between the forecast and actual results of the futuristic assessments due to risks, uncertainties and other factors, Emlak Konut REIC provides clarifications to the investors in a reasonable period.

Directorate of Investor Relations

Emlak Konut REIC has an Directorate of Investor Relations that manages the relations of the company with its shareholders. The department reports directly to **Hakan Akbulut**, the Deputy General Manager responsible for Financial and Administrative Affairs (hakbulut@emlakkonut.com.tr). **Hasan Vehbi Arslantürk** (harslanturk@emlakkonut.com.tr) is the Acting Head of IR. **Selman Aydemir** is the Acting manager of IR (saydemir@emlakkonut.com.tr). The department employs specialists in order to provide superior service to the shareholders and other investors.

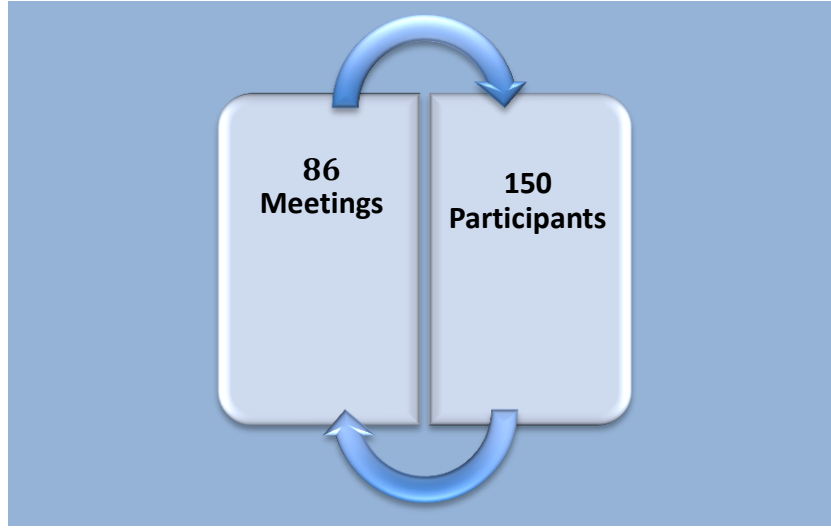
IR Department diagram is shown below. Because of increasing importance of IR and better servicing to the stakeholders, IR section upgraded to the separate department since November 26, 2015.

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

Emlak Konut REIC The Directorate of Investor Relations operates in accordance with the relevant legislation and internal regulations. The Company responds to meeting and interview requests from domestic and foreign corporate investors, in accordance with its Disclosure Policy and within reasonable bounds. The meetings organized by the Directorate of Investor Relations during the reporting period are as follows:

- **During the first quarter of 2016**, the department organized **59 events** with the participation of domestic and/or foreign corporations, funds and analysts. A total of **105 investors and analysts** participated in the events, including international conferences and teleconferences, as well as in meetings held at the corporate headquarters.
- **During the second quarter of 2016**, the department organized **27 events** with the participation of domestic and/or foreign corporations, funds and analysts. A total of **45 investors and analysts** participated in the events, including international conferences and teleconferences, as well as in meetings held at the corporate headquarters.

Emlak Konut REIC is expected to continue to draw attention from domestic and foreign investors and institutions.



Material Event Disclosures

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

During the first quarter of 2016, 105 Material Event Disclosures were made. All disclosures were made by Emlak Konut REIC. Neither the CMB nor the BIST request additional written clarifications following these disclosures.

During the second quarter of 2016, 59 Material Event Disclosures were made. A disclosure was made by **GALATASARAY SPOR TİF SINAİ VE TİCARİ YATIRIMLAR A.Ş.**

Insider Information and Access List

In case of a material event, the other parties who communicate with Emlak Konut REIC employees with access to insider information will be informed of their obligation to maintain the confidentiality of this information until it is clarified and disclosed on the PDP. Emlak Konut REIC employees will not release any information that may be considered a material event with third parties under any circumstances. If the company concludes that the confidentiality of information that is unintentionally disclosed to third parties cannot be maintained. Emlak Konut REIC will issue a material event disclosure in accordance with the Capital Markets regulations.

Pursuant to CMB's Communique on the Principles Regarding the Public Disclosure of Material Events, Emlak Konut REIC will prepare a list of natural individuals or legal entities, including their subordinates, who work for or on behalf of the company directly or indirectly and have access to insider information. The company departments will provide the names of people with access to insider information to the Administrative Affairs and Human Resources Directorate, where the list will be prepared and updated.

DISCLOSURE POLICY

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

In accordance with the provisions of the CMB's Communiques, Emlak Konut REIC may postpone the disclosure of the list to prevent damage to the legitimate rights and interests of the individuals on the list. Insider information list for the reporting period is provided below.

DISCLOSURE POLICY

EMLAK KONUT REIC's

List of Individuals with Access to Insider Information

THE BOARD OF DIRECTORS

Full Name	Occupation	Position
Ertan Yetim	Civil Engineer	Chairman of the Board
Ertan Keleş	Civil Engineer	Vice Chairman, Independent Board Member Member
Murat Kurum	Civil Engineer	Board Member, General Manager
Mehmet Özçelik	Civil Engineer	Board Member
Sami Er	Mechanical Engineer	Board Member
Veysel Ekmen	CPA	Independent Board Member
Havvanur Yurtsever	Lawyer	Independent Board Member

EXECUTIVE MANAGEMENT

Full Name	Occupation	Position
Murat Kurum	Civil Engineer	Board Member, General Manager
Sinan Ayođlu	Civil Engineer	Deputy General Manager
Hakan Akbulut	Public Administration	Deputy General Manager
Metin Tekin	Civil Engineer	Deputy General Manager
Eyyüp Ocak	Lawyer	Legal Counsel
İbrahim Keskin	Lawyer	Legal Counsel
İsmet Kubilay	Lawyer	Legal Counsel
Zeynep Basa	Economics	Head of Marketing Department
Halil İbrahim Şahin	Economics	Head of Administrative Affairs
Hakan Gedikli	Survey Engineer	Head of Real Estate Planning Department
Hicran Çakmak	Architect	Head of Projects Department
Mustafa Aşikkutlu	Civil Engineer M. Sc.	Head of Implementation Department
Ercan Aliođlu	Business Administration	Head of Financial Affairs Department and Accounting
Mustafa Bayraktar	Civil Technician	Consultant to the General Manager
Sadık Soylu	High School Graduate	Consultant to the General Manager

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Fatih Kanitođlu	Civil Engineer	Manager, Construction Control No. 1
Hasan Saka	Civil Engineer M. Sc.	Manager, Construction Control No. 2
Tülay Odakır	Civil Engineer	Acting Head of Tender and Progress Payments
Nurullah Öztürk	Civil Engineer	Acting Manager, Construction Control No. 4
Özlem Hanođlu Çelik	Economics M. Sc.	Press Officer
Hasan Vehbi Arslantürk	Civil Engineer, Exports	Acting Head of Investor Relations
İbrahim Oflaz	Mechanical Engineer	Acting Manager, Mechanical Projects
Alim Kaplaner	Civil Engineer M. Sc.	Acting Manager, Construction Control No. 3
İlyas Fehim Çelik	Architect	Acting Manager, Project No. 1
Yaşar Altun	Civil Engineer	Acting Manager, Project No. 2
Mehmet Akagündüz	Public Administration	Finance Manager
Selçuk Aydemir	Senior City Planner	Planning and Urban Transformation Manager
Hakan Bakırdal	Survey Engineer	Real Estate and Appraisals Manager
Mehmet Akif Aydođan	Public Administration	Marketing Manager
Yasemin Ülkü	Civil Engineer	After-Sales Services and Property Management Manager
Mehmet Akagündüz	Public Administration	Finance Manager
Serdar Bala	Physics	Information Technology Manager
Fatih İbiş	Public Relations	Acting Manager of Administration and HR
Salih Çetin	Business	Acting Manager of Accountancy
Selman Aydemir	Economics	Acting Manager of Investor Relations Manager
Adem Hacıhasanođlu	Forest Engineer	Acting Manager of Tender and Progress Payments

Human Resources and HR Policy

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

The fundamentals of the Human Resources Policy are as follows:

- To recruit competent employees, who fit the qualifications stated in the job descriptions, for vacant positions company wide.
- To provide opportunities for the professional development of all employees by providing training programs based on their competence and skill levels.
- 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 not over-staff and to 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 our employees.
- To provide a work environment that motivates their desire to work.
- To ensure our employees foster a team spirit and commitment to the corporate culture.

It is one the main objectives of Emlak Konut REIC to employ individuals who are loyal to ethical values, welcome innovation and self-improvement; and who are capable of long-term planning, prone to teamwork, and aware of corporate culture and brand value. Our Human Resources Policy is available on the corporate website. Emlak Konut REIC treats all its employees equally, regardless of race,

HUMAN RESOURCES POLICY

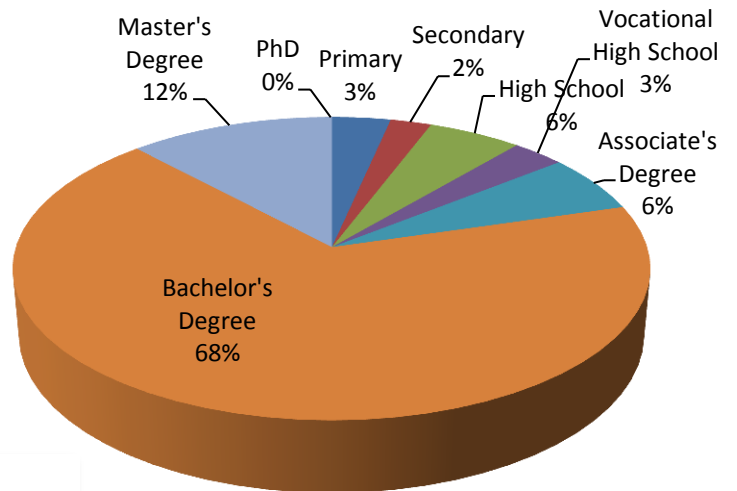
religion, color, language, gender, nationality, age or marital status. The company takes preventive measures against discrimination and toward the protection of its employees. The company has never received any discrimination complaints.

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

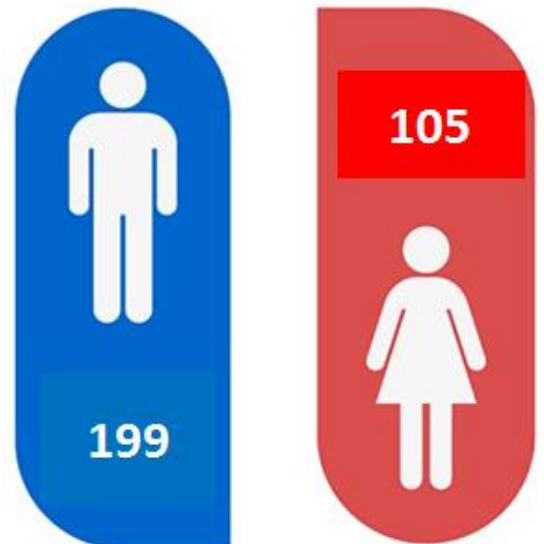
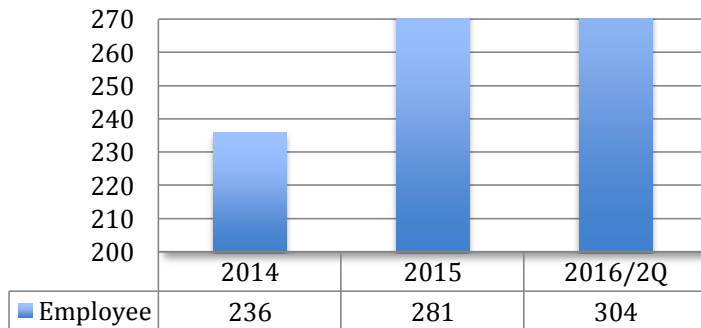
Personnel Structure

Emlak Konut REIC believes in the power of human capital, and emphasizes occupational training and specialized training for its employees. With a meticulous approach to human resources management, the company is continuing to improve and develop its employee management skills. 86 percent of employees have graduate degrees.

Educational Background



Employee Number



Remuneration Principles for Board of Directors and of the Executive Management

The Remuneration Committee, established according to the Corporate Governance Principles, is responsible for advising on the remuneration of the Members of the Board of Directors, senior executives and employees to the Board of Directors, taking long-term objectives of the Company into account.

After the remuneration policy for the Board of Directors and the executive management is established,;

- I. The Members of the Board of Directors are paid a net salary of 6,600.00 Turkish lira and an annual bonus in the amount of four salaries.
- II. Income tax to be levied upon these payments (payments received from multiple employers) at the end of the fiscal year will be covered by Emlak Konut REIC.
- III. The payment amounts to be made to the Members of the Board of Directors are presented to the approval of the shareholders at the Ordinary General Assembly Meeting of the related activity period.
- IV. Dividends, stock options, or performance-based payment plans cannot be applied to the salaries of Independent Board Members. It is essential that the remuneration of the Independent Board Members are high enough to maintain their independence.
- V. The salaries of senior executives are determined and paid pursuant to legal liabilities, in consideration of current economic data and common salary policies in the market, long-term objectives and policies of the company, as well as the tasks, responsibilities and work experiences of the executives.

It is therefore decided to present this report drawn up by us to the approval of the Board of Directors.

Environmental Awareness

Emlak Konut REIC shows great sensitivity to the environment and environmental developments. The company acts in the awareness that the ecological system is the most important inheritance to be passed down to future generations.

The green color present in the Company's logo represents environmental awareness.

Emlak Konut REIC has a policy of being sensitive to the environment and clean energy resources; accordingly, it works toward the use of recyclable and non-polluting products in order to minimize carbon emissions.

The company pays utmost attention to heat, waste water use, energy conversion, environmental health, and sustainable and efficient energy saving in its operations to build environment-friendly living spaces.

The company displays due diligence in regards to the reutilization of consumables by recycling within the corporation. In collaboration with subcontractors, the company develops exemplary nature-conscious projects that use clean energy resources.





Code of Conduct and Social Responsibility

The company traditionally respects ethical principles thanks to its corporate culture and updates its approach-based actual conditions. As a predominantly public company, Emlak Konut REIC also looks after the public interest in its operations, and strives for renewable energy and environmental awareness as well as compliance of its projects to such issues.

Emlak Konut REIC performs its social responsibility projects based on the concepts of sustainability and social value creation. In this respect, the projects focus on education, culture and the arts.

Donations

- No donation was made in first quarter.
- 1,062,000 TL donation was made to Ak As Yapı Sistemleri in line with social responsibility policy in second quarter.

SUBSEQUENT DEVELOPMENTS



As Emlak Konut REIC adopts a management approach of continuous improvement, both management systems and personnel structure are established in line with this approach. Accordingly, the Company intends to review the Quality Policy and to urgently make any necessary improvements to attain strategic objectives.

The Corporate Governance Committee made some adjustments to the Quality Policy at its meeting held on May 8, 2015. These adjustments are summarized below:

- To comply with and continuously improve the management system and quality standards,
- To attach importance to employee training and encourage them to enhance their creativity and efficiency,
- To closely monitor developments and innovations in the industry,
- To care for tangible and intangible rights of its shareholders and investors as a publicly-traded company,
- To appreciate historical and cultural values,
- To consider social values, as well as customer preferences and expectations,
- To develop planned, qualified, environmentally-sensitive settlements that offer peaceful and safe living spaces with a contemporary urban planning approach under the brand assurance of Emlak Konut.
- To make best efforts to move forward the Emlak Konut brand, which has been built as a result of our achievements since the foundation of the Company,
- To enable the Company to the future through focused of “together” management approach based on being a family in the light of our know-how and experience.

Assessment of the Relevant Activity Period

Emlak Konut REIC for more than 60 years, Emlak Konut REIC has uninterruptedly been a major corporation in the Turkish Construction and Real Estate Industry. Close examination of the real estate industry in Turkey has become a management tool for Emlak Konut REIC, as part of the corporate culture and management approach we embraced over the years. The brand value that has been created over the years empowers our company with a management approach that continuously raises standards in the real estate industry. Emlak Konut REIC pursues its task of being a leader and a role model, particularly in terms of building systems, design, environmental awareness and business practices, with social awareness.

Since Emlak Konut REIC adopts a sustainable and innovative management philosophy, it analyzes and evaluates potential risks and profit opportunities accordingly. Our main objective is to attain our strategic goals while paying the utmost consideration to the rights of all stakeholders.

From economy to demographic structure, many things may undergo change in the world and in Turkey in a relatively short span of time. Keeping track of these changes and trends is a managerial requirement. Monitoring components of risk management as well as the changes related with the industry is key to our business management strategy and has considerable influence on our decision-making processes.

While carrying out our corporate activities, we regularly evaluate the past as well as the future. In this respect, we keep an eye on the developments, especially on economic variables, which concern the industry and the business. In particular, the gradual growth of the housing industry along with its economic environment while interacting with many other industries is a crucial development at the macro level. In this context, situation assessments and forward-looking analyses are vital both for real estate business and institutions or consumers that are economically interrelated with the industry.

Emlak Konut REIC presents such analyses, particularly in its annual and interim reports, with an awareness to inform the public. Furthermore, the company also maintains similar activities with its “Real Estate and Housing Industry” report, which is accessible to all stakeholders.

The following section presents an overview of significant economic developments which took place between the end of last year and the first half of 2016.

Major Developments in the World and Turkish Economies

The most crucial milestone for the global economy in the recent past has been the global crisis of 2008. The aftershocks of the crisis, which had been experienced by and affected each and every economy at different degrees, are still ongoing. Hence this process has been changing and affecting global economic conditions.

Even though it has been nearly eight years since the second large global economic crisis, it is still difficult to claim that socioeconomic figures have gone back to pre-crisis levels. This is particularly true

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at a remarkable degree for advanced economies. Although emerging markets had recovered quickly after the crisis, in the last few years problems have begun to surge in these economies as well.

As a result of globalization and the ever increasing ties between national economies, keeping track of all significant developments in the world economy has become a necessity. Even the destructive effects of fluctuations or crises in relatively small economies may easily become contagious. In this context, since countries experiencing different phases of the global crisis have considerably diversified their economic programs and pursued structurally incompatible economic policies, global uncertainty has further increased.

Global growth was below the long-run average by the end of 2015. The low trend in commodity prices has prevented the upward pressure on global inflation rates. It was realized that Fed's rate hikes will be more moderate and gradual than expected, and the central banks of other advanced economies responded to falling inflation rates with further quantitative easing. While volatility in financial markets have been following a fluctuating course, portfolio flows to emerging economies have increased since the beginning of the year. Despite the rise in the global risk appetite as well as in the capital flows towards emerging economies, it is important for those economies to continue taking measures towards enhancing financial stability.

As of the first half of 2016, the outlook in the world economy demonstrates that volatilities in financial markets have continued due to the downward risks in global growth. Fed's rate hikes, concerns about China's slowdown, and the downward trend in commodity prices have started to put considerable pressure on emerging market especially by the third quarter of 2015. In this period, portfolio flows to emerging markets have followed a weak and fluctuating course.

The rising downward risks in the world economy appears to have prompted the policy makers, both in advanced and emerging economies, to revert to "monetary expansion and incentive methods" once again. Each country has been experiencing the global crisis in a different aspect and with their own peculiarities. Therefore, it can hardly be claimed that one-size-fits-all approach would work.

Central banks have been the most decisive executors of economic policies after the crisis. The decision of the world's largest and most influential central banks have not only affected their own countries, but also acted as the main drive for "international movement of funds", which in turn have affected the emerging economies and their assets the most in terms of their negative as well as positive outcomes.

The prevailing uncertainties regarding the normalization of global monetary policies have been affecting the risk appetite and capital flows directly. In the forthcoming period, the capital inflows to emerging markets will be shaped by both country-specific factors and global developments. In this framework, the growth outlooks, inflation rates and external balances of emerging markets will take the center stage. On the other hand, the weak recovery trend in global economic activity keeps the possibility of a further delay in the normalization of monetary policies on the horizon.

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It is almost impossible to talk about an economic recovery in the first half of 2016. The increasingly complicated course of data on the world's largest economy, the U.S., has been aggravated to an extent that it has been influencing both “growth” and “Fed” decisions.

Risks related to global growth are expected to continue on a downward trend in the coming period. The recently elevated volatility in financial markets may be a substantial risk factor on growth performances of both advanced and emerging economies.

Policies of the three biggest central banks in terms of their influence on global economy, the Federal Reserve (the Fed), the European Central Bank (ECB) and the Bank of Japan (BOJ), have given rise to implications that need to be followed closely by other economies.

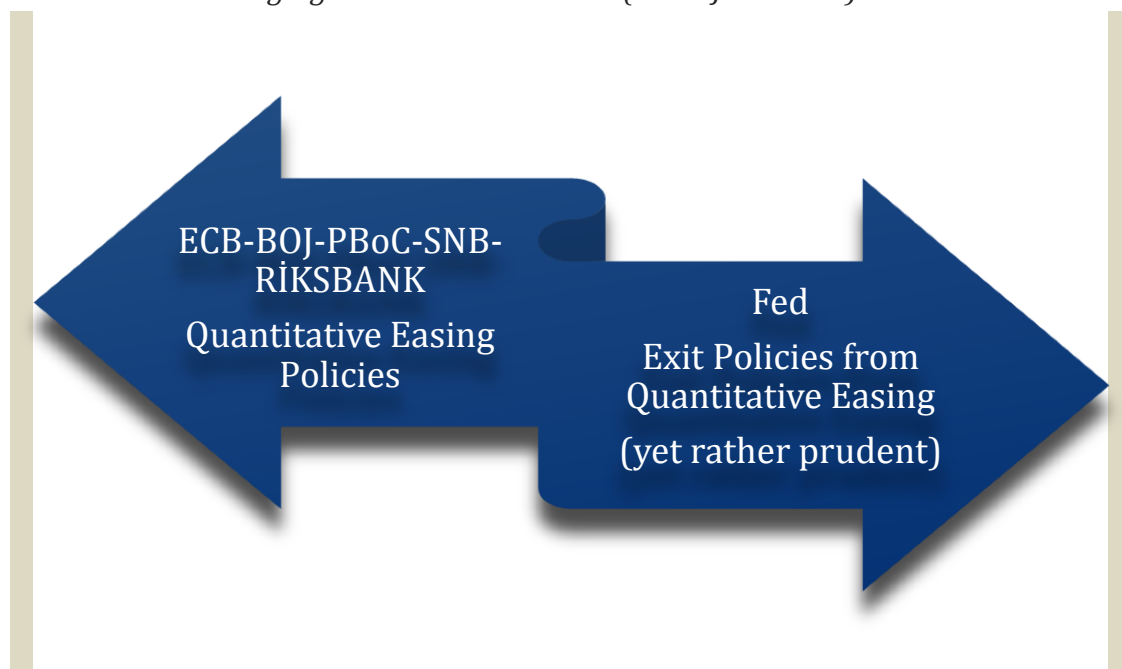
Immediately after the crisis, the Fed began to employ “expansionary monetary policy” instruments swiftly. Accordingly, various methods including interest rate cuts, bond purchases, funding the financial system through asset purchases, and utilizing the loan mechanisms were applied. The goal of such monetary policy was to get out of depression (crisis) by achieving the ultimate objective of recovering growth by assuring financial stability and stimulating investments and consumption.

The other big central banks failed to react as quickly as the Fed. The ECB lagged behind in implementing monetary expansion and related various policies due to the political approval mechanism. The BOJ, another prominent central bank, has experienced difficulties in developing effective policies against “deflationary” processes which had emerged in the Japanese economy long before the global crisis.

By the 2014 year-end, the Fed took rapid action to stop its bond-buying program and ceased several liquidity-generating measures it had implemented at the outset of the crisis. Eventually, disclosing frequently that it may hike interest rates, the Fed intended to prepare the global economy for a rate hike in the US. In her testimony before the House of Representatives on July 15, 2015, Fed President Janet Yellen clearly stressed that quantitative easing has come to an end. Soon afterwards, at the Fed meeting on December 16, 2015, the target federal funds rate was raised to 0.25-0.50% after seven years.

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Diverging Central Bank Policies (2015-June 2016)



While the Fed pursued policies to exit quantitative easing, the ECB, the BOJ, and the central banks of Sweden, Switzerland and Denmark began to apply the negative interest rate method by following looser policies. Meanwhile, the central bank of China implemented monetary incentive policies to bolster the economy and to halt the slowdown in Chinese economy.

The referendum on European Union membership held on June 26 in the United Kingdom fueled a new “wave of risk” for the global economy. This incident has become a “new shock” for the global economy, and particularly for the EU, which has already been vulnerable and suffering low growth.

The intensifying global growth issue and the risk of Brexit have boosted the expectation that Fed may not exercise rapid monetary tightening. However, it can be anticipated that the ECB, the BOJ and the PBOC, which have already been pursuing expansionary monetary policies for a long time, would maintain their policies. These policies may relatively lower the risk of funding for countries such as Turkey, South Africa, Brazil, India and Indonesia.

As a result of the different attitudes of central banks in advanced economies and the volatility in risk appetite based on capital flows, the central banks of emerging economies have generally adopted a defensive attitude in an effort to circumvent the threat of inflation by protecting local currencies. Similarly, the CBRT reduced its policy rate in the second half of 2014, which it had hiked at the beginning of the same year, but maintained its monetary tightening policies and liquidity control mechanisms. During 2015, the CBRT maintained its prudential attitude in an effort to protect the inflation and liquidity balance. As a result of the assessment of foreign and domestic conjecture,

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gradual improvements have been made in the interest rate corridor in 2016, reducing the upper interest level to 8.75 percent and the lower interest level to 7.25 percent.¹

Concerning this amendment in the interest rate corridor, the CBRT announced²; ‘Financial conditions continue to be tight despite the recent rise in the global risk appetite, which slightly eased conditions. Financial conditions are likely to remain tight in the short term owing to domestic developments and weaker capital flows. Accordingly, loan growth rates are not expected to recover notably. The moderate course of loans is driven not only by demand but also by the supply-side factors. Recent surveys show that loan standards did not display any easing. Domestic developments have recently led to fluctuations in markets. Liquidity measures taken by the Committee have partially limited the volatility in markets. It is predicted that the effects of the fluctuations in markets will prove temporary and Turkey will sustain its resilience through its sound economic fundamentals. On the other hand, to balance the short-term effects of the tightness in financial conditions, the Committee may make downside adjustments to required reserves, if deemed necessary.’

In 2015, global growth was meager with notable differences depending on the region and country. The US is demonstrating a stronger growth performance than other developed countries. In the Eurozone, in turn, weak growth persists despite signs of recovery. Furthermore, in emerging countries which represent a considerable part of the global economy, growth rates are declining.

In April 2016, the IMF³ revised its global growth projection for this year to 2.4%, reducing it by -0.2% with respect to January 2016, and to 2.5% for 2017, with a downward adjustment of -0.1%. The growth projections for emerging market economies, in turn, were reduced by -0.2% and -0.1%, being revised to 4.1% and 4.2% for 2016 and 2017, respectively. Emphasizing that factors other than economic fundamentals may hamper growth further, besides the current slowdown in the global economy, the IMF referred to the following downside risks for the next 2 years:

- The loss of consumer confidence and its reflection upon manufacturing
- The further depreciation of the currencies of emerging market economies
- The contagion of the Chinese slowdown to other emerging economies
- Deceleration of investments
- Threats of terrorist attacks
- The possibility of Britain to leave the EU (which has been decided practically as of June 2016)

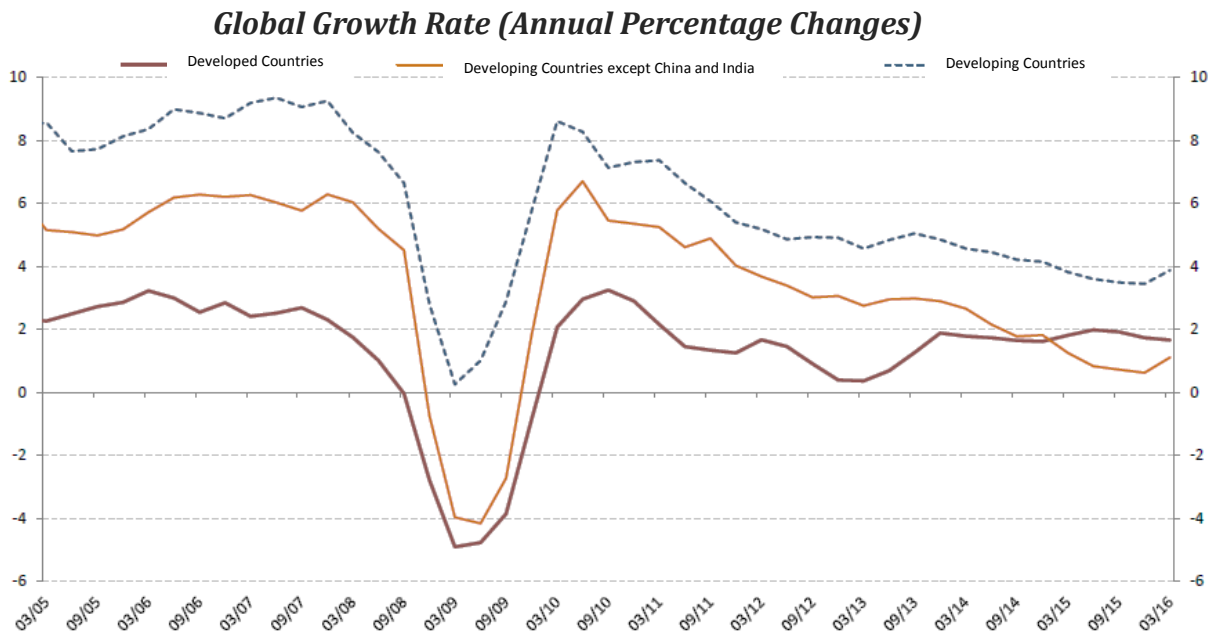
¹CBRT, Monetary Policy Committee Decision, July 20, 2016.

²The CBRT Monetary Policy Decision Announcement, Issue: 2016-37, July 20, 2016.

³ IMF, ‘World Economic Outlook-Too Slow for Too Long’, April 2016, pp. 2-40.

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In its economic outlook report published in June 2016, the OECD⁴ predicted the growth rate of the US economy as 1.8% for 2016 and 2.2% for the following year, and the Eurozone as 1.6% for both 2016 and 2017. The report put emphasis on the very slow rate of economic recovery.



Source: Bloomberg, CBRT/2016 Q1

Sustainable growth seems to be the most significant challenge for both the drivers of national economies and the central banks in periods of uncertainty.

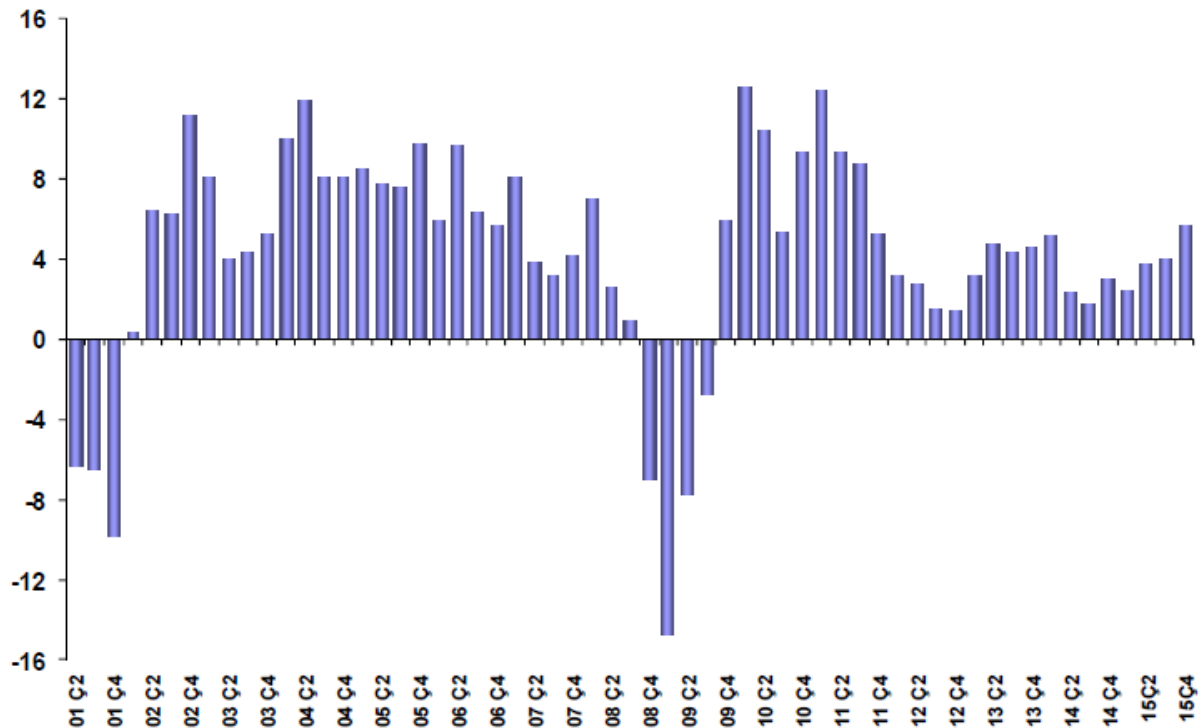
The fluctuating trend in the world economy is having an effect on national economies, though in different aspects. However, the alleviation of or the progress made in relation to chronic problems of the Turkish economy in the past decade have increased the resilience of the economy against fluctuations. Turkey's general economic outlook and indicators have reached a much better state compared to those of many other countries.

The success in sustainable growth is one of the biggest achievements in the Turkish economy. Insufficient growth is the key macroeconomic problem in the world economy. However, Turkey has achieved an appreciated position in this regard. Up until the 2001 crisis, the Turkish economy had failed to record growth for four consecutive years. It then accomplished a great feat by achieving positive growth for six consecutive years, from 2002 to 2008, and in the course of the 2008 global economic crisis, it experienced negative growth only in 2009, and managed to recover quickly by 2010. The most important achievement of Turkish economy in the last 15 years has been its ability and flexibility to recover from fluctuations or crises very rapidly.

⁴ OECD, 'Economic Outlook-99', June 2016, p.8.

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Annual Growth Rates in Turkish Economy (GDP, %)



Source: TurkStat

An overview of the growth performance of Turkish economy in recent years shows that it has achieved an average of 4.9 percent growth in the 2002-2014 periods. Another remarkable growth figure is that Turkish economy has achieved 68.8 percent growth in real terms between 2002 and 2013. Turkey has grown 5.8 percent uninterruptedly in the past 19 quarters. This accomplishment becomes even more significant in view of the sustainable growth problems prevailing in the world.⁵

According to 2016 third quarter economic growth data published by TurkStat⁶ (GDP grew by 4.8% in constant prices), growth rates were above market expectations, reflecting the buoyancy of the Turkish economy despite various risks. While growth rates are falling below usual levels all around the world, the growth rate is remarkable in the Turkish economy.

In its projections, the IMF listed Turkey among the top 5 countries which will grow the fastest in the world in 2016. The rapid decline observed in growth rates globally indicates the importance of even 3.5-4% annual growth. As highlighted in the section on the world economy, while global growth projections are being revised downwards, the actual growth rates achieved by Turkish economy are considered as impressive

⁵ Based on data from TurkStat and the Ministry of Economy

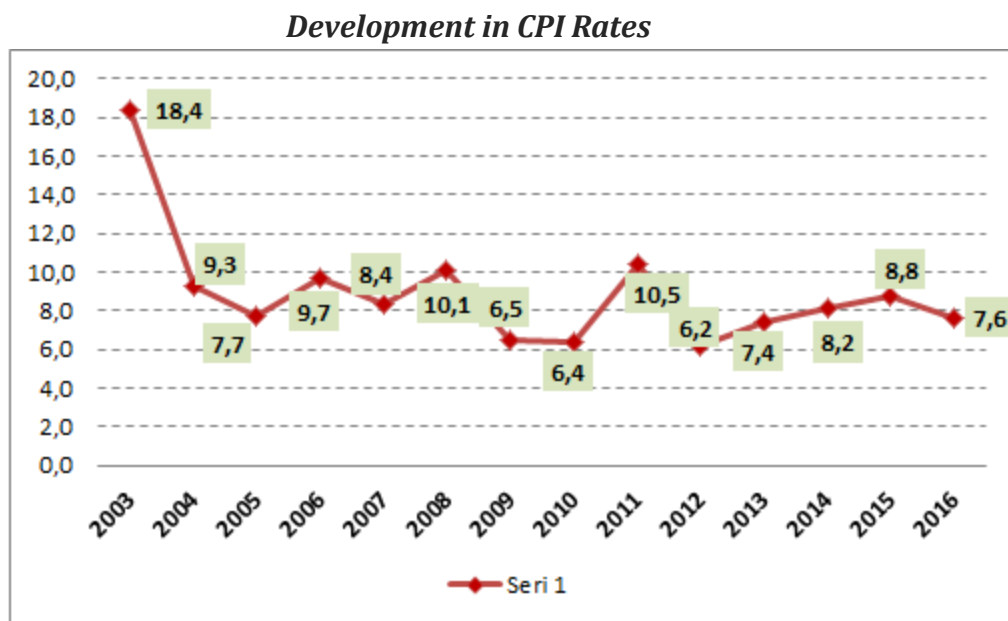
⁶TurkStat; 'News Bulletin,' Issue: 21511, June 10, 2016.

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The International Monetary Fund revised its growth projection for Turkey in 2016 from 3.2 to 3.8 percent. The Fund underlined that the minimum wage hike to 1300 TL will support consumption, and anticipated that lower oil prices and the gradual recovery in the Eurozone will have positive impacts on all Eastern European economies as well as Turkey.⁷

Even though the rise in the general level of prices, which is one of the critical structural problems of Turkey, is now largely under control, inflation has increased in the past 24 months as a result of consumption and foreign currency volatility. Key inputs and unprocessed food prices have increased due to a mediocre harvest caused by drought. In 2015, the CPI was posted as 8.81 percent and D-PPI as 5.71 percent annually.⁸

Turkey has endured disinflation since 2002. In 2012, the inflation rate was at the lowest level for the last 45 years.⁹ The objective, in turn, is to maintain the inflation rate to be at a level that would not affect investment and consumption decisions in the long-run.



Source: TurkStat

Both CPI and D-PPI indices have followed a moderate course in the first half of 2016. However, the downward trend in annual CPI has weakened in June, as prices have risen above expectations. In this period, annual inflation rate has remained at 7.64%. On the other hand, the rising energy and commodity prices continue to have an impact on the acceleration in D-PPI. Consequently, annual D-PPI increased to 3.41% in June, increasing 16 basis points with respect to May.

⁷ IMF, 'World Economic Outlook-Too Slow for Too Long', April 2016, p.172.

⁸ TurkStat; 'News Bulletin', Issues: 21684 and 21727, January 4, 2016.

⁹ www.ekonomi.gov.tr

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Changes in CPI and D-PPI (June 2015 - June 2016)

June	CPI		National CPI	
	2015	2016	2015	2016
Change				
Monthly	-0,51	0,47	0,25	0,41
Accrd. to Last Y	4,76	3,63	5,49	3,19
Annual	7,20	7,64	6,73	3,41
Annual Average	8,28	7,74	6,74	4,91

Source: TurkStat

According to the data announced on July 4, 2016, a rise in general index was realized in CPI (2003=100) on the previous month by 0.47%, on December of the previous year by 3.63%, on same month of the previous year by 7.64% and on the twelve months moving averages basis by 7.74% in June 2015.¹⁰

Domestic producer price index (D-PPI), on the other hand, increased by 0.41% on monthly basis, increased by 3.19% on December of the previous year basis, increased by 3.41% on same month of the previous year basis and increased by 4.91% on the twelve months moving averages basis in June 2016.¹¹

Food prices, which have been dragging the CPI down in recent months, have increased in June, also due to the effect of the month of Ramadan. More specifically, unprocessed food prices raised the CPI by 22 basis points in this period. Having increased by 1.16% with respect to the previous month, food prices have made the greatest contribution by 27 basis points to the increase in the CPI. Transportation and housing prices followed the increase in food prices. On the other hand, the decline in clothing and footwear prices in June due to seasonal factors has reduced the CPI by 10 basis points.¹²

Even though falling agricultural product prices and the trend in global commodity prices had an effect on the decline of inflation, prudent monetary policy of the CBRT also played a role in this outcome. Another monetary result of falling inflation is receding interest rates. Accordingly, the reduction in monetary costs and vibrant growth should be expected to prevail.

¹⁰TurkStat, 'Consumer Price Index - June 2015', Issue: 21690, July 4, 2016.

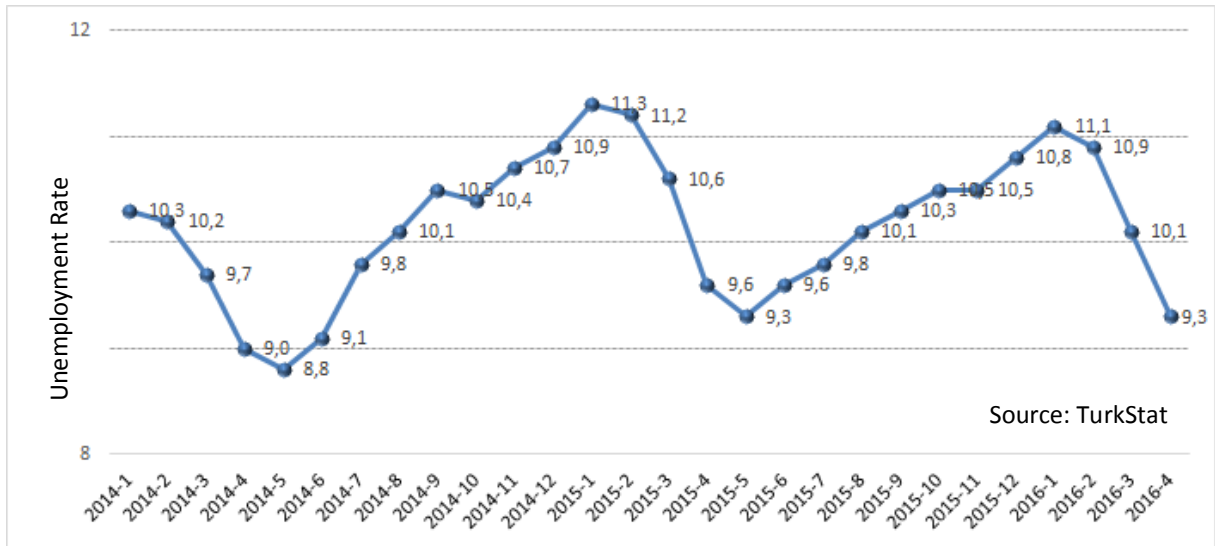
¹¹TurkStat, 'Domestic Producer Price Index, June 2015', Issue: 21733, July 4, 2016.

¹²İş Bankası, 'Inflation Trends, June 2016', Economic Research Department, June 4, 2016, p.1.

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Developments in the labor market are another variable that needs to be kept in check by the decision-makers in Turkish economy. One of the most critical economic issues all around the world is to create more jobs and to reduce unemployment. In a number of Western countries, along with growth, employment-related problems stand as the major issue in the post-crisis period.

Labor Indicators in Turkey (Seasonally Adjusted)



The strong recovery in Turkish economy between 2002 and 2013 had also been reflected on employment and labor force participation rates. Turkish economy has created additional employment for about 6 million people since 2009, 1 million of which have been generated merely in the last year. While labor force population was 30.462 million in April 2016, labor force participation rate remained at 52.0%. Furthermore, the number of employed was 27.638 million with an employment rate of 46.2% in the same month.¹³

Turkey appears to have made significant progress in relation to unemployment through employment generation policies. Yet, variations may occur in unemployment levels depending on fluctuations in the growth rate and future projections.

In the light of the main variables summarized above, Turkish economy promises a high growth potential as a country that has solved its structural problems to a considerable extent, especially when the developments in the global conjuncture since 2008 are taken into consideration. The occasional fluctuations which have been experienced in the past and which may be repeated in the future are not expected to cause significant shifts in the main long-term trend. Nevertheless, risk management will become ever more crucial both in macro- and micro-based approach. It must be remembered that global fluctuations in particular can affect the country's economy, albeit in various levels.

¹³ <http://www.ekonomi.gov.tr>

Developments in the Construction and Real Estate Industries

This section analyzes the effects of the aforementioned macro changes on the construction and real estate industries.

Construction industry and its complementary sub-sectors represent a significant asset for every economy. The construction industry holds a special place in most countries' economies as it acts as a leverage through the added value and employment opportunities it creates. Today, the concept of construction comprises not only building structures, but also related activities, such as maintenance, repair, and operations. Nowadays, construction is defined not only by building a structure but also by creating environmentally-friendly, socially-responsible, transparent and sustainable products that have a direct effect on society.¹⁴

The construction industry and sub-sector components are among the sectors that are greatly affected by general economic conditions. The industry is susceptible to the economy at varying levels in every country throughout the world. The Turkish construction industry, largely dependent on national capital, has a significant impact on employment and production as it is related to many fields of occupation. The industry boasts huge domestic and international experience and potential, functioning as a “locomotive industry” due to its capacity to put in motion over 250 sub-sectors that rely on it, and as an “unemployment absorber” due to its ability to provide a high number of jobs. Moreover, it also “absorbs unemployment” through its employment-generating impact.

Even though the Turkish construction industry and its components (sub-industries) have achieved rapid growth in the past 30 years, they have benefited the most from the economic stability that followed the 2001 crisis. The construction industry has not only achieved economic growth, but it has also made gains in institutionalization and organization during this period.

The industry also has an important role in the development of a country, as it is directly related with the basic human needs such as housing, transportation, and health care. It is safe to say that the industry has an effect on the daily lives of many people due to its strong social impact.

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

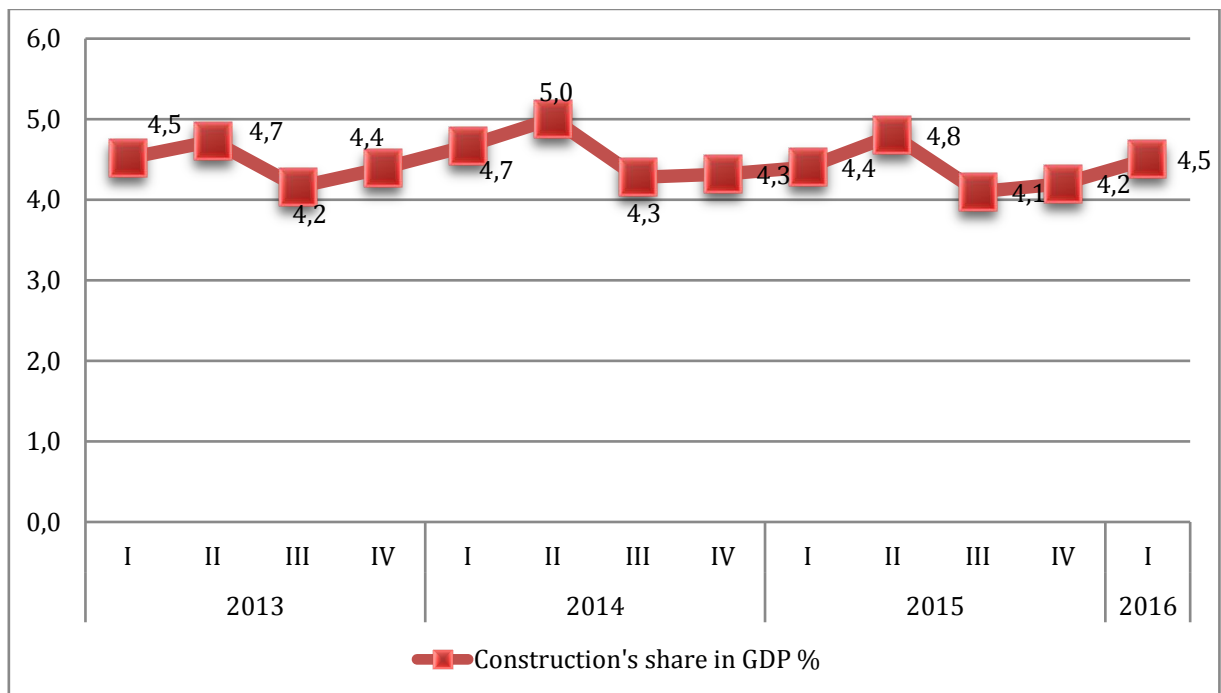
¹⁴Ergül, Nuray, “Effects of Globalization on the Construction Industry”, Vergi Sorunları Dergisi, [Issue: 227](#), August 2007

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implemented for 2013 and later. While the GDP (in current prices) share of the industry in 2013 was 4.4 percent, it increased to 4.6 percent in 2014.¹⁵

While the GDP (in current prices) share of the industry in 2015 was 4.4 percent, it increased to 4.4 percent in the first quarter of 2016.¹⁶

Share of Construction Industry in GDP



Source: TurkStat

Since the construction industry is susceptible to the country's growth, it is affected by changes in the GDP. For this reason, construction industry's share in the GDP fluctuates at current prices according to TurkStat data.

The decline of the construction industry's share in GDP in the third quarter 2014 is the typical result of the slowdown of home sales in the first half of 2014 (compared to 2013) and the stagnation of investments in the construction industry. Following a drop in the second quarter of 2014, it closed the year at almost the same level as the last two quarters. By the end of 2014, the share in the GDP rose slightly in the first six months of 2015 with the help of reviving home sales. Afterwards, precipitated with deteriorating investments due to changing risk perception, the share in the GDP declined; however, it looks as it will maintain a course close to the 2015 averages.

¹⁵TurkStat; 'News Bulletin-Gross Domestic Product, Fourth Quarter: October-December 2015', Issue: 21510, March 31, 2016.

¹⁶TurkStat; 'News Bulletin-Gross Domestic Product, First Quarter: January-March 2016', Issue: 21511, June 10, 2016.

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Demographics is another matter that affects the industry. Analysis of the population's structure and components is crucial for both investment decisions and understanding of the economy. As for the construction industry itself, following demographic features stand out:

- Rapid population growth
- Migration to metropolitan cities
- The effect of foreign migration to our country
- Changing demand perception with the rise in the shares obtained from factor revenues
- Urbanization
- Infrastructure works

The abovementioned factors are the variables that need to be followed closely as they create economic and social outcomes.

Turkey's young and dynamic demographics stand out as a positive effect on the economy. Demographic characteristics are vitally important especially for consumption-based industries and they are among the most critical elements in increasing sales in real estate as well as white and brown goods industries. It must be remembered that this population dynamic also has an impact on total economic growth.

TurkStat¹⁷ data (January 2016) put Turkey's population at 78.7 million, half of which is under 31 (median age) years old. The number of people living in Turkey increased by 1.05 million year-on-year in 2015. Male and female population accounted for 50.2 percent and 49.8 percent of the total population with 39.51 million and 39.23 million people, respectively.

In 2015, the 15-64 age group (working age) accounted for 67.8 percent (53.36 million people) of the total population, same as the previous year. The ratio of child age group (age 0-14) declined to 24 percent (18.89 million people), whereas 65-and-older age group rose to 8.2 percent (6.50 million people). The annual population growth rate increased to 13.4 per thousand in 2015, up from 13.3 per thousand in 2014.

The population growth rate is 0.2 percent on average in the EU and -0.1 percent in Germany.¹⁸

It is obvious that demographics influence consumption, investment and expectations in any economy. In this respect, the our large and young population is a significant factor. The rising urbanization ratio is another significant social trend in the population structure. The number people living in the cities is swelling as a result of migration and population increase. The ratio of the city dwellers jumped to 92.1.

¹⁷TurkStat, 'Address-Based Population Registration System Results, 2016,' Issue: 21507, January 28, 2016

¹⁸The Ministry of Economy, 'Economic Outlook Presentation,' June 2014, p.21

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percent in 2015, up from 91.8 percent in 2014. The ratio of people living in towns and villages was 7.9 percent.

Population growth in metropolitan cities¹⁹

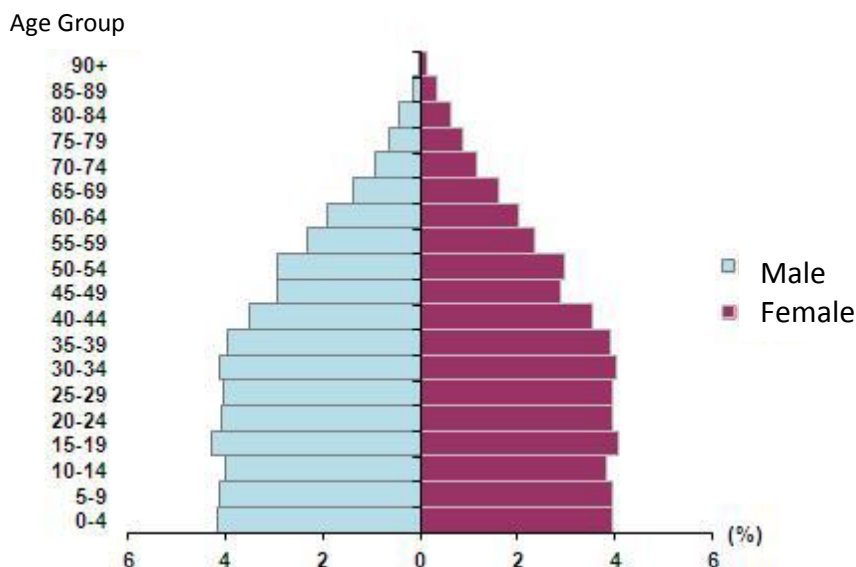
Cities	Population in 2014 (Million Persons)	Population in 2015 (Million Persons)	In-Migration (Thousand Persons)	Out-Migration (Thousand Persons)	Net Migration (Thousand Persons)	Net Migration Rate (%)
Istanbul	14,377,018	14,657,434	453,407	402,864	50,543	3.5
Ankara	5,150,072	5,270,575	204,048	153,001	51,047	9.7
Antalya	2,158,265	2,288,456	130,191	96,441	68,374	12.3
İzmir	4,113,072	4,168,415	126,238	105,389	20,849	5.0
Bursa	2,787,539	2,842,547	84,253	64,558	19,695	7.0

Source: TurkStat

Istanbul stands out as an important hub in terms of population density and urbanization. Home to 18.6 percent of Turkey's population, Istanbul has the highest population with 14,657,434 people. Ankara with 6.7 percent (5,270,575 people), Izmir with 5.3 percent (4,168,415 people), Bursa with 3.6 percent (2,842,547 people), and Antalya with 2.9 percent (2,288,456 people) follows Istanbul in terms population size.

Turkey's young population is a key input for economic vitality when compared to other countries. Rural-urban migration is still ongoing in Turkey.

Turkey Population Pyramid (January 2016)



Source: TurkStat

¹⁹ <http://www.tuik.gov.tr/PreHaberBultenleri.do?id=18616>

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The urbanization process in Turkey has begun to diversify in terms of demographic attitudes (especially in five metropolitan cities). In addition to the number of families with more than one child, families with a single child or the number of people living alone have also increased. As a result of such changes of attitude, types of and number of rooms in dwellings, as well as related industries such as white goods and energy consumption have undergone changes according to shifting demand.

Three largest real estate regions (Istanbul, Ankara, Izmir) represent a large proportion of the entire real estate market in Turkey. Even though Emlak Konut REIC operates mainly in these three real estate regions, it also carries out projects in various parts of Anatolia.

Although aggregate consumption has decreased in Turkey with respect to previous years due to the aforementioned policies intended for controlled growth and risk reduction, the situation in industries such as construction, white goods manufacturing and automotive, which would be expected to be highly affected by the slowdown in demand, is just the contrary. This is mainly due to bringing demand forward and stepping in deferred demand. On the other hand, the effect of young population and migration should not be overlooked. A similar process may be expected to continue in 2016 should the risk perception does not change. Besides, the policies of the CBRT and the government for promoting growth are encouraging especially for the construction industry.

Another set of data which should be monitored closely in the construction industry is turnover and production indices. These indices make it possible to keep track of production rates and cash flows from sales. In particular, the analysis of seasonal effects on the industry and the seasonally-adjusted situation are critical. These data (particularly production index) can also provide an insight into the industry's future expectations.

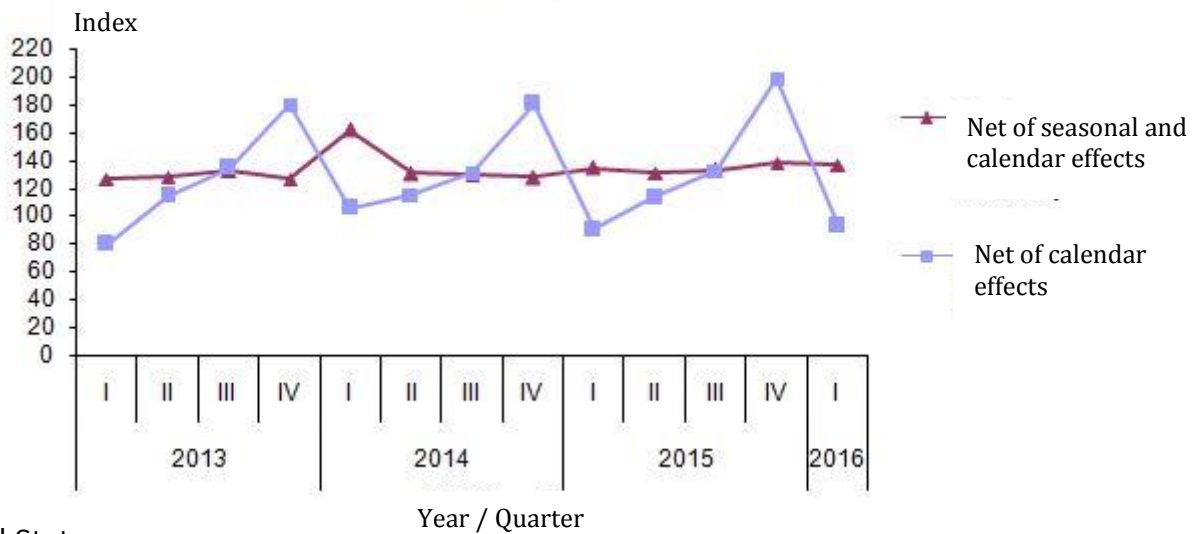
According to TurkStat data²⁰, the seasonally and calendar-adjusted construction turnover index rose by 1.0 percent in the first quarter of 2016 with respect to the previous quarter. Meanwhile, the calendar-adjusted construction turnover index increased by 2.4 percent with respect to the same quarter of the previous year.

²⁰TurkStat; 'Construction Turnover and Production Indexes, First Quarter: January-March 2016', Issue: 21752, June 17, 2016.

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Construction Turnover Index

2010=100 Q1: Jan-Mar 2016



Source: TurkStat

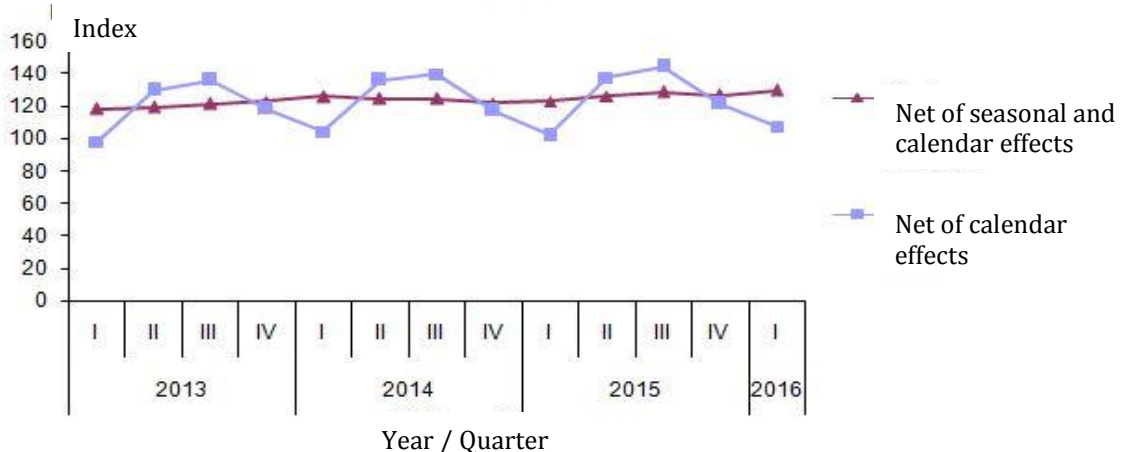
The upward trend in construction turnover index (seasonally and calendar-adjusted) has started in the third quarter of 2013, while the effects of seasonal fluctuations have remained minimal. Throughout 2015, seasonally adjusted turnover index has maintained the course which had been ongoing since the second quarter of 2014. A similar trend can be expected throughout 2016.

On the other hand, seasonally and calendar-adjusted construction production index rose by 2.1 percent in the first quarter of 2016 with respect to the previous quarter. The calendar-adjusted construction production index, in turn, increased by 5.2 percent in the same quarter on year-on-year basis.

The seasonally and calendar-adjusted construction production index maintained a rather stable upward trend since 2013. Thus, the seasonally adjusted trend of the index remains strong. Construction turnover and production index provide an insight into the industry's economic activity, as well as into the general direction of the economy. As stated previously, the effects of growth and other related macroeconomic developments are reflected on these indices.

Construction Production Index

2010=100 Q1: Jan-Mar 2016

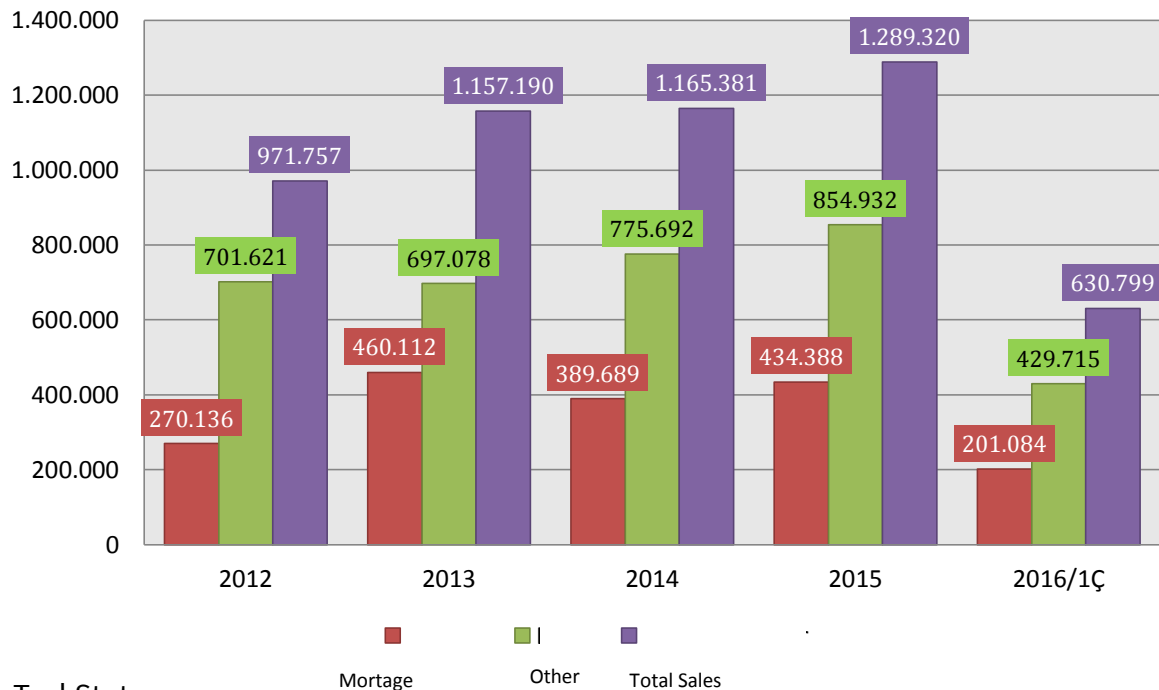


Source: TurkStat

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Being one of the most critical components of the real estate industry, the housing sub-industry is particularly crucial in comparison to other real estate types due to the social and economic impact of its sales. Housing sales are affected from a number of variables. Besides economic factors, it is affected by behavioral variables as well. In some cases, the ‘rational’ behaviors of investors may also vary. Home sales data should be monitored closely as they constitute a key macroeconomic leading indicator, and provide significant insights for sectoral analysis.

Number of Homes Sold - Based on Type of Sale (2012-2016Q1)²¹



Source: TurkStat

In 2015, home sales broke the record by reaching an all-time high number of sales. The high momentum reached in the last five years is very pleasing for the industry. A detailed analysis of the sales reveals that “mortgage” home sales, which soared quickly until 2013, had declined from 2014 onwards in line with rising interest rates, and then reached the peak of the past two years in 2015 with 434,388 units sold. Other types of sales such as sales through contractor financing, and by check or promissory notes also reached a record level in 2015.

Home sales across Turkey²² rose by 4 percent to 106,187 units in June 2016 on year-on-year basis. Istanbul has received the highest share (19.2%) with 20,406 units sold. Ankara with 11,695 (11%) and Izmir with 6,745 (%6.4) units sold followed Istanbul in home sales. Provinces where home sales have

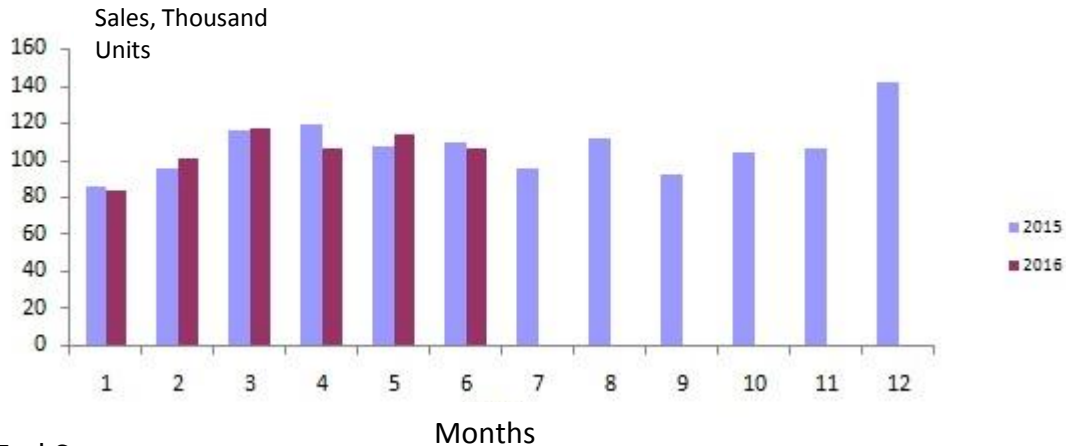
²¹TKGM (The General Directorate of Land Registry and Cadaster) changed its database system and began to record mortgage sales as a separate item as of August 2009. Accordingly, the lack of scope in terms of home sales between 2009-2012 has been fixed and data from those years have been updated.

²²TurkStat, News Bulletin, 'Home Sales Statistics-June', Issue: 21714-July 22, 2016

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been low were Hakkari, Ardahan and Bayburt with 6, 19 and 34 units sold, respectively. In the first half of 2016, home sales displayed a very similar trend with 2015.

Number of Homes Sold (2015-June 2016)



Source: TurkStat

Turkish housing industry has been most active in the three metropolitan cities, with Istanbul taking the lead by far. Bursa and Antalya markets come after these provinces. Emlak Konut REIC continues its operations in Istanbul, Ankara and Izmir, the three metropolitan cities with the highest sales. The aforementioned housing markets remain vibrant due to improvements in infrastructure and transportation facilities, and the interest of foreign investors. Furthermore, internal and external migration toward these cities further affects the demand.

Home Sales in Three Metropolitan Cities by Type

	Total (January-June 2015)	Mortgage	Other	Total (January-June 2016)	Mortgage	Other
Turkey	635,080	242,097	392,983	630,799	201,084	429,715
Ankara	74,424	33,008	41,416	67,382	26,022	41,360
Istanbul	122,573	52,260	70,313	117,242	42,906	74,336
İzmir	39,432	16,406	23,026	39,282	14,170	25,112

Source: TurkStat

House sale figures are now employed as a leading indicator in many modern economies, being monitored within growth figures in order to predict whether development is sound. In this respect, loan process and interest rates affect the construction industry as they do all other industries.

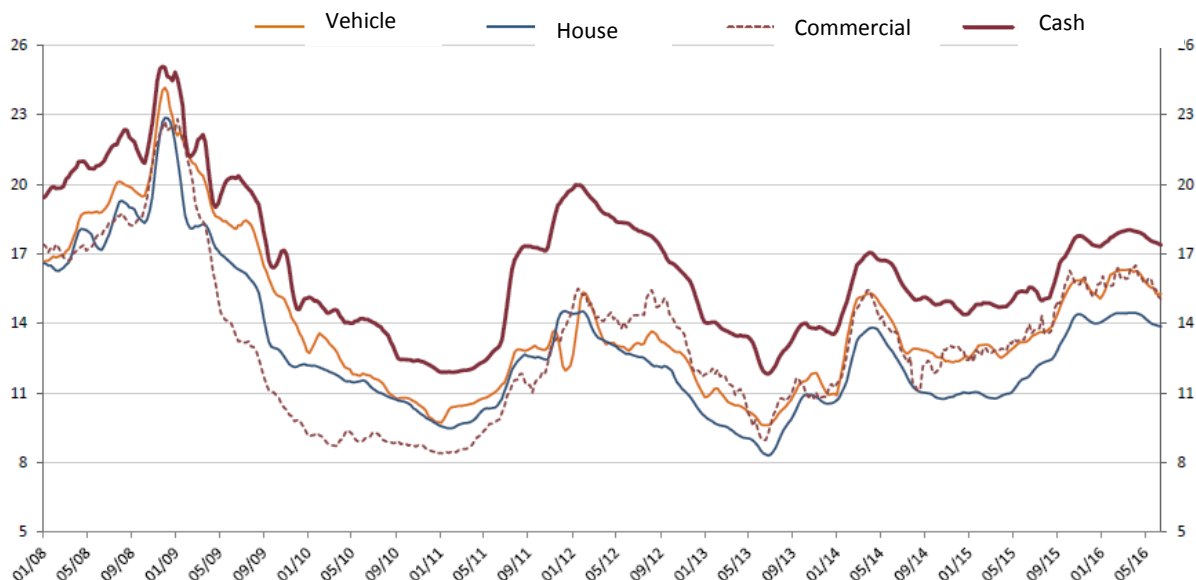
Prices and borrowing rates (or alternative costs) are the main economic variables that affect consumers' (or investors') decision-making processes. Interest rates and risk predictability play a crucial role in the housing industry in terms of both supply- and demand-side considerations. The financial sector funnels funds into the system. However, for the financial sector, the necessity of safeguarding sound loan repayment so as not to put the system under default risk is obvious. The

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Turkish banking and finance sector manages the risks through substantial regulations and implementations (also through internal know-how) introduced.

Loan Rates

Current Data, Annual Rates, %, Moving Average 4 Weeks



Source: CBRT

Funding costs for consumers and producers could be expected drop as a result of the low/negative interest rate trend in the global economy and the CBRT's recent policy of reducing interest rates to achieve growth. Many industries, particularly the housing industry, may experience an increase in activities as a result.

Besides being an asset, housing units are one of the most important determinants of household's costs of living. The price of a house signifies a different value than the sum of the dwelling services it provides.²³

Changes in economic life revealed that these should be monitored and interpreted conveniently. Since construction, and essentially the housing industry, act as a barometer of the economy, changes in prices are also significant for macroeconomic decision-making processes.

Looking at the Turkish House Price Index (THPI) compiled by the CBRT, it is seen that price increases (inflation-adjusted) have been following a modest course. In this context, examining the house price index announced by the CBRT on June 28, 2016²⁴, the following results are obtained:

Calculated by stratified median price method in order to monitor the price changes in Turkish housing market, the THPI (2010=100) rose by 1.11 percent with respect to the previous month, to 208.50 points, in April 2016. Increasing by 14.69 percent on year-on-year basis, the THPI rose by 7.62 percent in real terms in the same period. Unit prices, calculated as the house value per square meter, surged to 1794.33 TL/sqm in April 2016, up from 1596.09 TL/sqm in April 2015.²⁵

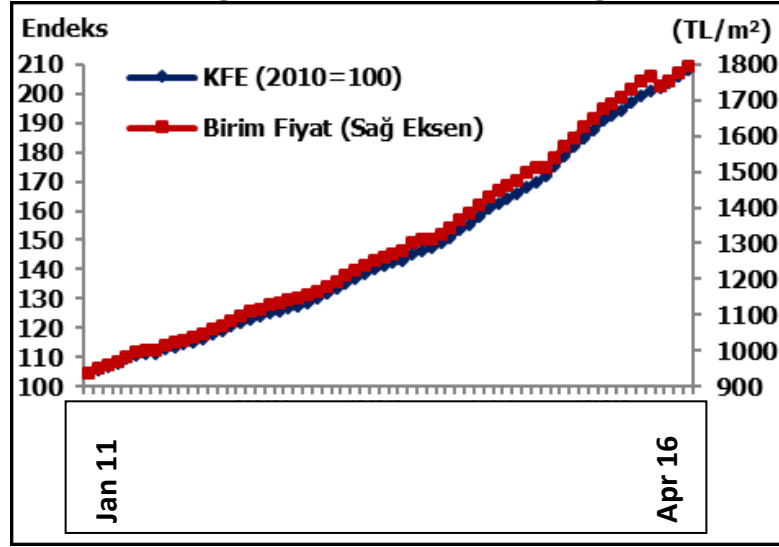
²³ Büyükduman, Ahmet, 'Bir Kent Efsanesi, Konut Balonu', Scala Yayınevi, İstanbul. 2014, p.102.

²⁴CBRT, "Turkish House Price Index", June 28, 2016 - The house price index is calculated quarterly, and the last published index covers the March, April and May 2016 period.

²⁵CBRT, "Turkish Housing Price Index," April 28, 2016, p.1.

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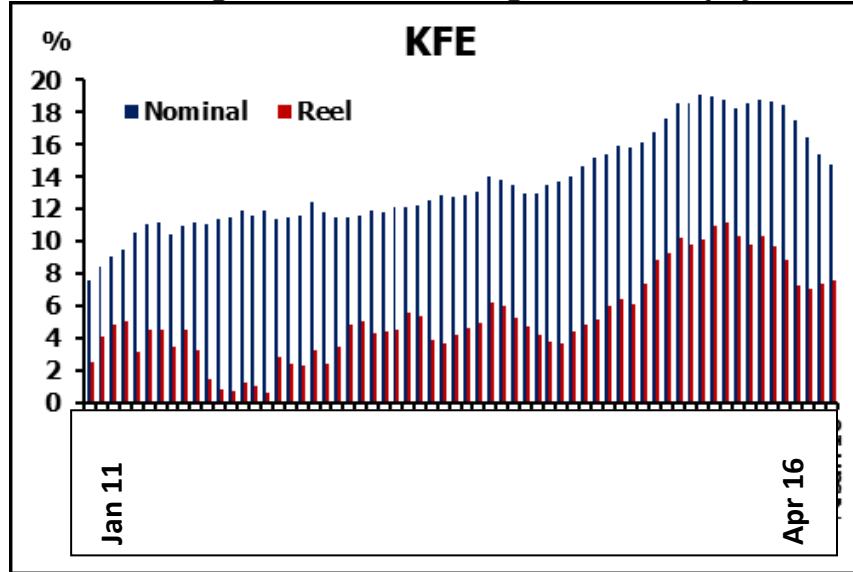
Turkish Housing Price Index and Unit Usage Price



Source: CBRT

Price changes in nominal and real terms in the THPI are illustrated in the following graph. Having increased since November 2014, nominal and real prices have been undergoing a moderate correction since October 2015.²⁶

Annual Change in Turkish Housing Price Index (%)



Source: CBRT

After the adoption of the law on reciprocity, the behaviors of foreign investors have also become a significant factor affecting the real estate market and the construction industry. While foreign investors continue to show interest in Turkish real estate industry, the appreciation of exchange rates seems to create an additional impetus for these investors.

²⁶While 'nominal price' indicates the change in the price level of the related asset in a specific period, 'real price' indicates the value obtained by deducting the inflation rate from the nominal price.

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Number of Homes Sold to Foreigners (January-June 2015-2016)

Housing units sold	January-June 2015		January-June 2016
Total	10,353	Total	9,378
Istanbul	3,329	Istanbul	3,194
Antalya	2,862	Antalya	2,151
Bursa	676	Other	902
Yalova	651	Bursa	699
Other	609	Yalova	413
Aydın	599	Aydın	410
Mersin	376	Trabzon	343
Muğla	370	Ankara	336
Sakarya	363	Sakarya	332
Trabzon	276	Mersin	302
Ankara	242	Muğla	296

Source: General Directorate of Land Registry and Cadaster

The data reveal that foreigners' housing purchases in Turkey are intended for both investment and personal use purposes. While purchases in holiday resorts and several metropolitan cities are intended mainly for personal use, purchases for investment purposes are frequent in Istanbul and neighboring regions. It is obvious that sales to foreigners bring in foreign currency to the Turkish economy.

Home sales to foreigners have declined moderately in the first half of 2016 on year-on-year basis. This may be mainly due to the reduction of purchases by Russian citizens especially in southern districts, and the leier behavior of foreigners, particularly Iraqi citizens, in Gaziantep and other southeastern provinces. However, factors such as the improvement in Turkey's relations with Russia in the second half of the year, as well as the expectation that sales to other foreign investors in relatively cheaper regions will increase, may be taken as indicators of increasing sales to foreigners. Turkish economy boasts a specific dynamic character that allows it to recover quickly from crises and economic fluctuations. The same goes for the Turkish construction and housing industry.

The factors which affects or will possibly affect Turkish real estate and construction industry in 2016 can be summarized as follows:

- The assuring structure of Turkish economy in terms of macroeconomic performance,
- the prevailing interest of foreign investors both in housing and commercial units,
- the continuing momentum in home sales, which set a record in 2015, despite all developments,
- the continuing geopolitical importance of Turkey in its vicinity and the neighboring geography,
- the ongoing downward trend in loan rates,
- the moderate level of exchange rate fluctuations despite the negative events that occurred in Turkey and the world,

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- the investors' interest from all around the world in Istanbul as a brand city,
- the ongoing works to render Istanbul a financial center,
- the attraction and interest generated by infrastructure projects (particularly Osman Gazi Bridge, Yavuz Sultan Selim Bridge, Çanakkale Bridge, high-speed train projects, submerged metro tunnels under the Bosphorus, the third airport construction in Istanbul, rail and subway transport projects in almost all metropolitan cities, and the Kanal Istanbul project stand out.),
- the growing hinterlands of metropolitan cities as a result of expansion due to increasing transportation alternatives,
- continuing urban transformation works and related regulations,
- benefits derived from more professionally managed companies that are directly related to the industry,
- ongoing rural-urban migration and immigration to Turkey,
- the natural demand due to the young demographic structure,
- increasing housing needs as a result of changing notions of nuclear family, marriage and divorce,
- rapidly growing per capita income and financial facilities after 2001 crisis,
- the greater rationality and flexibility achieved in both supply- and demand-sides of the housing market,
- the fact that investors who follow the price developments in Turkish housing market have begun to purchase homes in regions where price increases are lower, and demand housing units all over Turkey,
- the vibrancy of the industry owing to the measures taken to promote home purchases and savings,
- the positive impact of promotional sales campaigns organized by Emlak Konut REIC, as the leading company of the industry, and other actors on demand, and
- the fact that the legal and administrative process required for the construction and real estate industry to reach resources and small investors through "securities" is almost finalized.

In summary, despite the presence of various systemic and non-systemic risk factors, the future of the dynamics of Turkish economy as well as the general structure of the real estate industry is promising.

Subsequent Developments in the Post-Reporting Period

Significant developments that occurred in reporting period are provided below.

Regarding the Authorization Borrowing Power Relating to Possible Land Purchases

Our company, at a meeting of Board of Directors dated July 15, 2016, to be used for possible land purchases in the periods ahead, up to 2 billion Turkish liras, and / or to borrow from capital markets (bank loans, bonds, sukuk issuance, etc.) overall for the available funds by General Manager has authorized.

Regarding New Sales Campaign

As it is well known Emlak Konut's sales in the revenue sharing projects in advance (including bank credit) or are made with short term loan.

However, after the developments we have experienced in the last period, to break standby trend in the market and to increase sales, and following campaign is designed to make a positive contribution to the cash flow of our contractors.

Our 30 different projects, installment sales will be made in the following ways:

- a) 20% down payment, up to 120 months due with CPI increasing.
- b) 20% down payment, up to 120 months due with 0.7% interest

Emlak Konut will not take it's share from down payment and first 12 months installments and transfer to contractor's project account. After 13. months installments, all installments will be remained to Emlak Konut and will be deducted from their commitments to Emlak Konut. Maximum limit of contractors will be 20% of company share of total income.

New campaign which announced by Emlak Konut REIC will be valid between **August 1 – 31**.

Portfolio Structure and Real Estate

This section addresses the mandatory requirements of article 42 of the CMB Communique on Principles of Real Estate Investment Companies (No: III-48.1). Detailed reports about our current projects, including real estate valuation tables (projects, land and buildings) and construction completion status, will be included in the appendix of the annual report, for providing clarity and making it easier for the reader to review.

Based on our principle to disclose public information in a transparent, understandable and easily accessible manner, we have provided a summary of the two business developments methods under the “Business Models” section in our activity report. In addition, information about completed and tendered “Revenue Share” projects and completed and ongoing “Turnkey Projects” are available in the sub-sections.

Lease and Rented Properties

LEASED PROPERTIES								
No	Lessee	Start Date	End Date	Lease Term	City	District	Property Information	Lease Amount TL
1	TAHİNCİOĞLU GRUBU ORTAK GİRİŞİMİ	15.09.2015	15.09.2017	2 Yr.	İSTANBUL	ATAŞEHİR	3334 /8	2.577,48
2	İFM&AKDENİZ İN. İŞ ORTAKLIĞI	01.09.2015	01.09.2016	1 Yr.	İSTANBUL	KADIKÖY	3317 / 22	4.793,46
3	GÜRYAPI RESTORASYON TAH. VE TİC. A.Ş.	03.08.2015	03.03.2018	2 Yr. 7 Mnts	İSTANBUL	BAŞAKŞEHİR	1344-2	2.200,00
4	CİHAN İNŞAAT VE KONUT YAPI ADI ORTAKLIĞI	01.01.2016	01.01.2017	1 Yr.	İSTANBUL	BAŞAKŞEHİR	324 / 2	1.500,00
5	NİDA İNŞAAT VE TURİZM A.Ş.	01.11.2015	01.11.2016	1 Yr.	İSTANBUL	ÜMRANİYE	3317 / 21 - 3317 / 20	6.500,00
6	İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.	01.12.2015	01.12.2016	1 Yr.	İSTANBUL	ÜMRANİYE	3317 / 21 - 3317 / 20	5.000,00
7	YILMAZ İNŞ. TAH. VE TİC.A.Ş.	01.07.2016	01.07.2018	2 Yr.	İSTANBUL	BAŞAKŞEHİR	1335 / 15	6.000,00
Note: Lease amount excludes VAT							Total	28.570,94

PROPERTIES LEASED BY EMLAK KONUT								
No	Lessee	Lease Term	Start Date	End Date	City	District	Prpoerty Information	Lease Amount (TL)
1	EMLAK KONUT GYO A.Ş.	1 yr.	01.05.2016	01.05.2017	ANKARA	ÇANKAYA	A3 BLOCK NO-14	6.920,44

PORTFOLIO STRUCTURE AND REAL ESTATE

2016 Unit Sales							
NO.	Project	Sold Residential and Commercial Units					
		Jan	Feb	Mar	Apr	May	Jun
1	AĞAOĞLU MASLAK 1453 İSTANBUL	2	7	50	29	33	23
2	AVRUPA KONUTLARI BAŞAKŞEHİR				38	28	10
3	AVRUPARK	52	69	53	45	62	38
4	BAHÇEKENT EMLAK KONUTLARI 1 - 1					1	
5	BAHÇEKENT EMLAK KONUTLARI 1 - 3	10	2	10	2	2	5
6	BAHÇEKENT FLORA	51	14	28	8	12	7
7	BATIŞEHİR					5	
8	BULVAR İSTANBUL	1		1		5	
9	BURGAZKENT			1		1	
10	EMLAK KONUT BAŞAKŞEHİR EVLERİ 1-1			1		2	1
11	EMLAK KONUT BAŞAKŞEHİR EVLERİ 1-2	1	1	1	1	1	2
12	EMLAK KONUT BAŞAKŞEHİR EVLERİ 1-3		1			3	
13	EMLAK KONUT BAŞAKŞEHİR EVLERİ 1-4		1				
14	EMLAK KONUT BAŞAKŞEHİR EVLERİ 2. STAGE	3			2	3	1
15	EMLAK KONUT ISPARTAKULE EVLERİ		4	1		1	3
16	EMLAK KONUT ISPARTAKULE EVLERİ - 2				2	1	
17	EMLAK KONUT MAVİŞEHİR EVLERİ		1			5	
18	ESENLER EMLAK KONUTLARI		1	1	1	2	4
19	EVORA DENİZLİ					27	4
20	EVORA İSTANBUL 1. REGION	11	17	31	20	22	4
21	EVORA İSTANBUL 2. REGION					2	
22	EVVEL İSTANBUL	6	23	15	5	30	12
23	GÖL PANORAMA EVLERİ	6	28	31	30	43	48
24	İSTMARİNA	19	19	3	9	27	16
25	KARAT 34			25	101	20	6
26	KÖRFEZKENT 4. STAGE	134	34	27	23	3	
27	KÖY	7	20	25	7	7	28
28	METROPOL İSTANBUL	11		1	36	23	
29	NİDAKULE ATAŞEHİR	1		3		1	
30	PARK MAVERA	1	1	49	71	76	55
31	SARPHAN FİNANS PARK	14	20	14	1	1	54
32	SEYRAN ŞEHİR		54				
33	SOFALOCA		1	2	2	2	
34	STÜDYO 24					1	
35	TUAL ADALAR		35	56	4		8
36	TUAL BAHÇEKENT					136	101
37	UNİKONUT		61	10			4
38	OTHER REAL ESTATE SALES				1		
	TOTAL	330	414	439	438	588	434

NOTE	Only certain sale figures of our Marketing Department and sales office occurs monthly and annual sales report. Options are not considered in this table.
	Sales transaction is completing only with signing contract at notary, payment of advance amount, mortgage credits transferring to our bank account. These transactions may take time. Therefore previous months sales figures may increased. Customers can cancel the contract and also seller can cancel the contract because of that sales figures may decrease. Please take this point in to your consideration.

Plots of Land Purchased for Developing Projects

In line with its strategy, risk and profitability targets, the company has completed the purchase of the following plots of land:

Plots of Land Purchased in the Second Quarter of 2016.

A protocol regarding for the purchase of 5 land plots; "2 land plots with total 959.388,94 square meters area by 1.822.838.986 Turkish Liras price in Istanbul Province Küçükçekmece District Halkalı Quarter" and "3 land plots with total 24.468,90 square meters area by 455.121.540 Turkish Liras in Istanbul Province Şişli District Teşvikiye Quarter" with a grand total area of 983.857,84 square meters and a total value of 2.277.960.526,00 Turkish Liras, has been signed between our Company and Toplu Konut İdaresi Başkanlığı –TOKİ- (The Prime Ministry Housing Development Administration) on 20.06.2016.

277.960.526 Turkish Liras of the total sales price value will be paid in 1 month; 600.000.000 Turkish Liras on 15.01.2017; 700.000.000 Turkish Liras on 15.06.2017 and the remaining portion of 700.000.000 Turkish Liras will be paid to TOKİ in cash on 15.12.2017. Starting from the down payment, in line with the payment schedule, remaining payments will be updated according to the D-PPI rate and paid amounts will be deducted from the updated value

Current Projects

Detailed information on current projects are provided in Appendix-3, Appendix-4, Appendix-5, and Appendix-7.

Appraisal Reports

Appraisal reports about projects, land and buildings are provided in Appendix-2.

Current Status and Rates of Completion of the Projects

Status updates and completion rates of the projects managed by Emlak Konut REIC are provided in Appendix-3. Project completion timelines are provided in Appendix-7.

Portfolio Limitations

Portfolio Limitation Tables are presented in the notes to the Consolidated Financial Statements in Appendix-1.

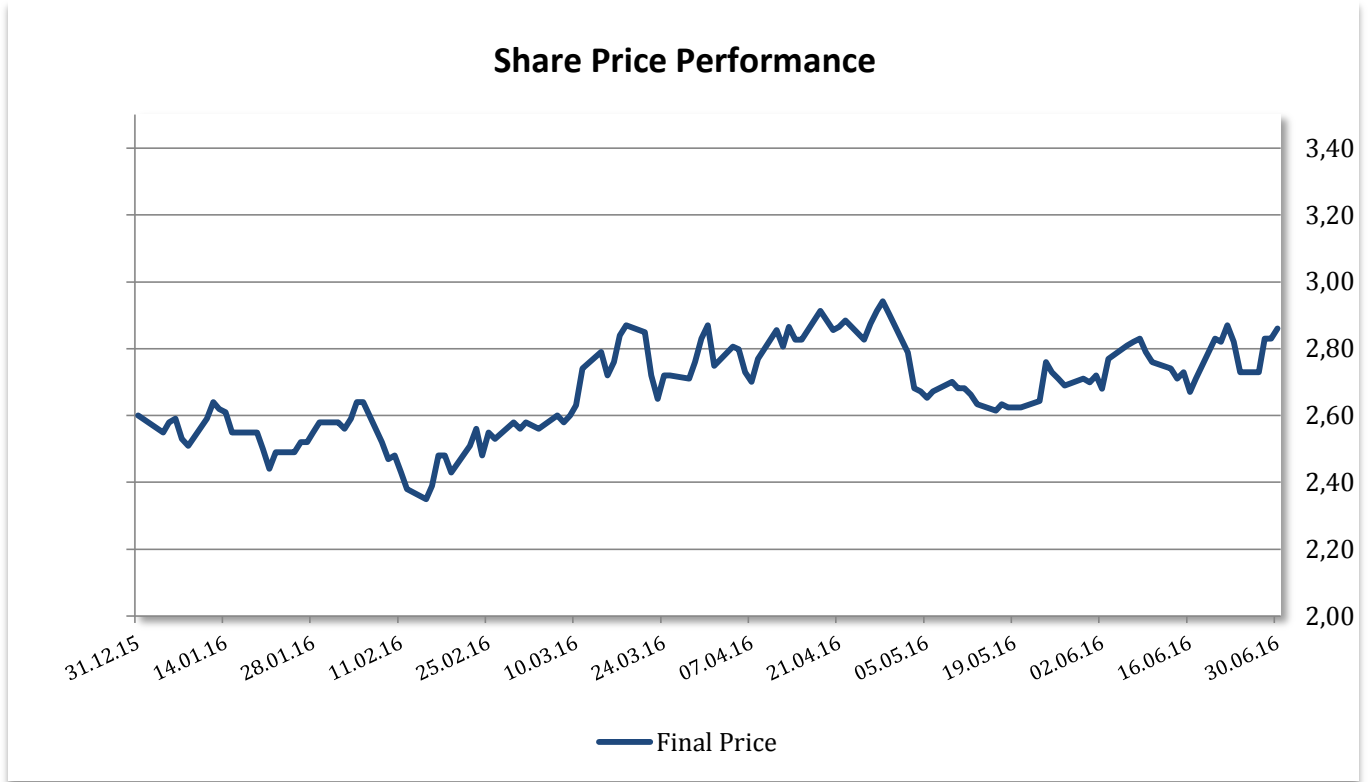
Share Price Performance

Traded Market - Index - Group

The company's Group A share stocks are traded on the Borsa Istanbul National Market. Our shares have been included in BIST GAYRİMENKUL YAT. ORT., BIST MALİ, BIST TÜM, BIST 100, BIST 30, and BIST 50 indices. The symbol tickers are as follows: **BIST TICKER:** EKGYO, **BLOOMBERG TICKER:** EKGYO.TI, **REUTERS TICKER:** EKGYO.IS.

Stock Prices and Volume Change Charts

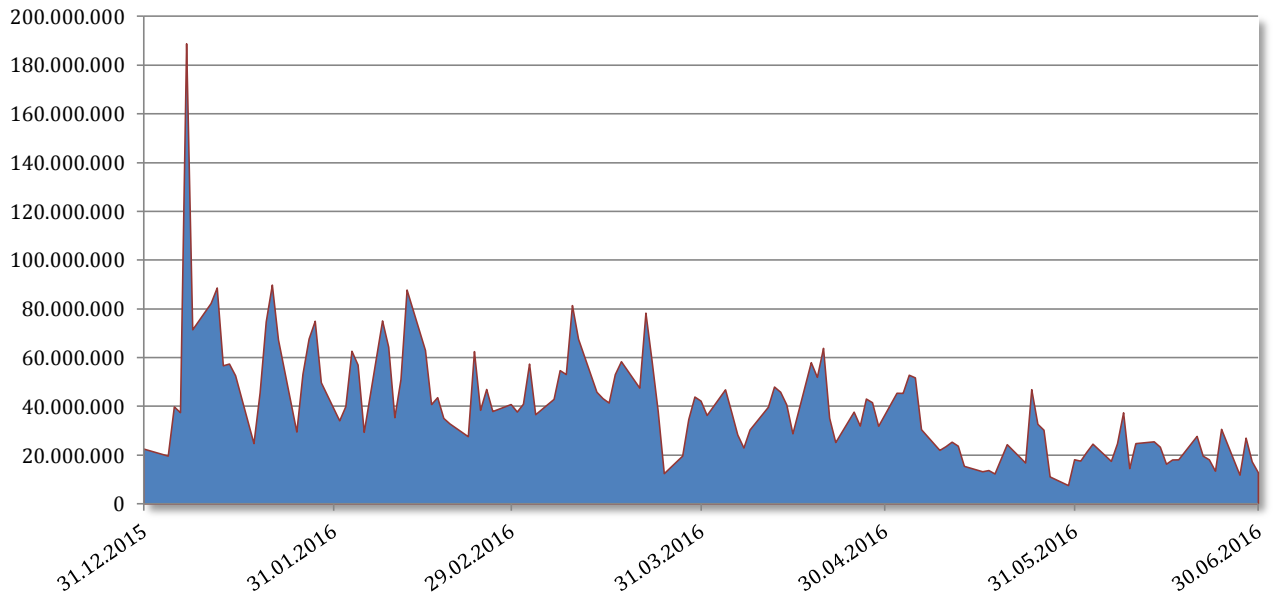
Annual Share Performance



SHARE PRICE PERFORMANCE

Annual Share Volume (Lot)

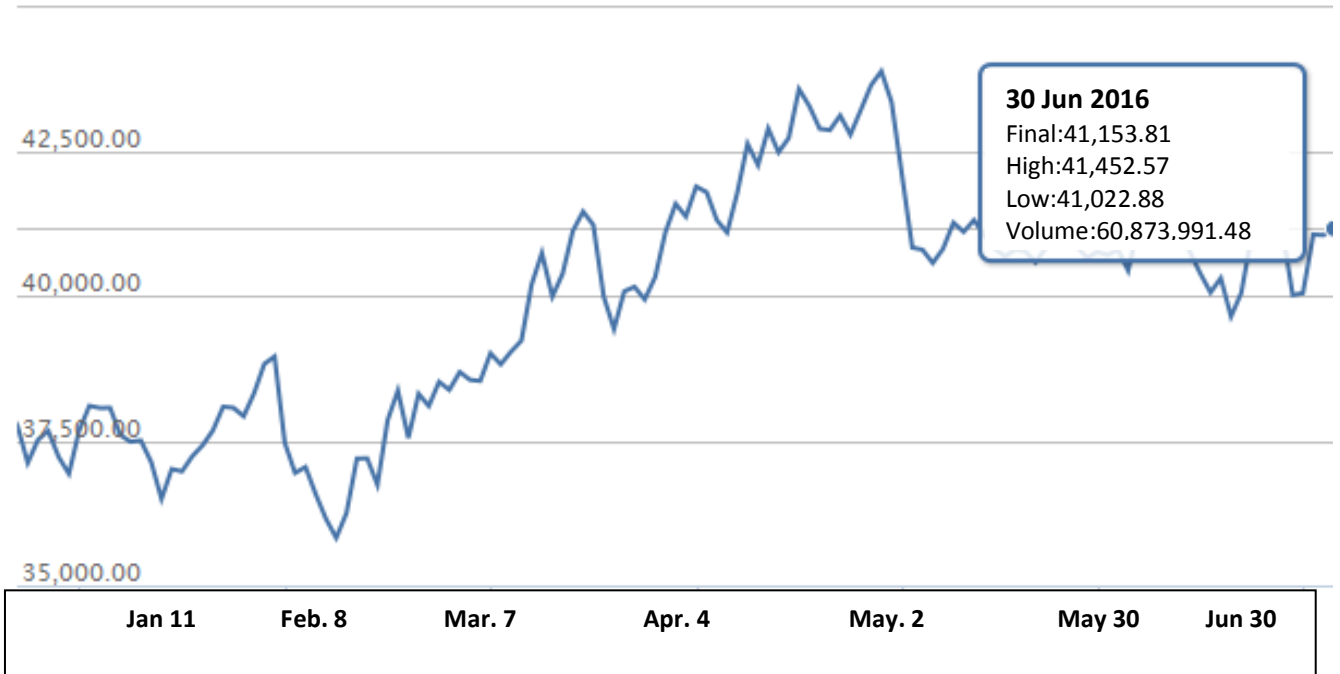
Jan - Jun 2016 Volume



SHARE PRICE PERFORMANCE

GYO Index

XGMYO



Service Providers that Serve Assets and Rights in the Shareholder Portfolio

Independent Audit Company

During the Ordinary General Assembly Meeting on April 14, 2016, the Company Policy for the Selection of an Independent Audit Company and the related Board Resolution was read and submitted for approval by the shareholders. It was decided by a majority vote - the No votes representing 68,888,466 Turkish lira - to appoint **DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.** (a member of DELOITTE TOUCHE TOHMATSU LIMITED) to perform the independent audit of the company for 2016.

Appraisal Companies

In line with Board resolutions, it was decided to purchase appraisal services from “**Atak Gayrimenkul Değerleme A.Ş.**” and “**Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.**” for the appraisal of every asset currently in the company’s portfolio and that will be added to the portfolio in 2016. The Board Resolution was made in accordance with article 35 with the title “Determining Real Estate Appraisal Company” of the CMB Communique on Principles of Real Estate Investment Companies (III-48.1a).

Investor Relations Consultant Firm

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

Certified Public Accountant

It was decided to receive the services of **Sırdaş Denetim ve Yönetim Danışmanlığı Yeminli Mali Müşavirlik A.Ş.** under contract from January 1, 2016 to December 31, 2016.

Press and Public Relations PR Agency

It was decided to receive the creative and media-related services of **F5 Görsel Sanatlar Merkezi Tic. Ltd. Şti.** under contract from September 17, 2015 to September 16, 2016.

- 1. Independent Audit Report and Consolidated Financial Statements**
- 2. Summary Reports on Asset Appraisals**
- 3. Construction Progress Phases**
- 4. Summary Table of Tendered Land Plots**
- 5. Summary Table of Building Inventory**
- 6. Summary Table of Land Plots without Developed Projects**
- 7. Table of Construction Completion Dates**

This Quarterly Report includes the Board of Directors Report, the Auditor's Report, Consolidated Financial Statements, and Independent Auditor's Report, which provide information about the company's operations and accounts in the first half of 2016.

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

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

APPENDIX -1
EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONVENIENCE TRANSLATION
OF THE REVIEW REPORT AND THE CONDENSED FINANCIAL
STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2016

(ORIGINALLY ISSUED IN TURKISH)

(CONVENIENCE TRANSLATION OF THE REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION ORIGINALLY ISSUED IN TURKISH)

REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying condensed statement of financial position of Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş. ("the Company") as of 30 June 2016 and the related condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with Turkish Accounting Standards 34 "Interim Financial Reporting" ("TAS 34"). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Independent Auditing Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Independent Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with TAS 34 "Interim Financial Reporting".

Other Matter

The financial statements of the Company for the year ended 31 December 2015 were audited and the interim financial statements for the six-month period ended 30 June 2015 were reviewed by another independent auditor. In their audit report dated 29 February 2016, the predecessor auditor expressed an unmodified opinion on the financial statements of the Company as of 31 December 2015, and in their review report dated 7 August 2016, the predecessor auditor expressed that nothing has come to their attention that causes them to believe that the interim financial information, is not prepared, in all material respects, in accordance with TAS 34.

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



Koray Öztürk, SMMM
Partner

İstanbul, 9 August 2016

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2016

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EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**CONDENSED STATEMENTS OF FINANCIAL POSITION
AT 30 JUNE 2016 AND 31 DECEMBER 2015**

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

		<i>Reviewed</i>	<i>Audited</i>
		30 June	31 December
	Notes	2016	2015
ASSETS			
Current assets			
		7,052,334	7,066,056
Cash and cash equivalents	5	2,688,985	3,005,003
Financial assets	6	147,999	143,819
Trade receivables	8	1,313,752	1,410,160
<i>Trade receivables from related parties</i>	20	33,536	204,172
<i>Trade receivables from third parties</i>		1,280,216	1,205,988
Other receivables	9	525,945	499,781
<i>Other receivables from third parties</i>		525,945	499,781
Land and residential unit inventories	10	2,153,030	1,807,059
Prepaid expenses	14	34,563	33,962
Other current assets	13	188,060	166,272
Non-current assets			
		12,042,402	10,161,448
Trade receivables	8	1,511,091	1,483,100
<i>Trade receivables from third parties</i>		1,511,091	1,483,100
Other receivables	9	785	168
Land and residential unit inventories	10	10,371,567	8,523,344
Investment property		16,000	16,000
Property, plant and equipment	11	88,810	78,721
Intangible assets		1,371	1,874
Other non-current assets		52,778	58,241
Total assets			
		19,094,736	17,227,504

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

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

**CONDENSED STATEMENTS OF FINANCIAL POSITION
AT 30 JUNE 2016 AND 31 DECEMBER 2015**

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

		<i>Reviewed</i>	<i>Audited</i>
		30 June 2016	31 December 2015
	Notes		
LIABILITIES AND EQUITY			
Current liabilities		9,376,728	7,631,665
Short term borrowings	7	770	-
Short term portion of long term borrowings	7	226,701	230,657
Trade payables	8	4,356,951	2,553,198
<i>Trade payables to related parties</i>	20	3,891,045	1,881,778
<i>Trade payables to third parties</i>	8	465,906	671,420
Other payables	9	524,707	517,994
<i>Other payables to third parties</i>		524,707	517,994
Deferred income	14	4,146,486	4,159,158
Short term provisions		121,113	170,658
<i>Short term provisions for employee benefits</i>		5,174	4,626
<i>Other short term provisions</i>	12	115,939	166,032
Non-current liabilities		118,276	270,440
Long term borrowings	7	104,000	214,000
Trade payables	8	-	36,192
<i>Trade payables to third parties</i>		-	36,192
Other payables		6,900	13,814
<i>Other payables to third parties</i>		6,900	13,814
Deferred income	14	2,585	2,448
Long term provisions for employee benefits		4,791	3,986
Shareholders' equity		9,599,732	9,325,399
Paid-in capital	15	3,800,000	3,800,000
Treasury shares (-)		(262,857)	(262,857)
Share premium		2,378,513	2,366,895
Other comprehensive income / expense not to be reclassified to profit or loss		(853)	(487)
- <i>Gain/(loss) on remeasurement of employee benefits</i>		(853)	(487)
Restricted reserves		423,295	357,908
Retained earnings		2,630,865	2,111,335
Net profit for the period		630,769	952,605
Total liabilities and equity		19,094,736	17,227,504

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

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**CONDENSED STATEMENTS OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
AT 30 JUNE 2016 AND 2015**

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

		<i>Reviewed</i>	<i>Not Reviewed</i>	<i>Reviewed</i>	<i>Not Reviewed</i>
	<i>Notes</i>	<i>1 January- 30 June 2016</i>	<i>1 April- 30 June 2016</i>	<i>1 January- 30 June 2015</i>	<i>1 April- 30 June 2015</i>
Profit or loss					
Sales	16	1,268,382	1,139,816	444,378	253,376
Cost of sales (-)	16	(702,370)	(685,468)	(191,159)	(112,881)
Gross profit		566,012	454,348	253,219	140,495
General administrative expenses (-)	17	(59,222)	(33,261)	(49,523)	(19,593)
Marketing expenses (-)	17	(23,807)	(8,659)	(17,276)	(9,420)
Other operating income	18	114,321	23,666	83,309	36,946
Other operating expenses (-)	18	(4,868)	(2,317)	(12,893)	(10,961)
Operating profit		592,436	433,777	256,836	137,467
Income from investing activities		7,570	5,294	8,969	4,139
Operating profit before financial income / (expense)		600,006	439,071	265,805	141,606
Financial income	19	49,670	23,633	40,822	15,207
Financial expenses (-)	19	(18,907)	(8,717)	(24,735)	(13,178)
Profit for the period from continued operations		630,769	453,987	281,892	143,635
Other comprehensive income / (loss)					
Actuarial computation related to employee benefit liabilities		(366)	-	(66)	59
Total comprehensive income for the period		630,403	453,987	281,826	143,694
Earnings per share (in full TL)		0.0018	0.0013	0.0008	0.0004

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

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

**CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2016 AND 2015**
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Share Capital	Adjustment to Share Capital	Share Premium	Legal Reserves	Employee Benefits	Retained Earnings	Net Income		Total Equity
							Gain / (Loss) on Remeasurement of	Net Income	
1 January 2015	3,800,000	(240,687)	2,366,895	292,674	(203)	1,578,208	954,397	8,751,284	
Transfers	-	-	-	65,234	-	889,163	(954,397)	-	
Dividend payment	-	-	-	-	-	(356,036)	-	(356,036)	
Total comprehensive income	-	-	-	-	(66)	-	281,892	281,826	
30 June 2015	3,800,000	(240,687)	2,366,895	357,908	(269)	2,111,335	281,892	8,677,074	
1 January 2016	3,800,000	(262,857)	2,366,895	357,908	(487)	2,111,335	952,605	9,325,399	
Transferler	-	-	-	65,387	-	887,218	(952,605)	-	
Dividend (Note: 15)	-	-	-	-	-	(367,688)	-	(367,688)	
Increases / (decreases) related to the acquisition of treasury shares	-	-	11,618	-	-	-	-	11,618	
Total comprehensive income	-	-	-	-	(366)	-	630,769	564,052	
30 June 2016	3,800,000	(262,857)	2,378,513	423,295	(853)	2,630,865	630,769	9,599,732	

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

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2016**

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

	Notes	1 January- 30 June 2016	1 January- 30 June 2015
Cash flows from operating activities			
Profit for the period		630,769	281,892
Adjustments to reconcile net profit			
Depreciation and amortization expenses	17	2,993	1,065
Adjustments for impairments	18	(1,013)	5,266
Changes in provisions		(49,067)	1,954
Adjustments for interest income and expenses		(119,576)	(97,669)
Unrealized exchange losses on cash and cash equivalents		-	9
Net cash before changes in assets and liabilities		464,106	192,517
Changes in net working capital			
Increase in land and residential unit inventories		86,545	(1,581,416)
(Increase) / decrease in trade receivables		71,460	15,347
(Increase) / decrease in trade payables		(510,400)	1,467,951
(Increase) / decrease in other receivables		24,950	20,268
Increase / (decrease) in other payables		29,346	430,902
Change in project deposits		255,709	(972,003)
Net cash flow from operating activities			
Interest received		69,253	10,552
Tax payments / returns		(31,301)	(22,666)
Employee termination indemnity paid		(39)	(105)
Net cash flow from operating activities		459,629	(438,653)
Cash flow from investing activities			
Purchases of tangible and intangible assets		(14,344)	(17,828)
Interest received		3,682	9,689
Purchases of financial assets		(211,926)	(279,765)
Returns of financial assets		207,746	365,012
Cash flow from investing activities		(14,842)	77,108
Cash flow from financing activities			
Cash inflows due to debt		770	-
Cash outflows due to discharge of debt		(110,000)	(79,957)
Interest received		-	42,781
Interest paid		(22,720)	(24,391)
Dividend	15	(356,070)	(356,036)
Decrease in payables to HAS beneficiaries		665	1,171
Increase in payables to HAS beneficiaries		(983)	(1,910)
Cash flow from financing activities		(488,338)	(418,342)
Net increase / (decrease) in cash and cash equivalents		(43,551)	(779,887)
Effects of unrealized gain / (loss) on cash and cash equivalents		-	(304)
Net increase / (decrease) in cash and cash equivalents		(43,551)	(780,191)
Cash and cash equivalents at the beginning of the period	5	759,493	1,453,400
Cash and cash equivalents at the end of the period	5	715,942	673,209

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 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 can not be a part of construction business, but only can organize it by auctioning between the contractors.

The condensed financial statements at 30 June 2016 have been approved by the Board of Directors on 9 August 2016. The General Assembly of the Company has the power to amend these financial statements.

The ultimate parent and ultimate controlling party of the company is T.C. Başbakanlık Toplu Konut İdaresi Başkanlığı (the Housing Development Administration of Turkey, "TOKİ"). TOKİ is a state institution under the control of Republic of Turkey Prime Ministry.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2016

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Preparation

The condensed interim 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 Company prepared its condensed interim financial statements for the period ended 30 June 2016 in accordance with the Communiqué and announcements regarding this Communiqué, in accordance with TAS 34, "Interim Financial Reporting". In this respect, the Company has preferred to prepare condensed interim financial statements in the interim periods and prepared the mentioned condensed interim financial statements in compliance with CMB Accounting Standards. The condensed interim financial statements and the related notes to them are presented in accordance with the declaration dated 7 June 2013 and with the formats required by the CMB.

The Companies are free to prepare their interim financial statements as full or condensed in accordance with TAS 34. In this context, the Company choice to prepare its interim financial statements as condensed.

Interim condensed financial statements of the Company do not include all the information and disclosures required in the annual financial statements, therefore should be read in conjunction with the Company's annual financial statements as of 31 December 2015.

The Company maintains its books of account and prepares its statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. These condensed interim financial statements in Turkish Lira ("TRY") based on the historical cost convention except for the financial assets and liabilities which are expressed with their fair values. The condensed interim financial statements are based on the statutory records, with adjustments and reclassifications for the purpose of fair presentation in accordance with the Accounting Standards of the POA.

Statement of Compliance with TAS

The contensed interim financial statements of the Company have been prepared in accordance with the TAS taxonomy issued by POA.

Accounting for the effects of hyperinflation

With the decision dated on 17 March 2005 and numbered 11/367 by the CMB which is effective from 1 January 2005, for companies operating in Turkey and preparing their financial statements in accordance with Turkish Accounting Standards the application of inflation accounting is no longer required. Accordingly, TAS 29 "Financial Reporting in Hyperinflationary Economies" did not be applied for the accounting periods starting 1 January 2005.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 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)

Functional and Presentation Currency

The financial statements of the Company are presented in the currency of the primary economic environment in which the entity operates ("functional currency"). The functional currency of the Company is expressed in Turkish Lira ("TL"), the presentation currency amounts are expressed in thousands of Turkish Lira ("TL").

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 Conformity with the Portfolio Limitations

The information presented in Additional Note of this report, regarding control of conformity with the portfolio limitations, is a summary information extracted from financial statements in accordance with Article 16 of Communiqué No: II-14,1, "Principles of Financial Reporting in Capital Markets" and is prepared in accordance with the provisions of the control of portfolio limitations of Communiqué No: III-48,1, "Principles Regarding Real Estate Investment Companies".

NOTE 3 - ACCOUNTING POLICIES

The accounting policies adopted as of 30 June 2016 are consistent with those prepared as of 31 December 2015. Therefore, condensed interim financial statements have to be considered with year end financial statements.

3.1 New and Revised Turkish Accounting Standards

a) Amendments to TAS affecting amounts reported and/or disclosures in the financial statements

None.

b) New and revised TAS applied with no material effect on the financial statements

Amendments to TAS 16 and TAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> ¹
Amendments to TAS 16 and TAS 41 and amendments to TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40	<i>Agriculture: Bearer Plants</i> ¹
Amendments to TFRS 11 and TFRS 1 Annual Improvements to 2011-2013 Cycle	<i>Accounting for Acquisition of Interests in Joint operations</i> ¹
Amendments to TAS 1	<i>TFRS 1</i> ² <i>Disclosure Initiative</i> ²

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2016

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

NOTE 3 - ACCOUNTING POLICIES (Continued)

3.1 New and Revised Turkish Accounting Standards (Continued)

b) New and revised TAS applied with no material effect on the financial statements (continued)

Annual Improvements to 2012-2014 Cycle	<i>TFRS 5, TFRS 7, TAS 34, TAS 19</i> ²
Amendments to TAS 27	<i>Equity Method in Separate Financial Statements</i> ²
Amendments to TFRS 10 and TAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ²
Amendments to TFRS 10, TFRS 12 and TAS 28	<i>Investment Entities: Applying the Consolidation Exception</i> ²
TFRS 14	<i>Regulatory Deferral Accounts</i> ²

¹ Effective for annual periods beginning on or after 31 December 2015.

² Effective for annual periods beginning on or after 1 January 2016.

Amendments to TAS 16 and TAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*

This amendment clarifies that that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment, and introduces a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated. The amendment also adds guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

Amendments to TAS 16 and TAS 41 and Amendments to TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40 *Agriculture: Bearer Plants*

This amendment include 'bearer plants' within the scope of TAS 16 rather than TAS 41, allowing such assets to be accounted for a property, plant and equipment and measured after initial recognition on a cost or revaluation basis in accordance with TAS 16. The amendment also introduces a definition of 'bearer plants' as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales, and clarifies that produce growing on bearer plants remains within the scope of TAS 41.

Amendments to TAS 16 and TAS 41 also led to amendments in related provisions of TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40, respectively.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2016**

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

NOTE 3 - ACCOUNTING POLICIES (Continued)

3.1 New and Revised Turkish Accounting Standards (Continued)

b) New and revised TAS applied with no material effect on the financial statements (continued)

Amendments to TFRS 11 and TFRS 1 *Accounting for Acquisition of Interests in Joint operations*

This amendment requires an acquirer of an interest in a joint operation in which the activity constitutes a business to:

- apply all of the business combinations accounting principles in TFRS 3 and other TAS, except for those principles that conflict with the guidance in TFRS 11,
- disclose the information required by TFRS 3 and other TAS for business combinations.
- Amendments to TFRS 11 also led to amendments in related provisions of TFRS 1

Annual Improvements 2011-2013 Cycle

TFRS 1: Clarify which versions of TAS can be used on initial adoption (amends basis for conclusions only).

Amendments to TAS 1 *Disclosure Initiative*

This amendment addresses perceived impediments to preparers exercising their judgment in presenting their financial reports.

Annual Improvements 2012-2014 Cycle

TFRS 5: Adds specific guidance in TFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

TFRS 7: Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.

TAS 34: Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference.

Annual Improvements to 2012-2014 Cycle also led to amendments in related provisions of TAS 19.

Amendments to TAS 27 *Equity Method in Separate Financial Statements*

This amendment permits investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2016

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

NOTE 3 - ACCOUNTING POLICIES (Continued)

3.1 New and Revised Turkish Accounting Standards (Continued)

b) New and revised TAS applied with no material effect on the financial statements (continued)

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

This amendment clarifies the treatment of the sale or contribution of assets from an investor to its associate or joint venture.

Amendments to TFRS 10, TFRS 12 and TAS 28 Investment Entities: Applying the Consolidation Exception

This amendment addresses issues that have arisen in the context of applying the consolidation exception for investment entities by clarifying the following points:

- The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.
- A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.
- When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.
- An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by TFRS 12.

TFRS 14 Regulatory Deferral Accounts

TFRS 14 *Regulatory Deferral Accounts* permits an entity which is a first-time adopter of Turkish Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of TFRS and in subsequent financial statements.

TFRS 14 also led to amendments in related provisions of TFRS 1.

c) New and revised TAS in issue but not yet effective

The Company has not applied the following new and revised TAS that have been issued but are not yet effective:

TFRS 9	<i>Financial Instruments</i>
Amendments to TFRS 9 and TFRS 7	<i>Mandatory Effective Date of TFRS 9 and Transition Disclosures</i>

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2016

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

NOTE 3 - ACCOUNTING POLICIES (Continued)

3.1 New and Revised Turkish Accounting Standards (Continued)

c) New and revised TAS in issue but not yet effective (continued)

TFRS 9 Financial Instruments

TFRS 9, issued in November 2009, introduces new requirements for the classification and measurement of financial assets. TFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Amendments to TFRS 9 and TFRS 7 Mandatory Effective Date of TFRS 9 and Transition Disclosures

The mandatory effective date of TFRS 9 will be no earlier than annual periods beginning on or after 1 January 2018.

The Company evaluates the effects of these standards, amendments and improvements on the financial statements.

3.2 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 restated the earnings per share by considering the number of treasury shares in determining the weighted average number of the shares outstanding. The effect of the change on the earnings per share amounts for the prior periods are disclosed below. The changes do not have any effect on the statements of financial positions, profit or loss and other comprehensive income and changes in equity.

	Earnings Per Share	
	Previously Reported	Restated
1 January – 30 June 2015	0.0007	0.0008
1 April – 30 June 2015	0.0004	0.0004

3.3 Critical accounting estimates, assumptions and judgements

The preparation of financial statements requires the use of assumptions and estimates that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues expenses which are reported throughout the period. Even though these assumptions and estimates rely on the best estimates of the Company management both the actual results may differ and not material for these financial statements.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2016**

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

NOTE 4- SIGNIFICANT EVENTS AND TRANSACTIONS RELATED WITH THE PERIOD

The events and transactions which have significant impacts on the condensed financial statements at the period ended at 30 June 2016 are as follows:

The Company issued land invoices amounting to TL 458,284 in the six months period ended 30 June 2016 regarding temporary admissions made on the parts of ongoing constructions of LSRSA (Land Subject to Revenue Sharing Agreements) (Note 16).

The Company made collections amounting to TL 1,687,321 based on the sales agreements signed with the resident buyers of the ongoing LSRSA projects. TL 543,738 portion of the total amount belongs to the Company and is accounted in Other Current Liabilities - Deferred Revenue from LSRSA Projects. The remaining portion amounting to TL 1,143,583 was collected to be paid to the subcontractors in accordance with the percentage of completion levels of the projects. The unpaid portion of this balance is accounted for at Short-term Trade Payables - Payables To Contractors According to LSRSA Projects.

The Company received advances amounting to TL 87,814 regarding to the LSRSA projects with terms of the rates defined in the construction agreements.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2016

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

NOTE 5 - CASH AND CASH EQUIVALENTS

	30 June 2016	31 December 2015
Cash on hand	3	4
Banks	2,688,982	3,004,999
- Demand deposit	93,824	65,500
- Time deposit	2,595,158	2,939,499
	2,688,985	3,005,003

Maturities of cash and cash equivalents are as follows:

	30 June 2016	31 December 2015
Demand	93,827	65,504
Up to 3 month	2,595,158	2,939,499
Less: Blocked deposits with maturities less than 3 months	(58,052)	(41,432)
	2,630,933	2,963,571

Average effective interest rates of time deposits are as follows:

	30 June 2016	31 December 2015
	(%)	(%)
	8.28	8.90

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

	30 June 2016	31 December 2015
Cash and cash equivalents	2,688,985	3,005,003
Less: Interest accruals	(10,133)	(8,525)
Less: LSRSA project deposits (*)	(248,352)	(301,997)
Less: TOKİ deposits (**)	(1,705,987)	(1,908,051)
Less: Blocked deposits	(8,571)	(26,937)
	715,942	759,493

(*) 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 248,352 (31 December 2015: TL 301,997) part of the total project amount deposits TL 62,639 (31 December 2015: TL 14,495) consists 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.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2016

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

NOTE 6 - FINANCIAL INVESTMENTS

	30 June 2016	31 December 2015
Financial Investments		
Treasury bills	135,232	130,552
Special issue government bonds (*) (Note: 9)	12,767	13,267
	147,999	143,819

(*) The Republic of Turkey, Undersecretariat of Treasury ("Turkish Treasury") issues special Domestic Government Debt securities in the name of the Company to make the HAS payments on behalf of Turkish Treasury. In 2010, special Domestic Government Debt securities amounted to TL 429,617 has been issued to the Company. The Bonds are redeemed partially and early redempted and the amount is transferred to the Company's accounts when the HAS lists are specified (Note 9). These government bonds are non-interest bearing and are not subject to sale on secondary market therefore the fair values are also their nominal values.

The Company acquired treasury bills amounting to TL 135,232 as of 30 June 2016 (31 December 2015: TL 130,552) from Turkish Treasury. These treasury bills are measured at fair value. The fair value of these treasury bills are calculated by using the effective interest rates quarterly which are announced by Turkish Treasury. Average effective interest rate of financial assets at 30 June 2016 is 9,95 % (31 December 2015: 10.84%). As of 30 June 2016, average term of the treasure bills changes between four and six months (31 December 2015: changes between four and six months).

NOTE 7 - FINANCIAL LIABILITIES

	30 June 2016	31 December 2015
Short-term financial liabilities		
Short-term bank borrowings	770	-
Short-term portion of long-term borrowings	226,701	230,657
	227,471	230,657
Long-term financial liabilities		
Long-term borrowings	104,000	214,000
	104,000	214,000

According to the agreement signed with the Turkish Treasury in 25 July 2008, the Company has TL 324,000 remaining borrowing from the Turkish Treasury for financing its HAS payment liability. With respect to the agreement signed with the Turkish Treasury, the related borrowing has a floating interest rate and has a maturity of 10 October 2017. The interest rate is defined as the weighted average of the compound rate of discounted Government bonds issued by Turkish Treasury before each payment period.

The interest rate of the borrowing at 30 June 2016 is 9.32% (31 December 2015: 10.14%).

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2016

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

NOTE 7 - FINANCIAL LIABILITIES (Continued)

The redemption schedules of the borrowings at 30 June 2016 and 31 December 2015 are as follows:

	30 June 2016	31 December 2015
2017	104,000	214,000
	104,000	214,000

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

	30 June 2016	31 December 2015
Less than 3 months	62,471	65,657
Between 3 - 12 months	165,000	165,000
Between 1 - 5 years	104,000	214,000
	331,471	444,657

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

NOTE 8 - TRADE RECEIVABLES AND PAYABLES

	30 June 2016	31 December 2015
Short-term trade receivables		
Notes receivables	407,297	500,348
Receivables from sale of residential and commercial units	485,519	445,708
Receivables from LSRSA contractors invoiced	354,154	233,822
Receivables from related parties (Note 20)	33,536	204,172
Receivables from land sales	32,006	28,083
Rent receivables	1,461	1,385
Other	886	693
Unearned finance income	(1,107)	(4,051)
	1,313,752	1,410,160
Doubtful receivables	1,927	1,965
Less: Provision for doubtful receivables	(1,927)	(1,965)
	1,313,752	1,410,160

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2016**

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

NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Continued)

	30 June 2016	31 December 2015
Long-term trade receivables		
Receivables from sale of residential and commercial units	1,593,784	1,565,891
Unearned finance income	(82,693)	(82,791)
	1,511,091	1,483,100

	30 June 2016	31 December 2015
Short-term trade payables		
Payables to related parties (Note 20)	3,891,045	1,881,778
Payables to LSRSA contractors invoiced	418,318	629,146
Time deposit interest accruals from LSRSA contractors invoiced (*)	22,801	31,457
Trade payables	24,219	10,817
	4,356,383	2,553,198

(*) The contractors' portion of the residential unit sales as defined in the agreement which gained from ongoing LSRSA projects is deposited in the time deposit bank accounts under control of the Company within the related LSRSA projects (Note 5).

	30 June 2016	31 December 2015
Long-term trade payables		
Payables to land owners (**)	-	36,192
	-	36,192

(**) In the context of collaboration protocol dated 28 February 2014 for urban transformation project, the control of the land amounting to TL 36,121 has been transferred to the Company and since the payment will be in done with the delivery of the residential and commercial units, the payable to landowner has been classified in long term trade payables. Payables to land owners was closed as of 30 June 2016, upon delivering mass housing projects on 31 May 2016.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2016**

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

NOTE 9 - OTHER RECEIVABLES AND PAYABLES

	30 June 2016	31 December 2015
Short-term other receivables		
Housing Acquisition Support ("HAS") related		
receivables from Turkish Treasury	390,793	390,750
Receivables from contractors	128,022	103,726
Receivables from the authorities	5,662	5,279
Other	1,468	26
	525,945	499,781

	30 June 2016	31 December 2015
Long-term other receivables		
Deposits and guarantees given	785	168
	785	168

	30 June 2016	31 December 2015
Short term other payables		
Payable to HAS beneficiaries	403,761	404,079
Payable to contractors (*)	88,752	88,752
Taxes and funds payable	6,452	8,470
Deferred income	11,296	4,704
Other	14,446	11,989
	524,707	517,994

(*) The amount includes the unissued invoice amount of TL 88,752 regarding to the units received as a result of revenue allocation at İzmir Mavişehir Phase 3 project, where the contractor filed a lawsuit regarding the revenue sharing percentages (31 December 2015: 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 30 June 2016 and 2015 are shown below:

	1 January 2016	Additions within the period	Disposals	30 June 2016
Treasury support share				
Receivable from Treasury	390,750	53	(10)	390,793
Special purpose government Bond (Note 6)	13,267	-	(500)	12,767
Cash generated from government bond redemption	62	612	(473)	201
Total consideration received or receivable from Treasury	404,079			403,761
Payable to HAS beneficiaries	(404,079)			(403,761)

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2016**

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

NOTE 9 - OTHER RECEIVABLES AND PAYABLES (Continued)

	1 January 2015	Additions within the period	Disposals	30 June 2015
Treasury support share				
Receivable from Treasury	391,001	144	(369)	390,776
Special purpose government Bond	13,767	-	(500)	13,267
Cash generated from government bond redemption	462	1,027	(1,041)	448
Total consideration received or receivable from Treasury	405,230			404,491
Payable to HAS beneficiaries	(405,230)			(404,491)

NOTE 10 - LAND AND RESIDENTIAL UNIT INVENTORIES

Short-term inventories	30 June 2016	31 December 2015
Planned land by LSRSA	981,942	884,599
Planned land by Turnkey Project	847,320	910,539
Residential and commercial units ready for sale	323,768	11,921
<i>Cost</i>	<i>324,569</i>	<i>12,179</i>
<i>Impairment</i>	<i>(801)</i>	<i>(258)</i>
	2,153,030	1,807,059
Long-term inventories	30 June 2016	31 December 2015
Planned land by LSRSA	4,523,695	4,524,500
Planned land by Turnkey Project	580,285	736,768
Land	5,267,587	3,262,076
<i>Cost</i>	<i>5,277,722</i>	<i>3,273,192</i>
<i>Impairment</i>	<i>(10,135)</i>	<i>(11,116)</i>
	10,371,567	8,523,344

As of 31 December 2015, independent valuation reports prepared by Atak Gayrimenkul Değerleme A.Ş. ve Peritus Gayrimenkul Değerleme A.Ş. are taken into consideration in order to calculate the fair value and impairment loss, if any, on land units and commercial units ready for sale. The valuation methods that the independent valuation companies took into consideration included sales comparison and discounted cash flow methods, where the major assumptions were comprised of total cash flows expected from the projects, discount rates to calculate the present value of the related projects and comparable m² sales amounts. All of the final values used in the valuation reports has been determined over the fair comparison.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2016**

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

NOTE 10 - LAND AND RESIDENTIAL UNIT INVENTORIES (Continued)

The movement of the impairment on land and residential unit inventories is as follows:

	2016	2015
Balance at 1 January	11,374	12,293
Impairment charge for the period	1,610	4912
Reversal of impairment	(2,048)	(66)
The impairment of stocks that transferred from investment property	-	74
Balance at 30 June	10,936	17,213

The details of land and residential stocks of the company are shown below as of 30 June 2016 and 31 December 2015:

Lands (Long term)	30 June 2016	31 December 2015
İstanbul Küçükçekmece Lands	1,822,839	-
İstanbul Maltepe Lands	667,246	665,557
İstanbul Şişli Lands	455,122	-
İstanbul Başakşehir Lands	413,529	433,905
İstanbul Zeytinburnu Lands	400,045	400,006
İstanbul Arnavutköy Lands	317,309	317,309
Ankara Yeni Mahalle Lands	273,036	273,036
İstanbul Tuzla Lands	225,933	225,933
Yalova Lands	178,340	178,340
İstanbul Kartal Lands	132,283	132,283
İstanbul Esenyurt Lands	93,654	141,282
İstanbul Avcılar Lands	47,979	106,085
Kocaeli Gebze Lands	45,174	45,174
İstanbul Ataşehir Lands	41,979	41,979
İstanbul Bakırköy Lands	30,005	30,005
Bursa Osmangazi Lands	27,336	27,336
Niğde Lands	21,613	20,304
İzmir Urla Lands	19,537	19,537
Ankara Çankaya Lands	12,861	11,849
İstanbul Şile Lands	10,210	10,210
Tekirdağ Çorlu Lands	10,185	16,578
Other	9,180	9,043
Tekirdağ Kapaklı Lands	8,248	8,248
Kocaeli Tütünciftliği Lands	3,267	3,267
İstanbul Zekeriya Köy Lands	677	-
Balıkesir Merkez Lands	-	44,000
İstanbul Eyüp Lands	-	30,091
Nevşehir Lands	-	70,042
İstanbul Zekeriyaköy Lands	-	677
	5,267,587	3,262,076

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NOTE 10 - LAND AND RESIDENTIAL UNIT INVENTORIES (Continued)

Planned lands by LSRSA	30 June 2016	31 December 2015
Sarıyer İstinye Project	1,006,171	1,006,171
Kazlıçeşme Project	656,808	656,408
Ankara Yenimahalle İstasyon Project	634,550	634,550
Maslak 1453 Project	549,827	549,415
Ankara Çankaya Mühye Project	318,647	316,662
Köy Project	225,236	224,276
İstanbul Kartal Project	186,845	186,778
Metropol İstanbul Project	182,046	246,166
İstanbul Kağıthane Seyrantepe Project	118,273	115,953
Kayabaşı 5. Etap Project	117,552	117,552
Park Maveria Project	115,513	115,859
Kayabaşı 6. Etap Project	114,900	115,227
İstanbul Üsküdar Project	108,107	85,006
Hoşdere 4. Etap Project	104,935	104,935
Kartal Yakacık Project	91,956	91,905
Kayabaşı 3. Etap Project	88,871	88,794
Konya Meram Yenice Project	86,704	86,704
Avçılar Kapadık Project	79,357	79,343
Denizli Merkez Efendi Project	76,256	74,761
Hoşdere 3. Etap Project	72,080	72,016
Kocaeli Derince Project	70,001	70,001
Yenibosna Project	68,063	68,334
Fatih Yedikule Project	65,646	65,646
Isparta Kule 5.Etap Project	58,105	-
Hoşdere 2. Etap Project	55,948	55,878
Hoşdere 5.Etap Project	47,628	-
Ankara Etimesgut Project	37,299	37,288
Bulvar İstanbul Project	14,138	14,136
Yeni Yapı Project	30,129	-
Ataşehir Finans Merkezi Project	16,206	14,951
Other	107,840	114,384
	5,505,637	5,409,099

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

NOTE 10 - LAND AND RESIDENTIAL UNIT INVENTORIES (Continued)

Planned lands by Turnkey Project	30 June 2016	31 December 2015
İstanbul Esenler Kentsel Dönüşüm Project	418,537	348,366
Kayabaşı 1. Etap 1. Kısım Project	240,979	221,819
Ayazma Emlak Konutları Project	175,327	133,791
Hoşdere 1. Kısım 2. Etap Project	56,590	145,460
Kayabaşı 1. Etap 4. Kısım Project	131,213	125,384
Ispartakule 1. Etap 1. Kısım Project	107,331	95,535
Ispartakule 1. Etap 2. Kısım Project	99,045	83,358
Nevşehir Emlak Konutları Project	73,385	-
Körfezkent 4. Etap Project	56,454	39,199
Emlak Konut Başakşehir Evleri 2. Kısım Project	43,245	35,432
Başakşehir Ayazma 2. Etap Project	24,412	-
Kocaeli Gebze Kirazpınar Kentsel Dönüşüm Project	662	662
Bursa Kentsel Dönüşüm Project	425	424
Kayabaşı 1. Etap 3. Kısım Project	-	129,013
Hoşdere 1. Kısım 1. Etap Project	-	119,608
Kayabaşı 1. Etap 2. Kısım Project	-	107,553
Hoşdere 1. Kısım 3. Etap Project	-	61,703
	1,427,605	1,647,307

Completed Units	30 June 2016	31 December 2015
Batşehir Project	150,760	-
Hoşdere Emlak Konutları	152,720	-
Başakşehir Emlak Konutları	6,615	-
My Towerland	3,752	3,752
Kayabaşı Emlak Konutları	2,140	-
Park Yaşam Mavişehir Evleri	1,739	1,739
Kocaeli Körfez Kent Emlak Konutları	1,238	1,238
Spradon Vadi Evleri	1,270	1,086
Evora 2. Etap Project	303	979
Burgazkent Çarşı Project	950	950
Other	2,281	2,177
	323,768	11,921

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

30 June 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	8,582	888	4,524	-	14,037
Transfers from constructions in progress, (net)	63,750	-	-	(63,750)	-
Transfers to stock, (net)	(2,340)	-	-	-	(2,340)
Depreciation expense(-)	(804)	(187)	(1,149)	-	(2,140)
Reversal of impairment	575	-	-	-	575
Net book value	79,347	1,438	8,025	-	88,810
Cost	80,415	2,438	13,879	-	96,732
Accumulated depreciation (-)	(1,068)	(1,000)	(5,854)	-	(7,922)
Net book value	79,347	1,438	8,025	-	88,810

30 June 2015	Buildings	Motor Vehicles	Furniture, equipment and fix assets	Construction in Progress	Total
Net book value as of 1 January 2015	9,302	545	2,152	23,898	35,897
Additions	419	462	1,170	15,458	17,509
Depreciation expense(-)	(112)	(117)	(424)	-	(653)
Impairment (-)	(420)	-	-	-	(420)
Net book value	9,189	890	2,898	39,356	52,333
Cost	10,675	1,551	6,546	39,356	58,128
Accumulated depreciation (-)	(1,066)	(661)	(3,648)	-	(5,375)
Impairment (-)	(420)	-	-	-	(420)
Net book value	9,189	890	2,898	39,356	52,333

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

NOTE 12 – OTHER SHORT TERM PROVISIONS

	30 June 2016	31 December 2015
Provisions		
Provision for lawsuits	72,203	78,088
Provision for cost accruals	43,736	87,944
	115,939	166,032

The movements of provision for lawsuits as of 30 June 2016 and 2015 are as follows:

	2016	2015
Balance at 1 January	78,088	69,699
Provision charged for the period	-	1,294
Provision released within the current period	(5,885)	(3,278)
Provision used in the period	-	(9,217)
Balance at 30 June	72,203	58,498

NOTE 13 - OTHER ASSETS AND LIABILITIES

	30 June 2016	31 December 2015
Other current assets		
Progress payments given to contractors	83,088	79,286
Accrued income	54,480	43,842
Receivables from tax office (*)	16,881	33,144
Deferred VAT	15,000	10,000
Other	18,611	-
	188,060	166,272

(*) Receivables from tax office consist of bank stoppages paid on interest income, which have been requested from the tax office to be paid back.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

NOTE 14 - DEFERRED REVENUE AND PREPAID EXPENSES

	30 June 2016	31 December 2015
Short-term deferred revenue		
Deferred revenue from LSRSA projects (*)	2,544,253	2,330,071
Advances taken from Turnkey Project sales	725,612	1,000,469
Advances taken from LSRSA contractors (**)	811,889	763,886
Advances taken from related parties (Note 20)	64,732	64,732
	4,146,486	4,159,158

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

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

	30 June 2016	31 December 2015
Long-term deferred revenue		
Other advances taken	2,585	2,448
	2,585	2,448

	30 June 2016	31 December 2015
Prepaid expenses		
Advances given for inventory (*)	31,528	32,414
Prepaid expenses	3,035	1,548
	34,563	33,962

(*) The inventory advances given consists of prepayments of the 53 independent units which the Company purchased from Sarphan Finanspark.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2016

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NOTE 15 - SHAREHOLDERS' EQUITY

The Company's authorized capital amount is TL 3,800,000 (31 December 2015: TL 3,800,000) and consists of 380,000,000,000 (31 December 2015: 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 30 June 2016 and 31 December 2015 is as follows:

Shareholders	30 June 2016		31 December 2015	
	Share (%)	TL	Share (%)	TL
Public offering portion	50.66	1,925,111	50.66	1,925,000
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	167
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.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

NOTE 16 - SALES AND COST OF SALES

	1 January- 30 June 2016	1 April- 30 June 2016	1 January- 30 June 2015	1 April- 30 June 2015
Sales income				
Land sales	458,285	345,402	395,770	218,272
<i>Income from sale of land and plots by way of</i>	<i>413,578</i>	<i>344,932</i>	<i>395,770</i>	<i>218,272</i>
<i>Land sales income</i>	<i>44,707</i>	<i>470</i>	-	-
Residential and commercial units sales	810,357	794,366	49,249	35,176
Other income	278	137	187	87
	1,268,920	1,139,905	445,206	253,535
Sales returns	(36)	(22)	(537)	-
Sales discounts	(502)	(67)	(291)	(159)
Net sales income	1,268,382	1,139,816	444,378	253,376
Cost of sales				
Cost of land sales	(80,422)	(70,531)	(152,504)	(84,040)
<i>Cost of land and plots sold by way of LSRSA</i>	<i>(72,845)</i>	<i>(70,531)</i>	<i>(152,504)</i>	<i>(84,040)</i>
<i>Cost of land sales</i>	<i>(7,577)</i>	-	<i>(7,577)</i>	-
Cost of residential and commercial units sales	(621,948)	(614,937)	(38,655)	(28,841)
	(702,370)	(685,468)	(191,159)	(112,881)
Gross profit	566,012	454,348	253,219	140,495

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

NOTE 17 - GENERAL ADMINISTRATIVE EXPENSES, MARKETING, SALES AND DISTRIBUTION EXPENSES

	1 January- 30 June 2016	1 April- 30 June 2016	1 January- 30 June 2015	1 April- 30 June 2015
General administrative expenses				
Personnel expenses	(23,651)	(11,940)	(19,303)	(9,984)
Consultancy expenses	(16,236)	(14,211)	(16,861)	(3,954)
Taxes, duties and fees	(3,609)	(588)	(2,972)	(638)
Depreciation and amortisation	(3,810)	(2,411)	(1,418)	(520)
Subcontracting service expenses	(2,993)	(1,430)	(1,065)	(518)
Travel expenses	(2,380)	(2,229)	(771)	(498)
Communication expenses	(1,014)	(407)	(503)	(8)
Insurance expenses	(86)	(45)	(961)	(522)
Other	(5,443)	-	(5,669)	(2,951)
	(59,222)	(33,261)	(49,523)	(19,593)

	1 January- 30 June 2016	1 April- 30 June 2016	1 January- 30 June 2015	1 April- 30 June 2015
Marketing, sales and distribution expenses				
Advertising expenses	(20,794)	(7,104)	(12,148)	(5,987)
Personnel expenses	(1,950)	(1,078)	(3,212)	(2,299)
Other	(1,063)	(477)	(1,916)	(1,134)
	(23,807)	(8,659)	(17,276)	(9,420)

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
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NOTE 18 - OTHER INCOME / EXPENSES

	1 January- 30 June 2016	1 April- 30 June 2016	1 January- 30 June 2015	1 April- 30 June 2015
Other income				
Finance income from credit sales	60,284	6,389	51,398	17,190
Delay penalty interest from project contractors	17,778	4,892	10,552	6,831
Released lawsuit provisions (Note 12)	5,885	166	3,278	425
Recirculate commission income	5,510	2,804	3,477	1,879
Not realized finance income	3,043	1,522	7,417	5,546
Impairment provision reversals	2,623	2,048	66	-
Delay penalty and compensation income from project contractors	-	-	792	456
Other	19,198	5,846	6,329	4,619
	114,321	23,666	83,309	36,946

	1 January- 30 June 2016	1 April- 30 June 2016	1 January- 30 June 2015	1 April- 30 June 2015
Other expenses				
Impairment provision expenses	(1,610)	(467)	(4,912)	(4,404)
Reversal of due date differences	(1,570)	(1,448)	-	-
Lawsuit provision charge for the period (Note 11)	-	-	(1,294)	(118)
Lawsuit expenses	-	-	(5,623)	(5,623)
Other	(1,688)	(402)	(1,064)	(816)
	(4,868)	(2,317)	(12,893)	(10,961)

NOTE 19 - FINANCIAL INCOME / EXPENSES

	1 January- 30 June 2016	1 April- 30 June 2016	1 January- 30 June 2015	1 April- 30 June 2015
Financial income				
Interest income from time deposits	49,665	23,631	40,814	15,203
Foreign exchange income	5	2	8	4
	49,670	23,633	40,822	15,207
Financial expenses				
Interest expense on Turkish Treasury borrowings (*)	(18,764)	(8,641)	(24,155)	(12,764)
Foreign exchange loss	(143)	(76)	(405)	(320)
Commission expenses	-	-	(175)	(94)
	(18,907)	(8,717)	(24,735)	(13,178)

(*) Interest expense of borrowing for HAS beneficiaries payments from Turkish Treasury amounting to TL 324,000 calculated in accordance with Domestic Government Debt Securities issuance compound interest rate announced at the time of payment periods.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2016

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NOTE 20 - RELATED PARTY TRANSACTIONS

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

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 6, 7 and 9.
- The Company mostly deposits its cash in State Banks in compliance with its related statute. The bank balances with state banks amounted to TL 2,732,488 as of 30 June 2016 (31 December 2015: TL 2,725,418) Regarding these bank balances, the Company also generated interest income from the related State banks amounted to TL 49,411 in as of 30 June 2016 (30 June 2015: TL 40,814). Average effective interest rates of time deposits of the Company as of 30 June 2016 are explained in Note 5.

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

	30 June 2016	31 December 2015
Trade receivables from related parties		
Emlak Planl. İnş. Prj. Yön. A.Ş. - Ege Yapı Ltd. Şti	26,646	197,277
Emlak Planl. İnş. Prj. Yön. A.Ş. - Fideltus İnş-Öztaş İnş O.G.	5,567	5,567
Emlak Planl. İnş. Prj. Yön. A.Ş. - Cathay Ortak Girişimi	1,323	1,328
	33,536	204,172
	30 June 2016	31 December 2015
Trade payables to related parties		
T.C. Başbakanlık Toplu Konut İdaresi Başkanlığı ("TOKİ") (*)	3,891,045	1,881,778
	3,891,045	1,881,778

(*) The Company has purchased various lands from its ultimate parent company (TOKİ) in 2016 and 2015. The remaining payable from this purchases to TOKİ is amounting to TL 3,646,076 (31 December 2015: TL 1,711,926) and accrued interest is TL 244,969 (31 December 2015: TL 169,852).

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2016

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NOTE 20 - RELATED PARTY TRANSACTIONS (Continued)

	30 June 2016	31 December 2015
Advances received from related parties		
Emlak Planl. İnş. Prj. Yön. A.Ş. - Fideltus İnş. - Öztaş İnş. O.G. (*) (Note:14)	64,732	64,732
	64,732	64,732

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

	1 January- 30 June 2016	1 April- 30 June 2016	1 January- 30 June 2015	1 April- 30 June 2015
Purchases from related parties				
T.C. Başbakanlık Toplu Konut İdaresi Başkanlığı ("TOKİ")	2,278,361	2,278,361	1,292,655	-
Emlak Planl. İnş. Prj. Yön. A.Ş. - Ege Yapı Ltd. Şti.	152,191	-	-	-
Emlak Planl. İnş. Prj. Yön. A.Ş. - Emlak Basın Yayın A.Ş.	469	264	-	-
	2,431,021	2,278,625	1,292,655	-
Sales to related parties				
T.C. Başbakanlık Toplu Konut İdaresi Başkanlığı ("TOKİ") (*)	50,102	-	-	-
Emlak Pazarlama-Yeni Sarp Ortak Girişimi	-	-	30	30
Emlak Planl. İnş. Prj. Yön. A.Ş. - Cathay Ortak Girişimi	49	-	-	-
	50,151	-	30	30

(*) Sales performed to T.C. Başbakanlık Toplu Konut İdaresi Başkanlığı ("TOKİ") are composed of land restitutions and update fees of related restituted lands in the current period.

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:

	1 January- 30 June 2016	1 April- 30 June 2016	1 January- 30 June 2015	1 April- 30 June 2015
Remuneration of key management				
Salaries and other short-term employee benefits	1,577	1,008	880	284
	1,577	1,008	880	284

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2016

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

NOTE 21 - CONTINGENT ASSETS AND LIABILITIES

1. The LSRSA Project Agreement dated 21 December 2005 regarding 750 units in İzmir Mavişehir Upper North Area 2. Phase has been abolished on 21 December 2009 since the contractor did not meet the requirements of the provisions in the agreement. Following the cancellation of the agreement, the project has been transferred to the Company and the remaining part of the project has been completed by another construction company which was assigned in accordance with public tender law. The related units have been completed and are sold by the Company as in RPSP TL.

The prior contractor filed a lawsuit against the Company claiming that the completion percentage of the project was significantly high and that the agreement between the parties was based on construction right in return for flat. The expert report on the project stated that the completion percentage was 83% but that the agreement between the parties was not based on construction right in return for flat. The Company and the contractor filed counter lawsuits in the following period and an additional report was decided to be issued. The additional report is about the final receivables and payables of the parties considering all the claims. The additional report is completed. The court decided to apply secondary expert report as a result of additional report examination on 11 June 2014. Nevertheless next trial date has not been appointed yet. In addition, the file was conferred to the committee since the Commercial Court converted to Committee Judgeship. The Company does not expect any obligation or liability to be incurred as a result of the lawsuit.

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 court has given trial day on 4 May 2016.

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.

2. The LSRSA project agreement regarding İzmir Mavişehir Upper North Area 3. Phase has been signed on 19 December 2005 and following almost all the contractual obligations have been performed by the parties, the Contractor filed a lawsuit against the Company claiming that the agreement conditions should be revised considering the changing conditions. The Contractor wants all the agreement provisions to be cancelled except for the provisions where the Company's revenue portion is TL 67,515 plus VAT calculated as TL 175,000 plus VAT total project revenue times 38.58% Company's revenue portion. The Contractor wants all the properties and related land portion to be valued by an independent valuation company as of the date of the lawsuit and that 38.58% of the total value to be appropriated to the Company and the remaining 61.42% of the total value to be appropriated to the Contractor (Note 9).

An expert report has been issued on the subject, which stated that the relation between the parties was in the form of ordinary partnership. The Company objected the expert report putting forward the existence of counter opinions in the doctrine and submitted the sources of such opinions. The expert report also opined that the mortgage crisis in the global markets required the revision of the agreement in accordance with "the changing conditions".

The court has been decided to examine the file for the evaluation of the request that receiving report from the new expert committee and to adjournment of hearing on 5 March 2015.

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2016

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

NOTE 21 - CONTINGENT ASSETS AND LIABILITIES (Continued)

The court rejected the case on 5 March 2015. The claimant has filed an appeal. The result of appeal is being waited.

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.

3. Mortgage and guarantees received are;

	30 June 2016	31 December 2015
Guarantees received (*)	2,895,291	3,256,850
Mortgages received (**)	45,878	126,221
	2,941,169	3,383,071

(*) 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.

4. Collaterals, pledges, mortgages ("CPM"):

	30 June 2016	31 December 2015
A. CPM given on behalf of the Company's legal personality	59,118	58,040
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	-	-
	59,118	58,040

NOTE 22 - EVENTS AFTER THE REPORTING PERIOD

On 28 July 2016; the Company the production of the Company with turnkey method or in the situation that the receivers who still have their payments remaining to pay their debts on the projects that the company sell after the communion, to make 20% discount over the current debt accounts and in addition to this campaign in 30 different projects 20% down payment 120 months maturity and to implement CPI increase on the maturity or selling with installments implementing 0.7 % maturity difference .

EMLAK KONUT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 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 Main Account Items	Related Regulation	Current Period 30 June 2016 (TL)	Prior Period 31 December 2015 (TL)
A	Money and Capital Market Instruments	Series:III-No:48, Art,24/(b)	2,588,632	938,774
B	Properties, Projects based on Properties and Rights based on Properties	Series:III-No:48, Art,24/(a)	12,619,944	10,355,987
C	Affiliates	Series:III-No:48, Art,24/(b)	-	-
	Due from related parties (Non Commercial)	Series:III-No:48, Art,23/(f)	-	-
	Other Assets		3,886,160	5,932,743
D	Total Assets	Series:III-No:48, Art,3/(k)	19,094,736	17,227,504
E	Financial Liabilities	Series:III-No:48, Art,31	331,471	444,657
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	9,599,732	9,325,399
	Other Resources		9,163,533	7,457,448
D	Total Resources	Series:III-No:48, Art,3/(k)	19,094,736	17,227,504
	Non-Consolidated (Individual) Financial Statements Other Account Items	Related Regulation	Current Period 30 June 2016 (TL)	Prior Period 31 December 2015 (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)	1,128,215	938,774
A2	Term/ Demand/ Currency	Series:III-No:48, Art,24/(b)	715,018	759,489
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)	473,495	543,047
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	59,100	58,103
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 CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 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	2016 (%)	2015 (%)	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)	72	67	>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	3	<20%
6	Affiliates to the Operating Company	Series:III-No:48, Art,28	-	-	<10%
7	Borrowing Limit	Series:III-No:48, Art,31	4	5	<500%
8	TL and Foreign Currency Time and Demand Deposits	Series:III-No:48, Art,22/(e)	2	-	<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.

APPENDIX - 2/A

TENDERED PLOTS OF LAND SUMMARY TABLE

1 REAL ESTATE APPRAISAL REPORT SUMMARY				
NAME OF THE APPRAISED JOB	İstanbul Başakşehir Kayabaşı 6. Phase(Adım İstanbul) Avrupa Konutları			
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut REIC			
ORGANIZATION PROVIDING THE APPRAISAL	Atak Gayrimenkul Değerleme A.Ş.			
REPORT DATE	20.04.2016			
INFORMATION ABOUT THE APPRAISED REAL ESTATES				
LAND REGISTRY INFORMATION	OWNER:Emlak Konut REIC, CITY :İstanbul, DISTRICT : Başakşehir, QUARTER: Kayabaşı			
	Plot/PARCEL	Surface Area (sqm)	Volume No./Page No.	Date/Journal No.
	884/1	40.121,18	124/12257	10.01.2014/415
	891/1	16.423,50	124/12265	10.01.2014/415
	892/1	18.653,20	124/12266	10.01.2014/415
CURRENT USE	Residence Project which contains commercial units			
ZONING STATUS	T1 Residence + Commercial units, FAR:2.00 Hmaks:Unrestricted			
INFORMATION ABOUT THE APPRAISED REAL ESTATES (VAT EXCLUDED)				
TOTAL VALUE OF 130 UNITS	163.531.000,00 TL			
CURRENT MARKET VALUE OF THE PROJECT	167.189.171,00 TL			
TOTAL ESTIMATED MARKET VALUE OF THE COMPLETED PROJECT	846.748.899,24 TL			
EMLAK KONUT REIC'S REVENUE SHARE OF THE COMPLETED PROJECT	220.154.713,80 TL			

2 REAL ESTATE APPRAISAL REPORT SUMMARY				
NAME OF THE APPRAISED JOB	BÜYÜKYALI İSTANBUL PROJECT			
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut REIC			
ORGANIZATION PROVIDING THE APPRAISAL	Atak Gayrimenkul Değerleme A.Ş.			
REPORT DATE	17.06.2016			
INFORMATION ABOUT THE APPRAISED REAL ESTATES				
LAND REGISTRY INFORMATION	OWNER :Emlak Konut REIC, CITY : İstanbul, DISTRICT:Zeytinburnu, QUARTER:Kazlıçeşme			
	Plot/PARCEL	Surface Area (sqm)	Volume No./Page No.	Date/Journal No.
	774/69	70.945,13	8/757	15.10.2015/12539
	774/70	2.616,10	8/758	15.10.2015/12538
	774/71	4.052,07	8/759	15.10.2015/11702
	774/73	33.409,63	8/761	15.10.2015/12539
CURRENT USE	On-site hotels, offices, shops and apartments hosting housing project			
ZONING STATUS	BLOCK NO	PARCEL NO	Zoning Category	Construction Conditions
	774	69	Residence + Commercial Unit	FAR: 2.00
	774	70	Religious Facility Area	FAR: 1.50
	774	71	School Facility Area	FAR: 2.00
	774	73	Tourism + Commercial	FAR: 2.50
INFORMATION ABOUT THE APPRAISED REAL ESTATES (VAT EXCLUDED)				
CURRENT MARKET VALUE OF THE PROJECT	954.636.749,00 TL			
COMPLETION OF THE PROJECT IN CASE OF PRESENT VALUE	3.780.997.115,93 TL			
EMLAK KONUT REIC'S REVENUE SHARE OF THE COMPLETED PROJECT	1.568.800.000,00 TL			
TOTAL VALUE 130 UNIT (In case of fulfilling the terms Turnkey-VAT Excluded)	393.895.800,00 TL			

APPENDIX - 2/A

TENDERED PLOTS OF LAND SUMMARY TABLE

3 REAL ESTATE APPRAISAL REPORT SUMMARY				
NAME OF THE APPRAISED JOB	BÜYÜKYALI İSTANBUL PROJECT			
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut REIC			
ORGANIZATION PROVIDING THE APPRAISAL	Atak Gayrimenkul Değerleme A.Ş.			
REPORT DATE	18.05.2016			
INFORMATION ABOUT THE APPRAISED REAL ESTATES				
LAND REGISTRY INFORMATION	OWNER : Emlak Konut REIC, CITY : İstanbul, DISTRICT:Zeytinburnu, QUARTER:Kazlıçeşme			
	Plot/PARCEL	Surface Area (sqm)	Volume No./Page No.	Date/Journal No.
	774/69	70.945,13	8/757	15.10.2015/12539
	774/70	2.616,10	8/758	15.10.2015/12538
	774/71	4.052,07	8/759	15.10.2015/11702
774/73	33.409,63	8/761	15.10.2015/12539	
CURRENT USE	On-site hotels, offices, shops and apartments hosting housing project			
ZONING STATUS	BLOCK NO	PARCEL NO	Zoning Category	Construction Conditions
	774	69	Residence + Commercial Unit	FAR: 2.00
	774	70	Religious Facility Area	FAR: 1.50
	774	71	School Facility Area	FAR: 2.00
774	73	Tourism + Commercial	FAR: 2.50	
INFORMATION ABOUT THE APPRAISED REAL ESTATES (VAT EXCLUDED)				
CURRENT MARKET VALUE OF THE PROJECT	954.636.749,00 TL			
COMPLETION OF THE PROJECT IN CASE OF PRESENT VALUE	3.780.997.115,93 TL			
EMLAK KONUT REIC'S REVENUE SHARE OF THE COMPLETED PROJECT	1.568.800.000,00 TL			
TOTAL VALUE 315 UNİT(In case of fulfilling the terms Turnkey-VAT Excluded)	740.911.500,00 TL			

4 REAL ESTATE APPRAISAL REPORT SUMMARY				
NAME OF THE APPRAISED JOB	KOORDİNAT ÇAYYOLU PROJECT			
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut REIC			
ORGANIZATION PROVIDING THE APPRAISAL	Atak Gayrimenkul Değerleme A.Ş.			
REPORT DATE	24.06.2016			
INFORMATION ABOUT THE APPRAISED REAL ESTATES				
LAND REGISTRY INFORMATION	OWNER :Emlak Konut REIC, CITY: Ankara, DISTRICT:Çankaya, QUARTER:Çayyolu			
	Block/Parcel	Surface Area (sqm)	Volume No./Page No.	Date/Journal No.
	29479/1	29.916,83	27/2578	13.01.2016/2860
	29479/2	778,68	27/2579	13.01.2016/2860
29479/3	752,44	27/2580	13.01.2016/2860	
CURRENT USE	Shops and apartments in the housing project hosting site.			
ZONING STATUS	BLOCK NO	PARCEL NO	Zoning Category	Construction Conditions
	29479	1	Housing Area Development	FAR:1.25
	29479	2	Technical Infrastructure Area	FAR:1.00
29479	3	Family Health Center	FAR:1.00	
INFORMATION ABOUT THE APPRAISED REAL ESTATES (VAT EXCLUDED)				
CURRENT MARKET VALUE OF THE PROJECT	102.920.007,00 TL			
COMPLETION OF THE PROJECT IN CASE OF PRESENT VALUE	296.514.612,23 TL			
EMLAK KONUT REIC'S REVENUE SHARE OF THE COMPLETED PROJECT	180.000.000,00 TL			
TOTAL VALUE 432 UNİT(In case of fulfilling the terms Turnkey-VAT Excluded)	294.696.100,00 TL			

APPENDIX - 2/A

TENDERED PLOTS OF LAND SUMMARY TABLE

5 REAL ESTATE APPRAISAL REPORT SUMMARY				
NAME OF THE APPRAISED JOB	İSTANBUL ESENLER URBAN TRANSFORMATION PROJECT			
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut REIC			
ORGANIZATION PROVIDING THE APPRAISAL	Atak Gayrimenkul Değerleme A.Ş.			
REPORT DATE	25.04.2016			
INFORMATION ABOUT THE APPRAISED REAL ESTATES				
LAND REGISTRY INFORMATION	OWNER :Emlak Konut REIC, CITY : İstanbul, DISTRICT:Esenler, QUARTER:Atışalanı			
	Block/Parcel	Surface Area (sqm)	Volume No./Page No.	Date/Journal No.
	1095/6	56.841,92	232/22968	20.08.2014/11404
CURRENT USE	Commercial units in the housing project hosting site.			
ZONING STATUS	The report of the subject parcel Esenler observations made in the Municipal Housing and Urban Development Department 01.04.2013 approval dated 11.06.2013-29.08.2013 (Amendment) Istanbul Province Esenler County Airport District Risky Areas Area 1/1000 Scale Implementation is covered by the Plan Change, parcel commercial + service + is allocated as Housing Area FAR: 3.00 Hmax : We have learned to have a free construction condition.			
	BLOCK NO	PARCEL NO	Zoning Category	Construction Conditions
	1095	6	Commercial+Service+Residence	FAR:3,00, Hmaks.: Unrestricted
INFORMATION ABOUT THE APPRAISED REAL ESTATES (VAT EXCLUDED)				
TOTAL VALUE 23 UNİT(In case of fulfilling the terms Turnkey-VAT excluded)	19.212.300,00 TL			
EMLAK KONUT REIC'S REVENUE SHARE OF THE COMPLETED PROJECT	40.014.658,59 TL			

6 REAL ESTATE APPRAISAL REPORT SUMMARY				
NAME OF THE APPRAISED JOB	Denizli Merkezefendi Evora Denizli Project			
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut REIC			
ORGANIZATION PROVIDING THE APPRAISAL	Atak Gayrimenkul Değerleme A.Ş.			
REPORT DATE	04.05.2016			
INFORMATION ABOUT THE APPRAISED REAL ESTATES				
LAND REGISTRY INFORMATION	OWNER	Emlak Konut REIC		
	CITY	Denizli		
	DISTRICT	Merkezefendi		
	QUARTER	Çakmak		
	Block/Parcel	Surface Area (sqm)	Volume No./Page No.	Date/Journal No.
	716/1	6.094,21	62/6087	27/01/2016-2047
	717/1	3.031,06	62/6088	27/01/2016-2047
	718/1	14.227,02	62/6089	27/01/2016-2047
	719/1	17.079,48	62/6090	27/01/2016-2047
	720/1	19.441,35	62/6091	27/01/2016-2047
721/1	7.037,06	62/6092	27/01/2016-2047	
722/1	6.490,63	62/6094	27/01/2016-2047	
723/1	7.764,06	62/6065	27/01/2016-2047	
724/1	14.129,35	62/6096	27/01/2016-2047	
CURRENT USE	Commercial units in the housing project hosting site.			
ZONING STATUS	Residence (FAR=2.00),Commercial (FAR=1.00), Special education area (FAR=1.00), Hmaks: Unrestricted			
INFORMATION ABOUT THE APPRAISED REAL ESTATES (VAT EXCLUDED)				
TOTAL VALUE 552 UNİT	183.242.200,00 TL			
CURRENT MARKET VALUE OF THE PROJECT	87.954.750,99 TL			
COMPLETION OF THE PROJECT IN CASE OF PRESENT VALUE	489.026.385,57 TL			
EMLAK KONUT REIC'S REVENUE SHARE OF THE COMPLETED PROJECT	88.024.749,40 TL			

APPENDIX - 2/A

TENDERED PLOTS OF LAND SUMMARY TABLE

7 REAL ESTATE APPRAISAL REPORT SUMMARY				
NAME OF THE APPRAISED JOB	Nevşehir Emlak Konutları Project			
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut REIC			
ORGANIZATION PROVIDING THE APPRAISAL	Atak Gayrimenkul Değerleme A.Ş.			
REPORT DATE	14.06.2016			
INFORMATION ABOUT THE APPRAISED REAL ESTATES				
LAND REGISTRY INFORMATION	OWNER: Emlak Konut REIC. CITY : Nevşehir, DISTRICT: Merkez, QUARTER : Yeni			
	Block/Parcel	Surface Area (sqm)	Volume No./Page No.	Date/Journal No.
	70/771	29541,4	44/4316	543/13.01.2016
CURRENT USE	Commercial units in the housing project hosting site.			
ZONING STATUS	BLOCK NO	PARCEL NO	Zoning Category	Construction Conditions
	70	771	Commercial Unit Over Residential Area	FAR:3.00
INFORMATION ABOUT THE APPRAISED REAL ESTATES (VAT EXCLUDED)				
CURRENT MARKET VALUE OF THE PROJECT	72.540.000,00 TL			
COMPLETION OF THE PROJECT IN CASE OF PRESENT VALUE	167.265.531,43 TL			
TOTAL VALUE 420 UNİT	153.896.900,00 TL			

8 REAL ESTATE APPRAISAL REPORT SUMMARY				
NAME OF THE APPRAISED JOB	Istanbul Esenyurt 5. Phase Land Sales Provision for revenue sharing within the scope of the province of Istanbul , Esenyurt district , Kayabaşı Quarter,443 blocks 51 parcels of 443 blocks 53 parcels , 458 blocks 18 parcels and 882 blocks total value of the case on the number 3 parcels the completion of Nida Tower Kayabaşı project EMLAK KONUT REIC falling value of its share of the project's current status and value of the EMLAK KONUT REIC transmitted to us by the falling share sheet lists the current state value based on the stock valuation report containing the identification of the current market value of the located 871 units sections .			
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut REIC			
ORGANIZATION PROVIDING THE APPRAISAL	Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.			
REPORT NUMBER	16,05-01-099			
REPORT DATE	02.06.2016			
INFORMATION ABOUT THE APPRAISED REAL ESTATES				
LAND REGISTRY INFORMATION	Block/Parcel	Surface Area (sqm)	Volume No./Page No.	Date/Journal No.
	443/51	10.224,70	123/12165	23.06.2014/10172
	443/53	19.971,40	123/12167	23.06.2014/10172
	458/18	12.027,60	123/12168	23.06.2014/10172
	882/3	35.103,32	124/12253	23.06.2014/10172
CURRENT USE				
ZONING STATUS	BLOCK NO	PARCEL NO	Zoning Category	Construction Conditions
	443	51	Residence	FAR=0,75, H=Unrestricted
	443	53	Residence	FAR=1,35, H=Unrestricted
	458	18	Commercial	FAR=2,00, H=Unrestricted
	882	3	Residence	FAR=1,70, H=Unrestricted
INFORMATION ABOUT THE APPRAISED REAL ESTATES (VAT EXCLUDED)				
CURRENT MARKET VALUE OF THE PROJECT	166.848.774 TL			
CURRENT SITUATION WITH PROJECT VALUE PER SHARE EMLAK KONUT REIC	158.431.219 TL			
VALUE IN CASE OF COMPLETION OF THE PROJECT on	548.102.857 TL			
EMLAK KONUT REIC'S REVENUE SHARE OF THE COMPLETED PROJECT	407.588.000 TL			
TOTAL VALUE 871 UNİT	475.937.695 TL			

APPENDIX - 2/A

TENDERED PLOTS OF LAND SUMMARY TABLE

9

REAL ESTATE APPRAISAL REPORT SUMMARY				
NAME OF THE APPRAISED JOB	TUAL BAHÇEKENT PROJECT			
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut REIC			
ORGANIZATION PROVIDING THE APPRAISAL	Atak Gayrimenkul Değerleme A.Ş.			
REPORT DATE	04.05.2016			
INFORMATION ABOUT THE APPRAISED REAL ESTATES				
LAND REGISTRY INFORMATION	OWNER : Emlak Konut REIC, CITY : İstanbul,DISTRICT: Başakşehir, QUARTER : Hoşdere			
	Block/Parcel	Surface Area (sqm)	Volume No./Page No.	Date/Journal No.
	647/2	14.257,28	47/4590	3636/14.03.2013
	648/1	29.587,60	47/4593	3636/14.03.2013
	648/6	3.647,21	47/4598	3636/14.03.2013
	648/7	15.867,59	47/4599	3636/14.03.2013
	649/1	22.282,37	47/4600	3636/14.03.2013
	658/2	5.496,97	47/4631	3636/14.03.2013
	658/3	16.216,38	47/4632	3636/14.03.2013
	658/4	11.840,23	47/4633	3636/14.03.2013
	658/5	18.759,50	47/4634	3636/14.03.2013
	658/6	14.665,93	47/4635	3636/14.03.2013
CURRENT USE	Within the schools, health facilities , offices, shops and apartments hosting housing project			
ZONING STATUS	BLOCK NO	PARCEL NO	Zoning Category	Construction Conditions
	647	2	14.257,28	FAR:1,50 Hmaks: Unrestricted
	648	1	29.587,60	FAR:2,00 Hmaks: Unrestricted
	648	6	3.647,21	FAR:0,50 Hmaks: Unrestricted
	648	7	15.867,59	FAR:2,00 Hmaks: Unrestricted
	649	1	22.282,37	FAR:2,00 Hmaks: Unrestricted
	658	2	5.496,97	FAR:1,00 Hmaks: Unrestricted
	658	3	16.216,38	FAR:1,00 Hmaks: Unrestricted
	658	4	11.840,23	FAR:1,00 Hmaks: Unrestricted
	658	5	18.759,50	FAR:1,00 Hmaks: Unrestricted
658	6	14.665,93	FAR:1,00 Hmaks: Unrestricted	
INFORMATION ABOUT THE APPRAISED REAL ESTATES (VAT EXCLUDED)				
CURRENT MARKET VALUE OF THE PROJECT	194.475.328,00 TL			
COMPLETION OF THE PROJECT IN CASE OF PRESENT VALUE	820.164.635,34 TL			
EMLAK KONUT REIC'S REVENUE SHARE OF THE COMPLETED PROJECT	182.684.189,00 TL			
TOTAL VALUE 1641 UNIT(In case of fulfilling the terms Turnkey-VAT excluded)	527.212.100,000 TL			

APPENDIX - 2/B

BUILDINGS SUMMARY TABLE

1

REAL ESTATE APPRAISAL REPORT SUMMARY				
NAME OF THE APPRAISED JOB	Kırklareli Province , Lüleburgaz District, Kurtuluş Quarter , 1266 Block,1 Parcel (Burgazkent Project) 1 (A01) Block Ground Floor No. 1 on the unit Valuation Report Section			
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut REIC			
ORGANIZATION PROVIDING THE APPRAISAL	Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.			
REPORT NUMBER	16.06-01-119			
REPORT DATE	15.06.2016			
INFORMATION ABOUT THE APPRAISED REAL ESTATES				
LAND REGISTRY INFORMATION	Plot/PARCEL	Surface Area	Volume No./Page No.	Date/Journal No.
		(sqm)		
	1266/1	34.146,00	104/10234	04.05.2007/3600
CURRENT USE	House(Empty)			
ZONING STATUS	BLOCK NO	PARCEL NO	Zoning Category	Construction Conditions
	1266	1	House	FAR=1,20, H=Unrestricted
INFORMATION ABOUT THE APPRAISED REAL ESTATES (VAT EXCLUDED)				
TOTAL VALUE OF 1 UNITS	127.160 TL			

2

REAL ESTATE APPRAISAL REPORT SUMMARY				
NAME OF THE APPRAISED JOB	İSTANBUL BAŞAKŞEHİR SPRADON QUARTZ PROJECT 1 UNIT			
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut REIC			
ORGANIZATION PROVIDING THE APPRAISAL	Atak Gayrimenkul Değerleme A.Ş.			
REPORT DATE	30.05.2016			
INFORMATION ABOUT THE APPRAISED REAL ESTATES				
LAND REGISTRY INFORMATION	OWNER	:Emlak Konut GYO A.Ş.		
	CITY	:İstanbul		
	DISTRICT	:Başakşehir		
	Plot/PARCEL	Surface Area	Volume No./Page No.	Date/Journal No.
		(sqm)		
	217/1	14.431,11	See. Report 4.2. section	
CURRENT USE	Residence and Commercial Units			
ZONING STATUS	BLOCK NO	PARCEL NO	Zoning Category	Construction Conditions
	217	1	See. Report 4.3. section	
INFORMATION ABOUT THE APPRAISED REAL ESTATES (VAT EXCLUDED)				
TOTAL VALUE OF 1 UNITS(Shares of Property Emlak Konut REIC 1/1)(VAT EXCLUDED)	236.652,00			

APPENDIX - 2/C

LAND STOCK SUMMARY TABLE

REAL ESTATE APPRAISAL REPORT SUMMARY				
NAME OF THE APPRAISED JOB	İstanbul Province, Başakşehir district, İkitelli 2sd Quarter, 1335 Block 15 Parcel No. Real Related Valuation Report			
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut REIC			
ORGANIZATION PROVIDING THE APPRAISAL	Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.			
REPORT NUMBER	16.05-01-115			
REPORT DATE	30.05.2016			
INFORMATION ABOUT THE APPRAISED REAL ESTATES				
LAND REGISTRY INFORMATION	Plot/PARCEL	Surface Area	Volume No./Page No.	Date/Journal No.
		(sqm)		
	1335/15	3.507,94	153/15094	08.09.2011/9524
CURRENT USE				
ZONING STATUS	BLOCK NO	PARCEL NO	Zoning Category	Construction Conditions
	1335	15	Commercial Area	FAR:2,00
INFORMATION ABOUT THE APPRAISED REAL ESTATES (VAT EXCLUDED)				
Plot The monthly rent(VAT Excluded)	19.290,00			

REAL ESTATE APPRAISAL REPORT SUMMARY				
NAME OF THE APPRAISED JOB	İstanbul Province, Küçükçekmece district of Halkalı quarter , 808 and 853 Island 1 Parcel; Parcel No. 6 Evaluation Report Related to Real			
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut REIC			
ORGANIZATION PROVIDING THE APPRAISAL	Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.			
REPORT NUMBER	16.05-01-109			
REPORT DATE	30.05.2016			
INFORMATION ABOUT THE APPRAISED REAL ESTATES				
LAND REGISTRY INFORMATION	Plot/PARCEL	Surface Area	Volume No./Page No.	Date/Journal No.
		(sqm)		
	808/1	379.495,94	130/12727	21.03.2008
	853/6	579.893,00	153/14952	08.04.2016
CURRENT USE				
ZONING STATUS	BLOCK NO	PARCEL NO	Zoning Category	Construction Conditions
	808	1	University Area Technology Development Zone	-
	853	6	University Area	-
INFORMATION ABOUT THE APPRAISED REAL ESTATES (VAT EXCLUDED)				
The total value of the parcel of shares in Emlak Konut REIC(VAT EXCLUDED)	1.822.838.986,00			

REAL ESTATE APPRAISAL REPORT SUMMARY				
NAME OF THE APPRAISED JOB	İstanbul Province , Şişli district , Teşvikiye Quarter, 405 Island 9, 14 and parcel No. 102 valuation report relating to immovable property			
ORGANIZATION REQUESTING THE APPRAISAL	Emlak Konut REIC			
ORGANIZATION PROVIDING THE APPRAISAL	Yetkin Gayrimenkul Değerleme ve Danışmanlık A.Ş.			
REPORT NUMBER	16.05-01-107			
REPORT DATE	30.05.2016			
INFORMATION ABOUT THE APPRAISED REAL ESTATES				
LAND REGISTRY INFORMATION	Plot/PARCEL	Surface Area	Volume No./Page No.	Date/Journal No.
		(sqm)		
	405/9	3.485,90	7/656	05.05.1994/2076
	405/14	17.466,00	7/664	05.05.1994/2076
	405/102	3.517,00	16/1505	05.05.1994/2076
CURRENT USE				
ZONING STATUS	BLOCK NO	PARCEL NO	Zoning Category	Construction Conditions
	405	9		
	405	14	University Area	-
	405	102	University Area	-
INFORMATION ABOUT THE APPRAISED REAL ESTATES (VAT EXCLUDED)				
The total value of the parcel of shares in Emlak Konut REIC(VAT EXCLUDED)	455.121.540,00			

APPENDIX - 3

CONSTRUCTION PROGRESS PHASES TABLE

	Project Name	City	District	Progress Level
1	YILDIZKENT 1	TEKİRDAĞ	KAPAKLI	Final Acceptance Completed.
2	YILDIZKENT 2	TEKİRDAĞ	KAPAKLI	Final Acceptance Completed.
3	SOYAK MAVİŞEHİR	İZMİR	KARŞIYAKA	Final Acceptance Completed.
4	YILDIZKENT 3	TEKİRDAĞ	KAPAKLI	Final Acceptance Completed.
5	NOVUS RESIDENCE	İSTANBUL	BAKIRKÖY	Final Acceptance Completed.
6	MİSSTANBUL	İSTANBUL	BAŞAKŞEHİR	Final Acceptance Completed.
7	KENTPLUS MİMARŞINAN	İSTANBUL	B.ÇEKMECE	Final Acceptance Completed.
8	EMLAK KONUT PELIKAN SİTESİ	İZMİR	KARŞIYAKA	Final Acceptance Completed.
9	EMLAK KONUT MAVİŞEHİR EVLERİ	İZMİR	KARŞIYAKA	Final Acceptance Completed.
10	DREAMCITY ÇERKEZKÖY	TEKİRDAĞ	KAPAKLI	Final Acceptance Completed.
11	SPRADON QUARTZ	İSTANBUL	BAŞAKŞEHİR	Final Acceptance Completed.
12	İSPARTAKULE EVLERİ	İSTANBUL	AVCILAR	Partial Final Acceptance Done
13	AVRUPA KONUTLARI İSPARTAKULE 1	İSTANBUL	AVCILAR	Final Acceptance Completed.
14	BİZİMEVLER 4	İSTANBUL	AVCILAR	Final Acceptance Completed.
15	MY TOWN İSPARTAKULE	İSTANBUL	AVCILAR	Final Acceptance Completed.
16	BURGAKZKENT	KIRKLARELİ	LÜLEBURGAZ	Final Acceptance Completed.
17	AVRUPA KONUTLARI TEM	İSTANBUL	G.OSMANPAŞA	Final Acceptance Completed.
18	SELİMPAŞA EMLAK KONUTLARI	İSTANBUL	SİLİVRİ	Final Acceptance Completed.
19	ERGENE VADİSİ	TEKİRDAĞ	ÇORLU	Final Acceptance Completed.
20	PARKYAŞAM MAVİŞEHİR	İZMİR	KARŞIYAKA	Final Acceptance Completed.
21	BİZİMEVLER 2	İSTANBUL	AVCILAR	Final Acceptance Completed.
22	BİZİMEVLER 3	İSTANBUL	AVCILAR	Final Acceptance Completed.
23	MAVİŞEHİR MODERN	İZMİR	ÇİĞLİ	Final Acceptance Completed.
24	MY WORLD EUROPE	İSTANBUL	BAŞAKŞEHİR	Final Acceptance Completed.
25	AVRUPA KONUTLARI İSPARTAKULE 2	İSTANBUL	AVCILAR	Final Acceptance Completed.
26	ELITE CITY	İSTANBUL	K.ÇEKMECE	Final Acceptance Completed.
27	SOYAK PARK APARTS/ SOYAK EVOSTAR	İSTANBUL	K.ÇEKMECE	Provisional Acceptance Completed.
28	AVRUPA KONUTLARI İSPARTAKULE 3	İSTANBUL	AVCILAR	Final Acceptance Completed.
29	AVRUPA KONUTLARI ATAKENT 3	İSTANBUL	K.ÇEKMECE	Final Acceptance Completed.
30	MERKEZ KAYAŞEHİR	İSTANBUL	BAŞAKŞEHİR	Final Acceptance Completed.
31	LÜLEBURGAZ ÇARŞI	KIRKLARELİ	LÜLEBURGAZ	Final Acceptance Completed.
32	SPRADON VADİ	İSTANBUL	BAŞAKŞEHİR	Final Acceptance Completed.
33	STUDYO 24	İSTANBUL	AVCILAR	Final Acceptance Completed.
34	1STANBUL	İSTANBUL	AVCILAR	Provisional Acceptance Completed.
35	AVRUPA KONUTLARI TEM 2	İSTANBUL	G.OSMANPAŞA	Final Acceptance Completed.
36	BAHÇEKENT EMLAK KONUTLARI PHASE 1, PART 1	İSTANBUL	BAŞAKŞEHİR	Provisional Acceptance Completed.
37	BAHÇEKENT EMLAK KONUTLARI PHASE 1, PART 2	İSTANBUL	BAŞAKŞEHİR	Provisional Acceptance Completed.
38	BAHÇEKENT EMLAK KONUTLARI PHASE 1, PART 3	İSTANBUL	BAŞAKŞEHİR	Provisional Acceptance Completed.
39	BAHÇEKENT FLORA	İSTANBUL	BAŞAKŞEHİR	%59,01
40	AVRUPARK	İSTANBUL	BAŞAKŞEHİR	%19,60
41	BAHÇELİEVLER YENİBOSNA	İSTANBUL	BAHÇELİEVLER	%4,77
42	ZEYTİNBURNU / KAZLIÇEŞME	İSTANBUL	ZEYTİNBURNU	%0,00
43	FATİH YEDİKULE	İSTANBUL	FATİH	%0,00
44	GÖL PANORAMA	İSTANBUL	AVCILAR	%54,24
45	UNIKONUT	İSTANBUL	AVCILAR	Provisional Acceptance Completed.
46	BATIŞEHİR	İSTANBUL	SULTANGAZI	Provisional Acceptance Completed.
47	DUMANKAYA MİKS	İSTANBUL	K.ÇEKMECE	Provisional Acceptance Completed.
48	SARIYER/ ZEKERİYAKÖY	İSTANBUL	ZEKERİYAKÖY	%11,87
49	TUAL BAHÇEKENT	İSTANBUL	BAŞAKŞEHİR	%3,41
50	İSPARTAKULE EVLERİ 1	İSTANBUL	BAŞAKŞEHİR	%5,83
51	İSPARTAKULE EVLERİ 2	İSTANBUL	BAŞAKŞEHİR	%6,77
52	ATAŞEHİR RESIDENCE	İSTANBUL	ATAŞEHİR	Final Acceptance Completed.
53	İDEALİSTKENT	İSTANBUL	ÜMRANİYE	Final Acceptance Completed.
54	UPHILL COURT	İSTANBUL	ATAŞEHİR	Final Acceptance Completed.
55	MY WORLD	İSTANBUL	ATAŞEHİR	Final Acceptance Completed.
56	KENTPLUS ATAŞEHİR	İSTANBUL	ATAŞEHİR	Final Acceptance Completed.
57	KÖRFEZKENT 1	KOCAELİ	KÖRFEZ	Final Acceptance Completed.
58	ŞEHİRİZAR KONAKLARI	İSTANBUL	ÜSKÜDAR	Final Acceptance Completed.
59	VARYAP MERIDIAN	İSTANBUL	ATAŞEHİR	Final Acceptance Completed.

APPENDIX - 3

CONSTRUCTION PROGRESS PHASES TABLE

	Project Name	City	District	Progress Level
60	MY TOWERLAND	İSTANBUL	ATAŞEHİR	Final Acceptance Completed.
61	ALEMDAĞ EMLAK KONUTLARI	İSTANBUL	ÇEKMEKÖY	Final Acceptance Completed.
62	KÖRFEZKENT 2	KOCAELİ	KÖRFEZ	Final Acceptance Completed.
63	GEBZE EMLAK KONUTLARI 1	KOCAELİ	GEBZE	Final Acceptance Completed.
64	GEBZE EMLAK KONUTLARI 2	KOCAELİ	GEBZE	Final Acceptance Completed.
65	TUZLA EMLAK KONUTLARI 2	İSTANBUL	TUZLA	Final Acceptance Completed.
66	TUZLA EMLAK KONUTLARI 1	İSTANBUL	TUZLA	Final Acceptance Completed.
67	SULTANBEYLİ	İSTANBUL	SULTANBEYLİ	Final Acceptance Completed.
68	EVORA İSTANBUL MARMARA/ EVORA İSTANBUL DENİZ/ EVORA İSTANBUL PLATINUM	İSTANBUL	TUZLA	Provisional Acceptance Completed.
69	EVORA İSTANBUL/ EVORA İSTANBUL ADALAR/ EVORA İSTANBUL RESİDANCE	İSTANBUL	TUZLA	Provisional Acceptance Completed.
70	SARPHAN FİNANS PARK	İSTANBUL	ÜMRANİYE	Partial Provisional Acceptance %93,71
71	KUASAR İSTANBUL	İSTANBUL	ŞİŞLİ	Provisional Acceptance Completed.
72	AĞAOĞLU MASLAK 1453 İSTANBUL	İSTANBUL	ŞİŞLİ	%68,72
73	METROPOL İSTANBUL	İSTANBUL	ATAŞEHİR	Provisional Acceptance Completed.
74	İSTANBUL FİNANS MERKEZİ	İSTANBUL	ATAŞEHİR	%41,01
75	KARTAL İSTMARİNA	İSTANBUL	KARTAL	%38,69
76	KÖRKEZKENT 3	KOCAELİ	KÖRFEZ	Provisional Acceptance Completed.
77	KÖRFEZKENT 4	KOCAELİ	KÖRFEZ	%27,09
78	ATAŞEHİR HEADQUARTERS(Emlak Konut REIC)	İSTANBUL	ATAŞEHİR	Provisional Acceptance Completed.
79	NİDAKULE ATAŞEHİR	İSTANBUL	ATAŞEHİR	Provisional Acceptance Completed.
80	ANKARA SOFALOCA	ANKARA	ETİMESGÜT	%31,34
81	KOCAELİ DERİNCE	KOCAELİ	DERİNCE	% 0,00
82	KARTAL YAKACIK	İSTANBUL	KARTAL	%4,97
83	SARIYER İSTİNYE	İSTANBUL	SARIYER	% 0,00
84	KONYA MERAM	KONYA	MERAM	% 0,00
85	ANKARA YENİMAHALLE	ANKARA	YENİMAHALLE	% 0,00
86	İSTANBUL SEYRANTEPE	İSTANBUL	KAĞITHANE	% 0,00
87	ANKARA ÇANKAYA MÜHYE	ANKARA	ÇANKAYA	% 0,00
88	DENİZLİ MERKEZ EFENDİ	DENİZLİ	MERKEZ	%2,67
89	ANKARA ÇANKAYA ÇAYYOLU KOORDİNAT ÇAYYOLU	ANKARA	ÇANKAYA	% 0,00
90	İSTANBUL ÜSKÜDAR BARBAROS REVENUE SHARE FOR LAND SALE	İSTANBUL	ÜSKÜDAR	% 0,00
91	KAYABAŞI EMLAK KONUTLARI PHASE 1, PART 1	İSTANBUL	BAŞAKŞEHİR	Provisional Acceptance Completed.
92	KAYABAŞI EMLAK KONUTLARI PHASE 1, PART 2	İSTANBUL	BAŞAKŞEHİR	Provisional Acceptance Completed.
93	KAYABAŞI EMLAK KONUTLARI PHASE 1, PART 3	İSTANBUL	BAŞAKŞEHİR	Provisional Acceptance Completed.
94	KAYABAŞI EMLAK KONUTLARI PHASE 1, PART 4	İSTANBUL	BAŞAKŞEHİR	Provisional Acceptance Completed.
95	KAYABAŞI 2. PHASE SEYRANŞEHİR	İSTANBUL	BAŞAKŞEHİR	Provisional Acceptance Completed.
96	KAYABAŞI 3. PHASE EVVEL İSTANBUL	İSTANBUL	BAŞAKŞEHİR	%41,12
97	KAYABAŞI 4. PHASE PARK MAVERA	İSTANBUL	BAŞAKŞEHİR	%43,04
98	ESENLER 1ST PHASE 1ST PART URBAN TRANSFORMATION	İSTANBUL	ESENLER	Provisional Acceptance Completed.
99	ESENLER 1ST PHASE 2ND PART URBAN TRANSFORMATION	İSTANBUL	ESENLER	Provisional Acceptance Completed.
100	ESENLER 2. PHASE URBAN TRANSFORMATION	İSTANBUL	ESENLER	%79,67
101	AYAZMA 2. PHASE BAĞÇETEPE İSTANBUL	İSTANBUL	BAŞAKŞEHİR	Provisional Acceptance Completed.
102	AYAZMA 3. PHASE BULVAR İSTANBUL	İSTANBUL	İKİTELLİ	Partial Provisional Acceptance %96,43
103	KAYABAŞI 6. PHASE	İSTANBUL	BAŞAKŞEHİR	6,50%
104	AYAZMA EMLAK KONUTLARI 1. PHASE	İSTANBUL	BAŞAKŞEHİR	%20,57
105	KAYABAŞI 5. PHASE NİDAKULE KAYAŞEHİR	İSTANBUL	BAŞAKŞEHİR	% 0,00
106	İSTANBUL KAYABAŞI EMLAK KONUTLARI 2. PHASE	İSTANBUL	BAŞAKŞEHİR	%9,82
107	İSTANBUL BAKIRKÖY YENİMAHALLE	İSTANBUL	BAKIRKÖY	%0,00
108	İSTANBUL BAŞAKŞEHİR AYAZMA EMLAK KONUTLARI 2.PHASE	İSTANBUL	BAŞAKŞEHİR	%1,83
109	İSTANBUL EYÜP ALİBEYKÖY	İSTANBUL	EYÜP	%0,00
110	NEVŞEHİR EMLAK KONUTLARI	NEVŞEHİR	MERKEZ	%0,00
111	İSTANBUL AVCILAR İSPARTAKULE 5.PHASE	İSTANBUL	AVCILAR	%0,00
112	İSTANBUL ESENYURT HOŞDERE 5.PHASE	İSTANBUL	ESENYURT	%0,00

APPENDIX - 4

TENDERED PLOTS OF LAND

Revenue Sharing Model Projects in Return For The Land Sale	SQM	Date of Purchase	Book Value	Company Share in Total Revenue	Description
SARPHAN FİNANSARK PROJECT - İSTANBUL ÜMRANIYE 1ST STAGE (EMLAK PAZARLAMA - YENİSARP JOINT VENTURE)	20.714,48	31.05.2000	11.854.794,15	233.369.916,18	The construction permit has been obtained.
METROPOL İSTANBUL PROJECT - İSTANBUL ATAŞEHİR EAST REGION 2ND STAGE (VARYAP VARLIBAŞLAR - GAP JOINT VENTURE)	99.108,08	31.05.2000	182.045.996,07	298.760.609,00	The construction permit has been obtained.
AĞAOĞLU MASLAK 1453 İSTANBUL PROJECT - İSTANBUL ŞİŞLİ AYAZAĞA 1ST STAGE (AKDENİZ)	222.549,42	30.09.2010	549.414.999,94	1.881.705.000,00	The construction permit has been obtained.
KÖY PROJESİ - İSTANBUL SARIYER ZEKERİYAKÖY (SİYAH KALEM MÜH.)	343.062,46	02.03.2011	225.354.876,16	475.687.500,00	The agreement of the project has been signed on 19th July 2012, the construction permit of 1791 plot/2 parcel has been obtained on 25th July 2014, the construction permit of 1789 plot/4 parcel has been obtained on 31st December 2014, the construction permit of 1790 plot/3 parcel has been obtained on 24th June 2013, the construction permit of 1789/2 - and 1790/4 block/parcel has been obtained on 6th July 2015.
İSTMARİNA PROJECT - İSTANBUL KARTAL (ELTES İNŞAAT)	53.687,97	22.04.2012	186.694.277,39	672.380.800,00	The agreement of the project has been signed on 4th February 2013, the construction permit of 9051 plot/1 parcel has been obtained on 14th March 2014, the construction permit of 9048 plot/2 parcel has been obtained on 10th June 2014, 9049 plot/1 parcel 18th May 2015, 9050 plot/1 parcel has been obtained 27th May 2015.
BULVAR İSTANBUL PROJECT - İSTANBUL BAŞAKŞEHİR AYAZMA 3RD STAGE (ÖZÜLKE - ÖZ KAR JOINT VENTURE)	50.209,32	01.12.2010	14.135.799,79	37.970.669,39	The agreement of the project has been signed on 2nd April 2013. The construction permit has been obtained on 31st May 2013. The construction amendment date:28th August 2013; the occupancy permit has been obtained on 31st December 2015.
GÖL PANAROMA EVLERİ PROJECT - İSTANBUL AVCILAR KAPADIK (BE-MA İNŞAAT)	85.251,43	30.07.2012	79.298.587,28	148.400.000,00	The agreement of the project has been signed on 5th July 2013, the construction permit has been obtained on 25th April 2014.
FATİH YEDİKULE PROJECT - İSTANBUL FATİH YEDİKULE (EGE YAPI - MYMETROPOL-SENA-BUKTOR JOINT VENTURE)	40.945,86	30.07.2012	65.645.743,88	105.968.270,00	Project Agreement was signed on the date 2nd.August.2013, Construction Permit has been offense
BAHÇEKENT FLORA PROJECT - İSTANBUL HOŞDERE 2ND STAGE (İZKA& DAĞ MÜHENDİSLİK & SİTAR JOINT VENTURE)	119.756,54	14.06.2011	55.766.808,58	110.491.029,00	The agreement of the project has been signed on 22nd November 2013. The construction permit of 656/2 block/parcel and 657/2 block/parcel have been obtained on 23rd May 2014, the construction permit of 656/1 block/parcel and 657/1 block/parcel have been obtained on 31st December 2014.
EVVEL İSTANBUL PROJECT - İSTANBUL BAŞAKŞEHİR KAYABAŞI 3RD STAGE (İNTAYA & EYG& İNTES JOINT VENTURE)	75.197,88	03.12.2012	88.794.095,91	188.760.000,00	The agreement of the project has been signed on 17th December 2013, the construction permit of 884/3 block/parcel has been obtained on 4th November 2014, and the construction permit of 891/1 and 892/1 block/parcel have been obtained on 31st August 2015.
ZEYİNBURNU KAZLIÇEŞME PROJECT - İSTANBUL ZEYİNBURNU KAZLIÇEŞME (ÖZAK-YENİGÜN-ZİYLAN JOINT VENTURE)	111.262,55	24.04.2013	656.808.201,70	1.568.800.000,00	Project Agreement was signed on the date 08th.April.2014, 25th.January.2016 and 18th.Marc.21016 date has been in the Construction Permit.
PARK MAVERA PROJECT - İSTANBUL BAŞAKŞEHİR KAYABAŞI 4TH STAGE (MAKRO - AK YAPI JOINT VENTURE)	98.476,77	03.12.2012	115.513.251,21	420.000.000,00	The agreement of the project has been signed on 25th April 2014, the construction permit of 889/1 block/parcel has been obtained on 8th October 2014, 883/1 block/parcel has been obtained on 2nd September 2015.
AVRUPARK PROJECT - İSTANBUL BAŞAKŞEHİR HOŞDERE 3RD STAGE (CİHAN İNŞ. - KONUT YAPI JOINT VENTURE)	78.639,77	14.06.2011	71.972.724,58	156.520.000,00	The agreement of the project has been signed on 20th May 2014, the construction permit has been obtained on 16th March 2015.
KOCAELİ DERİNCE PROJECT- (KUMUŞOĞLU- TOKAL JOINT VENTURE)	72.313,00	03.04.2014	70.001.245,10	83.198.500,00	The agreement of the project has been signed on 21st August 2014, the construction permit has not been obtained yet.
SOFA LOCA PROJECT- ANKARA ETİMESGUT PROJECT(BAŞYAPI- SOLARYAPI JOINT VENTURE)	18.228,00	03.04.2014	37.287.611,69	54.000.000,00	The agreement of the project has been signed on 18th August 2014, the construction permit has been obtained on 11st December 2014.
KARTAL YAKAKIC PROJECT - (DAĞ MÜHENDİSLİK)	25.462,91	28.05.2014	92.124.283,16	123.900.000,00	Project Agreement was signed on the date 30th December 2014, Construction Permit has been 12626/1 plot parcel on 21st January 2016.
İSTANBUL BAHÇELİEVLER YENİBOSNA PROJECT - (DOĞA ŞEHİRCİLİK- BAŞYAPI JOINT VENTURE)	36.174,56	28.05.2014	68.334.381,63	171.600.000,00	Project Agreement was signed on the date 9th January 2015, Construction Permit has been taken on 25th January 2016.
İSTANBUL BAŞAKŞEHİR KAYABAŞI 6TH STAGE PROJECT - (ARTAŞ SANAYİ VE TİC A.Ş.)	72.706,72	03.04.2014	115.227.284,92	350.400.000,00	Project Agreement was signed on the date 25th.May.2015, Construction Permit has been taken on 19th January 2016.
İSTANBUL BAŞAKŞEHİR HOŞDERE 4TH STAGE PROJECT - (DAĞ MİMARLIK - DAĞ MÜHENTİSLİK JOINT VENTURE)	152.621,06	14.06.2011 - 30.07.2012	104.935.001,43	275.334.000,00	Project Agreement was signed on the date 26th May 05.2015, Construction Permit has been taken on 22 January 2016.
İSTANBUL SARIYER İSTİNYE PROJECT - (TAHİNCİOĞLU GAYRİMENKUL - TAHİNCİOĞLU YAPI-NİDA JOINT VENTURE)	158.497,62	28.05.2014	1.006.171.102,62	1.876.392.000,00	The agreement of the project has been signed on 3th June 2015, the construction permit has not been obtained yet.
KONYA MERAM YENİCE PROJECT - (TORKAM- BUKTOR YAPI SAN. JOINT VENTURE)	60.675,48	05.03.2015	86.703.690,24	211.500.000,00	Project Agreement was signed on the date 6th.August .2015 - 37594/5 - 37595/5 parcel of the Construction Permit is obtained on 24th May 2016.
ANKARA YENİMAHALLE İSTASYON - (PASİFİK GAYRİMENKUL - ÇİFTAY JOINT VENTURE)	124.475,80	03.04.2014	634.550.206,25	1.258.365.000,00	The agreement of the project has been signed on 9th July 2015, the construction permit has not been obtained yet.
İSTANBUL KAĞITHANE SEYRANTEPE PROJECT - (GÜLPROJE A.Ş. - GÜLA.Ş. JOINT VENTURE)	36.749,96	05.03.2015	118.272.971,40	637.000.000,00	The agreement of the project has been signed on 14th July 2015, the construction permit has not been obtained yet.
KAYABAŞI 5TH STAGE PROJECT - (TAHİNCİOĞLU - NİDA JOINT VENTURE)	77.327,02	03.04.2014	117.552.126,69	407.588.000,00	The agreement of the project has been signed on 20th July 2015, the construction permit has been obtained on 4th February 2016.
ANKARA ÇANKAYA MÜHYE PROJECT - (MAKRO - AK YAPI JOINT VENTURE)	181.522,94	03.04.2014	318.647.097,24	1.040.000.000,00	The agreement of the project has been signed on 5th August 2015, the construction permit has not been obtained yet.
DENİZLİ MERKEZFENDİ - (TEKNİK YAPI KONUT - TEKNİK YAPI TEKNİK YAPILAR - UCD YAPI JOINT VENTURE)	95.294,22	05.03.2015	76.256.346,83	92.651.000,00	The agreement of the project has been signed on 14th September 2015, the construction permit has been obtained on 29th January 2016.
ANKARA ÇANKAYA ÇAYYOLU PROJECT - (YP A.Ş.)	30.669,27	03.04.2014	96.082.202,11	180.000.000,00	The agreement of the project has been signed on 8th October 2015, the construction permit has not been obtained yet.
İSTANBUL ÜSKÜDAR BARBAROS PROJECT - (ELTES- İSTİFİE YAPI JOINT VENTURE)	17.528,55	05.03.2015	108.107.491,38	439.887.380,00	The agreement of the project has been signed on 23th October 2015, the construction permit has been obtained on 5th February January 2016.
AVCILAR İSPARTAKULE 5TH STAGE PROJECT - (TORKAM İNŞAAT)	41.168,49	01.06.2007	58.105.439,44	132.000.000,00	The agreement of the project has been signed on 9th June 2016, the construction permit has not been obtained yet.
İSTANBUL EYÜP ALİBEYKÖY - (YENİ YAPI TAÇA İNŞAAT)	27.368,93	05.03.2015	30.128.964,69	168.150.000,00	The agreement of the project has been signed on 11th May 2016, the construction permit has not been obtained yet.
İSTANBUL ESENYURT HOŞDERE 5TH STAGE PROJECT - (CİHAN İNŞAAT KONUT YAPI)	42.019,75	14.06.2011- 30.07.2012	47.628.099,82	156.500.000,00	The agreement of the project has been signed on 17th June 2016, the construction permit has not been obtained yet.
BAKIRKÖY YENİMAHALLE - (BAŞYAPI İNŞ. - GÜNEY GAYRİMENKUL - ELİT VİZYON JOINT VENTURE)	5.250,00	05.03.2015	30.004.940,73	62.000.000,00	The agreement of the project has been signed on 15th April 2016, the construction permit has not been obtained yet.
LAND SALE OF PROJECT TOTAL REVENUE SHARING	2.674.916,81		5.519.420.644,01	14.019.279.673,57	
Land Sales Revenue Sharing Projects	SQM	Date of Purchase	Book Value	Company Share in Total Revenue	Description
İSTANBUL INTERNATIONAL FINANCE CENTRE SPECIAL/ RECREATION AREA PROJECT (İFM - AKDENİZ JOINT VENTURE)	115.497,01	31.05.2000	0,03	29.200.000,00	The construction permit of 3328/14 block/parcel has been obtained on 1st December 2014.
PROJECT TOTAL REVENUE SHARING PROVISION FOR LAND	115.497,01		0,03	29.200.000,00	
LAND SALE OF INCOME PROVISION FOR INCOME SHARED and SHARED PROJECTS TOTAL	2.790.413,82		5.519.420.644,04	14.048.479.673,57	

APPENDIX - 4

TENDERED PLOTS OF LAND - II

Turn Key Model Project	SQM	Date of Purchase	Book Value + Progress Payments	Description
İSTANBUL HOŞDERE 1ST PHASE, 2ND STAGE (ILGIN İNŞAAT)	76.702,91	14.06.2011	148.954.844,36	The construction permit has been obtained on 18th April 2013.
KAYABASI 1ST STAGE, 1ST PART (TÜRKERLER)	81.536,59	30.07.2012	240.978.985,02	The agreement of the project has been signed on 12th August 2013, the construction permit has been obtained on 31st May 2013.
KAYABASI 1ST STAGE, 3RD PART (ALTINDAG)	33.755,50	30.07.2012	131.213.426,94	The agreement of the project has been signed on 2nd September 2013, the construction permit has been obtained on 31st May 2013.
İSTANBUL ESENLER URBAN TRANSFORMATION PROJECT (ESKON)	56.841,92	10.03.2014	418.536.873,41	The agreement of the project has been signed on 16th April 2014,19th June 2014,20th June 2014 the construction permit has been obtained(Siyah Kalem,Günyapi-Özyazıcı) on 20th March 2014 and 09th April 2014.
KÖRFEZKENT 4TH STAGE (ZEK-SAN İNŞAAT)	79.804,19	25.02.2008	56.454.157,94	The construction permit has been obtained on 21st November 2014.The agreement has been signed on 07th February 2015.
İSTANBUL AYAZMA 1ST STAGE (GÜR YAPI A.Ş.)	99.874,55	01.12.2010	175.326.944,57	The construction permit has been obtained on 18th December 2014.The agreement has been signed on 26th May 2015.
EMLAK KONUT İSPARTAKULE 1ST STAGE, 1ST PART PROJECT (YÖRÜK YAPI - ERMİT MÜH. JOINT VENTURE)	85.871,43	01.06.2007	107.331.179,65	The construction permit has been obtained on 1st June 2015.The agreement has been signed on 18th September 2015.
EMLAK KONUT İSPARTAKULE 1ST STAGE 2ND PART PROJECT (BALPA İNŞAAT TEKS. SAN. VE TİC. A.Ş.)	74.346,32	01.06.2007	100.628.557,62	The construction permit has been obtained on 1st June 2015.The agreement has been signed on 18th September 2015.
EMLAK KONUT BAŞAKŞEHİR EVLERİ 2ND STAGE PROJECT (KALYON İNŞAAT)	24.272,40	03.04.2014	43.245.288,08	The construction permit has been obtained on 11th August 2015.The agreement has been signed on 2nd February 2016
NEVŞEHİR MERKEZ (CENT YAPI TİCARET LTD.ŞTİ.)	29.541,40	03.04.2014	73.385.132,65	The construction permit has been obtained on 7th March 2016.The agreement has been signed on 24th May 2016.
BAŞAKŞEHİR AYAZMA 2ND STAGE PROJECT (YILMAZ İNŞAAT SAN.TİC.A.Ş.)	21.406,97	03.04.2014	22.882.180,33	The construction permit has been obtained on 31st December 2015.The agreement has been signed on 25th April 2016.
Turn Key Model Project Total	663.954,18		1.518.937.570,57	-
Projects Total	3.454.368,00		7.038.358.214,61	14.048.479.673,57

APPENDIX - 5

BUILDINGS SUMMARY TABLE

BUILDINGS	Number of Units	SQM	Date of Purchase	Book Value	Date of Appraisal	Appraisal Value (TL)
ATAŞEHİR HEADQUARTERS OFFICE BUILDING	2	5.026,56	31.05.2000	72.332.234,34	31.12.2015	187.418.677,50
İSTANBUL BAĞÇEŞEHİR SPRADON QUARTZ PROJECT	6	391,63	22.09.2011-17.07.2012	1.269.995,17	31.12.2015	1.412.918,00
İSTANBUL ATAŞEHİR VARYAP MERIDIEN PROJECT	2	137,60	31.12.2012	805.413,49	31.12.2015	921.920,00
KIRKLARELİ LÜLEBURGAZ ÇARŞI COMMERCIAL PROJECT	1	1.188,23	07.05.2013	1.208.400,00	31.12.2015	950.000,00
İSTANBUL ATAŞEHİR MY TOWERLAND ANDROMEDA PLUS (2445/2)	3	336,24	31.10.2013	3.752.000,00	31.12.2015	3.817.778,00
İZMİR PARK YAŞAM MAVİŞEHİR PROJECT	1	345,07	23.11.2013	1.738.800,00	31.12.2015	1.763.001,00
İZMİR EMLAK KONUT MAVİŞEHİR EVLERİ PROJECT	2	252,41	31.12.2013	775.690,87	31.12.2015	727.212,22
ANKARA ÇANKAYA NEXTLEVEL PROJECT	4	989,00	30.04.2014	8.082.523,14	31.12.2015	8.892.000,00
KÖRFEZKENT KONUTLARI 1ST STAGE	1	87,37	28.07.2015	77.227,72	31.12.2015	103.000,00
STÜDYO 24 PROJECT	3	179,08	28.02.2015	467.973,27	31.12.2015	454.300,00
2ND STAGE 2ND PART EVORA İSTANBUL PROJECT	1	63,71	28.02.2015	302.500,00	31.12.2015	381.100,00
KÖRFEZKENT 3TH STAGE	8	1.126,11	31.12.2015	1.237.977,36	31.12.2015	2.314.100,00
BATIŞEHİR PROJECT	237	28.310,81	30.01.2016	150.759.718,02	31.12.2015	150.814.214,10
UNİKONUT PROJECT	1	138,88	29.02.2016	230.791,88	31.12.2015	386.100,00
BAŞAKŞEHİR EMLAK KONUT EVLERİ 1ST STAGE, 2ND PART	17	2.108,68	30.06.2016	6.615.456,90	31.12.2015	20.300.200,00
BAHÇEKENT EMLAK KONUTLARI 1ST STAGE, 3TH PART	275	32.728,70	31.03.2016	60.822.735,67	31.12.2015	91.103.200,00
EMLAK KONUT BAŞAKŞEHİR EVLERİ 1-4 PART	7	1.079,26	31.03.2016	2.140.076,02	31.12.2015	6.552.300,00
TOTAL FOR BUILDINGS	571	74.489,34		312.619.513,85		478.312.020,82

APPENDIX - 6

LAND STOCK SUMMARY TABLE

LOCATION	Number of Parcels	SQM	Date of Purchase	Book Value	Date of Appraisal	Appraisal Value (TL)
ANKARA ETİMESGUT BALIKUYUMCU PARCELS	91	1.919.107,39	26.10.2006	273.036.259,40	31.12.2015	348.330.603,40
TEKİRDAĞ ÇORLU PARCELS	5	60.976,48	24.03.2006 - 30.09.2010	10.306.663,55	31.12.2015	15.720.000,00
İZMİR KONAK PARCELS	1	6.810,00	31.05.2000	734.812,18	31.12.2015	10.623.600,00
TEKİRDAĞ ÇERKEZKÖY PARCELS	17	371.235,69	09.12.2005	8.247.941,97	31.12.2015	106.615.693,05
KOCAELİ KÖRFEZ PARCELS	5	28.577,05	25.02.2008	3.267.381,58	31.12.2015	10.757.969,00
KOCAELİ GEBZE GÜZELLER PARCELS	49	187.978,68	21.03.2007- 29.06.2009 - 17.02.2010	45.378.813,70	31.12.2015	66.112.146,70
İSTANBUL ATAŞEHİR PARCELS	13	27.788,87	10.11.1992 - 23.12.1996 - 31.05.2000 - 31.12.2012- 05.03.2015	40.144.660,15	31.12.2015	79.975.845,00
İSTANBUL BAŞAKŞEHİR HOŞDERE PARCELS	20	286.161,98	06.10.2011 - 07.08.2012 - 14.06.2011 - 30.07.2012	78.905.095,95	31.12.2015	110.687.836,50
KASTAMONU CİDE PARCELS	2	10.262,82	11.04.2011	66.866,81	31.12.2015	62.000,00
İSTANBUL ESENYURT HOŞDERE PARCELS	5	107.512,75	14.06.2011 - 30.07.2012	93.654.381,32	31.12.2015	170.056.560,00
İSTANBUL BAŞAKŞEHİR İKİTELLİ-2 PARCELS	33	203.948,90	01.12.2010 - 07.03.2012 - 14.09.2012 - 25.09.2012 - 01.10.2012 - 05.03.2015 - 01.12.2010	217.598.236,86	31.12.2015	257.242.681,00
İSTANBUL ÜMRANIYE PARCELS	4	17.067,99	01.11.2005	1.843.977,03	31.12.2015	27.202.365,00
İSTANBUL TUZLA PARCELS	5	12.285,83	31.12.2012	20.016.360,04	31.12.2015	25.196.240,50
İZMİR KARŞIYAKA PARCELS	1	2.787,00	30.12.2005	0,01	31.12.2015	891.840,00
İSTANBUL ZEKERİYAKÖY PARCELS	1	992,00	02.03.2011	677.397,25	31.12.2015	677.397,25
İSTANBUL BEŞİKTAŞ PARCELS	1	1.298,32	22.12.1989	296.673,67	31.12.2015	4.091.850,00
İSTANBUL ŞİŞLİ VE SARIYER PARCELS	1	23,30	18.05.1990	50,49	31.12.2015	137.000,00
ANKARA ÇANKAYA CEBECİ PARCELS	2	400,00	31.08.1987	0,08	31.12.2015	273.144,00
İSTANBUL BÜYÜKÇEKMECE PARCELS	1	78,10	28.04.2006	1,00	31.12.2015	15.620,00
İSTANBUL ARNAVUTKÖY PARCELS	14	3.645.527,92	05.06.2013	333.309.400,26	31.12.2015	380.894.195,14
İSTANBUL KARTAL PARCELS	18	73.269,99	24.04.2013 - 22.04.2012	132.283.105,86	31.12.2015	145.408.330,39
İZMİR URLA PARCELS	1	368.342,54	24.04.2013	19.536.918,32	31.12.2015	22.100.552,40
İSTANBUL MALTEPE PARCELS	47	118.849,44	28.05.2014	667.245.640,00	31.12.2015	713.096.640,00
BURSA OSMANGAZİ PARCELS	4	54.745,33	28.05.2014	27.336.415,48	31.12.2015	32.918.080,00
ESKİŞEHİR PARCELS	1	23.941,74	28.05.2014	5.367.042,79	31.12.2015	5.746.000,00
İSTANBUL BAŞAKŞEHİR KAYABAŞI PARCELS	1	372.994,63	03.04.2014	116.997.070,47	31.12.2015	130.548.120,50
NEVŞEHİR PARCELS	-	-	05.03.2015	0,00	31.12.2015	0,00
İSTANBUL BAĞCILAR PARCELS	1	531,70	05.03.2015	903.890,00	31.12.2015	893.700,00
NİĞDE PARCELS	-	25.643,04	05.03.2015	21.613.116,98	31.12.2015	22.215.456,00
İSTANBUL ŞİLE PARCELS	2	34.590,00	05.03.2015	12.034.200,00	31.12.2015	12.562.500,00
YALOVA ÇİFTLİKKÖY PARCELS	4	1.455.000,00	05.03.2015	178.340.000,00	31.12.2015	194.470.000,00
İSTANBUL ZEYTİNBURNU PARCELS	3	36.782,54	05.03.2015	400.045.453,14	31.12.2015	411.175.200,00
İSTANBUL BAKIRKÖY PARCELS	-	-	05.03.2015	0,00	31.12.2015	0,00
İSTANBUL AVCILAR PARCELS	2	38.529,21	01.06.2007	47.979.230,35	31.12.2015	61.856.717,00
İSTANBUL TUZLA PARCELS	1	65.122,35	29.05.2015	205.916.870,70	31.12.2015	208.391.520,00
ANKARA ÇANKAYA MÜHYE PARCELS	9	12.334,88	03.04.2014	12.105.048,85	31.12.2015	12.523.969,50
İSTANBUL EYÜP PARCELS	-	-	03.04.2014	0,00	31.12.2015	0,00
ANKARA ÇAYYOLU PARCELS	1	778,68	03.04.2014	1.031.412,07	31.12.2015	1.012.284,00
İSTANBUL KÜÇÜKÇEKMECE HALKALI LAND	2	959.388,94	03.04.2014	1.822.838.986,00	31.12.2015	1.822.838.986,00
İSTANBUL ŞİŞLİ LAND	3	24.468,90	03.04.2014	455.121.540,00	31.12.2015	455.121.540,00
TOTAL FOR LAND STOCK	371	10.556.134,98		5.254.180.914,31		5.868.444.182,33

APPENDIX - 7
CONSTRUCTION PROGRESS PHASES TABLE

EMLAK KONUT REİC		
RESIDENTIAL, COMMERCIAL UNITS, SCHOOL AND CONSTRUCTION WORK BY REVENUE SHARING MODEL IN RETURN FOR THE LAND SALE TABLE		
NO	PROJECT NAME	COMPLETION DATE (BASED ON THE AGREEMENT)
1	METROPOL İSTANBUL	09.08.2016
2	SARPHAN FİNANS PARK	30.09.2016
3	MASLAK 1453	16.07.2016
4	KÖY	14.07.2019
5	İSTANBUL FİNANS MERKEZİ	21.09.2019
6	İSTMARİNA	02.10.2017
7	BULVAR İSTANBUL	08.10.2016
8	GÖL PANAROMA EVLERİ	03.12.2016
9	FATİH YEDİKULE	11.05.2018
10	BAHÇEKENT FLORA	01.12.2016
11	EVVEL İSTANBUL	02.01.2017
12	BÜYÜKYALI İSTANBUL	03.09.2018
13	PARK MAVERA	28.10.2017
14	AVRUPARK	29.11.2017
15	SOFALOCA	21.02.2017
16	KOCAELİ DERİNCE	31.12.2019
17	TUAL ADALAR	07.03.2018
18	KARAT 34	17.07.2017
19	SARIYER İSTİNYE	13.06.2019
20	AVRUPA KONUTLARI BAŞAKŞEHİR	24.02.2018
21	TUAL BAHÇEKENT	16.09.2018
22	TEMAŞEHİR KONYA	22.06.2018
23	KAĞITHANE SEYRANTEPE	11.01.2018
24	NİDAKULE KAYAŞEHİR	23.04.2018
25	ANKARA YENİMAHALLE	18.07.2019
26	ÇANKAYA MÜHYE	26.07.2019
27	EVORA DENİZLİ	10.01.2019
28	KOORDİNAT ÇAYYOLU	14.07.2018
29	ÜSKÜDAR BARBAROS	23.04.2018
30	BAKIRKÖY YENİMAHALLE	13.10.2018

APPENDIX - 7
CONSTRUCTION PROGRESS PHASES TABLE -II

EMLAK KONUT REIC			
URBAN TRANSFORMATION CONSTRUCTION WORK TABLE			
NO	PROJECT NAME	PROJECT	COMPLETION DATE (BASED ON THE AGREEMENT)
1	ISTANBUL ESENLER AIRPORT AREA URBAN TRANSFORMATION PHASE 2 CONSTRUCTION AND INFRASTRUCTURE AND LANDSCAPING WORK	ESENLER EMLAK KONUTLARI	10.12.2016

EMLAK KONUT REIC BY THE CONSTRUCTION WORKS		
NO	PROJECT NAME	COMPLETION DATE (BASED ON THE AGREEMENT)
1	EMLAK KONUT REIC KÖRFEZKENT KOCAELİ 4TH STAGE WITH INFRASTRUCTURE AND LANDSCAPING CONSTRUCTION WORK	22.11.2017
2	ISTANBUL BAŞAKŞEHİR AYAZMA EMLAK KONUT REIC HOUSES WITH 1S TSTAGE INFRASTRUCTURE AND LANDSCAPING CONSTRUCTION WORK	28.02.2018
3	ISTANBUL EMLAK KONUT REIC RESIDENTIAL 1ST STAGE,1ST PART, ISPARTAKULE RESIDENCE , COMMERCIAL AND LANDSCAPING AND INFRASTRUCTURE CONSTRUCTION WORK	19.03.2018
4	ISTANBUL EMLAK KONUT REIC 1ST STAGE,2ND PART,ISPARTAKULE RESIDENCE,HOUSE, INSIDE THE PLOT SCHOOL INFRASTRUCTURE AND LANDSCAPING CONSTRUCTION WORKS	19.03.2018
5	ISTANBUL EMLAK KONUT REIC 2ND STAGE KAYABASI RESİDANCE AND INFRASTRUCTURE, LANDSCAPING AND CIVIL DISTRICT ATAŞEHİR ; SCHOOL, SPORTS HALL AND COUNTY POLICE ADDITIONAL SERVICES BUILDING CONSTRUCTION AND RENOVATION WORKS	25.06.2017
6	ISTANBUL EMLAK KONUT REIC 2ND STAGE AYAZMA RESİDANCE,RESIDENTIAL AND COMMERCIAL CONSTRUCTION AND INFRASTRUCTURE CONSTRUCTION AND LANDSCAPING WORKS	25.04.2018
7	NEVSEHİR EMLAK KONUT REIC, INFRASTRUCTURE AND LANDSCAPING WITH HOUSING AND COMMERCIAL CONSTRUCTION WORK	19.11.2018