

**COMMUNIQUÉ ON REAL ESTATE INVESTMENT FUNDS
(III-52.3)**

(Published in the Official Gazette edition 28871 on 3.1.2014)

**FIRST PART
Purpose, Scope, Legal Basis and Definitions**

Purpose and Scope:

ARTICLE 1 – (1) The purpose of this Communiqué is to regulate the principles regarding the real estate investment funds.

(2) This Communiqué covers the principles regarding the establishment of investment fund, their activity principles and rules, the issuance of fund units and their sales to qualified investors, the issue document, the process of disclosure, the liquidation and termination of real estate investment funds.

Legal Basis:

ARTICLE 2 – (1) This Communiqué has been prepared and issued in reliance upon article 52 and 54 of the Capital Markets Law no. 6362 dated 6/12/2012.

Definitions and Abbreviations:

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

a) **“Information documents”** refers to fund rules, issue document and investor information form,

b) **“Exchange”** refers to the systems, marketplaces and foreign exchanges as defined in sub-paragraph (ç) of first paragraph of article 3 of the Law no. 6362,

c) **“Fund”** refers to real estate investment funds,

ç) **“Total fund value”** refers to the fund portfolio value calculated through valuation of all assets in the fund portfolio within the framework of the relevant regulations of the Board and by summing, if any, other assets and receivables thereto and deducting the debts and liabilities therefrom.

- d) **“Real estate appraisal company”** refers to companies listed among the companies eligible for appraisal services on real estates and property rights pursuant to the capital markets laws and regulations;
- e) **“Real estate investment”** refers to real estates and real estate-based rights; and
- f) **“Related party”** refers to the related party defined in the regulations of the Board within the framework of the Turkish Accounting Standards;
- g) **“Operating company”** refers to a company which operates the hotels, hospitals, shopping centers, business centers, commercial parks, commercial warehouses, housing sites, supermarkets and similar other real properties included in the fund portfolio for commercial purposes within the framework of a contract signed with the Founder;
- ğ) **“Law”** refers to the Capital Markets Law no. 6362 dated 6/12/2012;
- h) **“PDP”** refers to the Public Disclosure Platform;
- ı) **“Fund unit”** refers to a dematerialized capital market instrument which represents the right of ownership of the investor and shows his participation in the fund
- i) **“Founder”** refers to a portfolio management company or a real estate portfolio management company holding an operating license duly received from the Board under the Communiqué on Portfolio Management Companies and Activities of such Companies published in the Official Gazette edition 28695 on 2/7/2013;
- j) **“Board”** refers to the Capital Markets Board
- k) **“CRA”** refers to Central Registry Agency Co., Inc.;
- l) **“Qualified investor”** Persons defined in the regulations of the Board pertaining to sales of capital market instruments;
- m) **“Portfolio depository communiqué”** refers to the Communiqué on Principles of Portfolio Depository Service and Providers of such Service published in the Official Gazette edition 28695 on 2/7/2013;
- n) **“Portfolio depository institution”** refers to an institution providing portfolio depository service within the framework of the portfolio depository communiqué of the Board;
- o) **“Portfolio manager”** refers to a portfolio management company or a real estate portfolio management company holding an operating license duly received from the Board under the Communiqué on Portfolio Management Companies and Activities of such Companies (III-55.1);

- ö) **“Portfolio management communiqué”** refers to the Communiqué on Portfolio Management Companies and Activities of such Companies (III-55.1);
- p) **“Clearing bank”** refers to Istanbul Custody and Settlement Bank Co., Inc.
- r) **“TTRG”** refers to the Turkish Trade Registry Gazette;
- s) **“Derivative instruments”** refers to futures and options contracts deemed appropriate by the Board to be invested by the fund.

SECOND PART

General Provisions

Real Estate Investment Fund:

ARTICLE 4 – (1) The Fund is an asset which does not have a legal entity and permanently or temporarily established within the fund rules by portfolio management companies and real estate portfolio management companies which holds an operating license duly received from the Board in order to manage the portfolio comprised of assets and transactions specified in the third paragraph, with the money collected from qualified investors in return for fund units, in accordance with fiduciary ownership principles and pursuant to the provisions of the Law .Provided, however, that the Fund shall be deemed as a legal person limited to the registration in land registry revision, deletion and correction of registration in land registry.

(2) Provided that it is specified in the issue documents, the Fund can be established to invest in a specific property or operate in a specific sector as well as the fund can be founded without any limitation on its purpose.

(3) Funds cannot deal with any business other than the operation of a portfolio composed of the following assets and transactions:

- a) Real estates and property rights;
- b) Private and public debt instruments, and shares of joint-stock companies established in Turkey, including those covered by the privatization process;
- c) Foreign private and public sectors debt instruments and joint-stock company shares tradable within the framework of the Governmental Decree no. 32 on Protection of the Value of Turkish Currency put into force by a Decree of the Council of Ministers no. 89/14391 dated 7/8/1989;
- ç) Time deposits and participation accounts;
- d) Investment fund units;
- e) Repurchase (repo) and reverse repurchase transactions;
- f) Lease certificates and real estate certificates;
- g) Warrants and certificates;
- ğ) Settlement and Custody Bank money market transactions;

- h) Cash collaterals and premiums of derivative instruments;
- i) Specially designed foreign investment instruments and loan participation notes deemed appropriate by the Board;
- i) Other investment instruments deemed appropriate by the Board.

Properties of Fund:

ARTICLE 5 – (1) The fund assets are segregated from the assets of it's the founder, portfolio depository and portfolio manager.

(2) The fund assets shall not be designated as collateral or pledged, for purposes other than borrowing loans and conducting hedging purposed derivative instrument transactions under Article 23 hereof, provided that such transactions are conducted on account of the fund, the fund rules and the issue document include provisions to this effect. The fund asset shall not be disposed of for any other purpose whatsoever, even if the management or supervision of the founder or the portfolio depository is transferred to public authorities, may not be attached, make subject to interim injunction, , or included in a bankrupt's estate even for collecting public receivables.

(3) The debts and obligations of founder and/or portfolio manager to third persons and the receivables and claims of fund from the same third persons may not be set off against each other.

Fund Notification Documents:

ARTICLE 6 – (1) Fund notification documents consist of fund rules, issue document and if any, investor information document.

(2) The Fund rules is an agreement which is signed between the unit holders on the one side and the founder, the portfolio depository and the portfolio manager on the other side about the management of the fund portfolio and functioning of the fund in accordance with fiduciary ownership principles, and the depository of the portfolio under Article 56 of the Law and management of the fund portfolio in accordance with the provisions of proxy agreement, and is by nature an “adhesion” contract.

The standard of the fund rules is determined by the Board. The minimum contents of fund rules are provided under Annex-1.

(3) Fund issue document is a document containing information about the nature and the sale conditions of the Fund. Minimum contents of certificate of issue are given in Exhibit-2.

(4) Investor information form is a brief form showing the structure, investment strategy and risks of the Fund. The founder is responsible for the consistency of this form with the fund rules and issue document, for the accuracy of its contents, keep thereof up to date, and for the losses arising from inaccurate, misleading or incomplete information included in this form. Standards of investor information form are decided and determined by the Board. Minimum contents of investor notification form are given in Exhibit-3. Preparation of an investor notification form is discretionary.

Founder's Authorities and Responsibilities:

ARTICLE 7 – (1) The founder is responsible for the representation, management, supervision of the management of the fund so as to protect the rights of the investment fund unit, and for carrying out the fund activities in compliance with the fund rules and issue document. The founder is authorized to take actions on, and dispose of, and use the rights related to, assets of the fund in its own name and in the account of the fund in accordance with the applicable legislation, the fund rules and issue document.

(2) The founder may delegate portfolio management to another portfolio management company or real estate portfolio management company by a contract to be signed under fourth paragraph of Article 8 of the Communiqué on Portfolio Management. During conduct of activities of the Fund the delegation of the portfolio management or outsourcing any kind of such services in this respect shall not eliminate the responsibility of the founder.

(3) If the Law, the related legislation, the fund rules and in the issue document remain silent, the provisions of Article 502 to 514 of the Turkish Code of Obligations dated 11/1/2011 and numbered 6098 shall be applied by analogy to the relations between the founder and the holders of fund units.

The Management of the Fund Portfolio

ARTICLE 8- (1) Founder, and if any, portfolio managers, shall manage the fund portfolio in accordance with management principles specified in the Law, this Communiqué, fund rules and issue document within the framework of regulations in Communiqué on Portfolio Management so as to observe the benefits and interests of investor. For portfolio management, contractual relations may be established with multiple portfolio managers. In this case, the rights and obligations of the third party portfolio managers arising from delegation of portfolio management shall be specified in the portfolio management agreement.

(2) Principles set down in Article 33 of the Communiqué of Portfolio Management shall be followed in portfolio management, provided, however, that the provisions of subparagraph (b) of the first paragraph of Article 33 of the Communiqué of Portfolio Management shall not be applicable to transactions referred to Article 28 hereof.

(3) If the portfolio manager receives a commission, discount or similar other benefits with respect to any trading transaction of the portfolio, investors shall be informed by the founder about this situation via the most convenient communication instrument within 10 business days as of the date on which founder becomes aware of the situation.

Safekeeping of the Fund Assets:

ARTICLE 9 – (1) The assets in the Fund portfolio shall be entrusted to a depository within the framework of the regulations of the Communiqué on Portfolio Depository. Information, documents and records proving the existence of assets and the ownership of the Fund on such assets which are not eligible for safekeeping, either physically or on book-entry basis, are also kept by the portfolio depository. Samples of information and documents regarding the real property investments shall be delivered to the depository within 10 business days following the date of investment, within the framework of principles set down in the custody agreement.

(2) Real estates and property rights included in the Fund portfolio shall be registered in the land register on behalf of the Fund. The transactions shall be executed in the land registry on behalf of the Fund, co-signed by at least two officials of each of the founder and the portfolio depository. In the implementation of this provision, the authorized persons stands for the chairman or members of the board of directors of the founder or the portfolio depository or persons holding at least second degree of signature authorization given by the board of directors.

Representation of Fund:

ARTICLE 10 – (1) In execution of all of its activities, the Fund shall be represented by the board of directors of the founder. Board of directors may delegate this power to one or more managing directors. However, the transactions related to the establishment, issuance of fund units, liquidation, increase of management fee and other transactions which may affect the investment decisions of the fund unit holders must be based upon a decision of the board of directors.

Organization Structure of Founder:

ARTICLE 11 – (1) At least one of the members of board of directors of founders, other than real estate portfolio management company, shall have a minimum five years of experience on real estate investments, other than real estate trading, and in addition the founder shall establish investment committee of at least three personnel, having graduated from a university of four years and having a minimum five years of experience on real estate investments, other than real estate trading, and of an appraiser holding a real estate appraiser license pursuant to the regulations of the Board pertaining to licensing, and of a member of the board of directors as referred to in this paragraph. If the Fund portfolio is managed by a third party portfolio manager, such organization structure shall be established within the portfolio manager. The principles set forth in Article 9 of the Communiqué on Portfolio Management pertaining to real estate portfolio management companies are, however, reserved.

(2) Risk management system of real estate investment fund founder and if any, portfolio manager shall be established to cover not only the provisions set forth in the Communiqué on Portfolio Management, but also at least the financing risk of the real estate investment and liquidity risk and other probable risks related with the real estate investments.

THIRD PART
Principles on Establishment of Fund and
Issue, Distribution and Marketing of
Fund Units

Establishment of the Fund:

ARTICLE 12 – (1) For the establishment of the Fund, the founder shall apply to the Board with a draft of fund rules and a standard form as described by the Board together with other information and documents requested by the Board. In order to obtain Board authorization for establishment founder shall sign a custody agreement with portfolio depository, and the fund rules shall be approved by the Board. Funds cannot be established as an umbrella fund.

(2) In the course of application for establishment, the information given in the fund rules shall be consistent, comprehensive and complete in line with the fund rules standards determined by the Board.

(3) The applications regarding the establishment of fund shall be concluded by the Board within two months starting from the full submission of the necessary documents to the Board.

(4) Fund rules approved by the Board, shall be registered in the trade registry of the place where the headquarters of the founder is located and shall be announced in the TTRG within six business days as of the date of receipt of the Board's decision by the founder.

(5) If an application is not approved as a result of an inspection conducted under this Article, this situation shall be notified to the applicant together with the reasons thereof.

(6) Standard form required for a fund establishment application, and information and documents to be attached to the form shall be determined and announced by the Board.

(7) Advances may be allocated to the fund by the founder, provided that it is specified in the fund rules.

Issuance of Fund Units:

ARTICLE 13 – (1) Fund units may be sold only to qualified investors.

(2) For issuance of fund units, the founder shall apply to the Board with an issue document and a standard form issued in accordance with the standards determined by the Board, together with other information and documents requested by the Board. , The application for issuance of fund units shall have been submitted within no later than six months as of the date of the registration of the fund rules, provided that the offices, technical equipment and accounting system required for the fund transactions have been established, and a sufficient number of personnel have been appointed. If an application is not submitted

to the Board within this period of time, the fund rules shall be removed by the founder from the trade registry. The documents related with such deletion shall be sent to the Board within six business days. For reasonable causes deemed appropriate by the Board, the period of six months mentioned in this paragraph may be extended by six months for only once.

(3) For issuance of fund units, the fund issue document shall have been approved by the Board. A separate prospectus is not required to be issued for the issuance of fund units.

(4) The following principles are applied at the stage of approval of issue document:

a) Issue document shall be examined within 20 business days within the framework of the information and documents submitted to the Board; when it is determined that the information given in the issue document is consistent, comprehensible and complete, according to the standards determined by the Board, the issue document shall be approved, and the approval shall be notified to the relevant persons.

b) If the submitted information and documents are incomplete, or additional information and documents are required, the applicant shall be informed within 10 business days following the date of application. Incomplete information and documents are required to be completed within a period to be determined by the Board. In this case, such period stated in the subparagraph (a) shall start as of the submission date of the related information and documents to the Board. If issue document is not approved as a result of an examination made under subparagraph (a), this situation shall be notified to the applicant together with the reasons thereof.

(5) The approval of issue document neither construe a warranty given by the Board for the accuracy of the information given in this document, nor can it be deemed or accepted as a recommendation regarding the relevant fund units.

(6) Issue document approved by the Board shall not be registered in the trade registry.

(7) Following the approval of the issue document by the Board, fund units are offered to investors through distribution channels declared in the issue document as of the starting date of sales stated in the issue document and under the principles set down in the fund rules, issue document and if any, investor information form.

(8) The cash collected from investors in exchange for fund units shall be invested under the principles set forth in the issue document.

(9) Excluding the first fund application of the founder, the applications for establishment of funds and issuance of fund units, shall be submitted together. The applications for establishment of and issuance of fund units of these funds shall be evaluated and finalized jointly. However, applications of a founder for establishment of and issuance of fund units of its first fund shall be evaluated and responded separately.

Amendments in Information Documents:

ARTICLE 14 – (1) Amendments in fund rules:

- a) Shall be approved by examining pursuant to second paragraph of Article 12. If an application is not approved as a result of an examination made under this subparagraph, such situation shall be notified to the applicant together with the reasons thereof.
- b) Shall be registered and announced in accordance with the fourth paragraph of Article 12.
- c) Those of which may affect the investment decision of investors and shall be known beforehand, the amendments shall be notified to the unit holders by the most convenient communication instrument at least 30 days prior to the effective date of amendments. If any investor wishes to redeem fund units within the period set forth in this subparagraph, the effective date of those amendments shall be postponed to the first redemption date.
- ç) Those of which require amendments in issue document, the provisions of the second paragraph shall also be applicable in these amendments

(2) Amendments in issue document:

- a) Those of which may affect the investment decision of investors and shall be known beforehand, the amendments shall be approved by the examination of the Board pursuant to fourth paragraph of Article 13; and the unit holders shall be notified by the most convenient communication instrument at least 30 days prior to the effective date of amendments. If any investor wishes to redeem his fund units within the period set forth in this subparagraph, the effective date of those amendments shall be postponed to the first redemption date of the fund units.
- b) Those of which are uncovered by subparagraph (a) hereinabove, the amendments shall be made by the founder without the approval of the Board, and shall be notified to the unit holders by the most convenient communication instrument. Furthermore, the amendments shall also be notified to the Board collectively within six business days following the end of every calendar year.

(3) Amendments to be made in the investor information document, if any, do not require the approval of the Board. However, the amendments shall be notified to the Board six business days in advance, be in compliance with fund rules and issue document, and be notified to the unit holders by the most convenient communication instrument.

(4) If an amendment in investor information document requires an amendment in issue document, the provisions of the second paragraph shall be applied as well, and if it requires an amendment in fund rules, the provisions of the first paragraph shall be applied as well.

(5) Statements in information documents cannot contain an explicit or implicit phrase leading to an interpretation of the Board's approval as neither a guarantee of the Board nor the guarantee of the public

Value of Fund units:

ARTICLE 15 – (1) Fund units do not have a nominal value. Fund unit value is calculated by dividing the value of fund net assets by the number of fund units.

(2) In principle, fund unit value shall be calculated and notified to qualified investors at least once a year. Fund issue document contains the principles and procedures of notification of the value of fund units to investors. Principles different from those mentioned in this Communiqué may be determined by the Board with respect to the calculation frequency and announcement of price of fund units.

(3) In the cases mentioned in the second subparagraph of Article 31, when deemed appropriate by the Board, the fund unit value may not be calculated, and issue and redemption of fund units may be suspended.

Sales, Redemption, and Transfer Among Investors, of Fund Units:

ARTICLE 16 – (1) The fund units shall be sold through complete payment of fund unit value in cash, the redemption of fund units shall be realized through converting the investors' fund units into cash under the principles stated in the issue document.

(2) Providing that its conditions are stated in fund rules and issue document, an entry and exit commission may be charged in sales and redemption of fund units. The commissions shall be recorded as revenue to the fund.

(3) Principles pertaining to sales and redemption of fund units shall be determined in accordance with the portfolio structure of the fund, and these detailed principles shall be included in the information documents. For the funds established for a predetermined period it is also possible to redeem the fund units only at the end of the term of fund, providing that it is specified in the fund rules and issue document.

(4) Fund units may be marketed and distributed by not only the founder, but also the portfolio management companies and investment firms duly authorized thereon under an agreement signed with the founder, providing that the transactions thereof are carried out by personnel holding adequate information about risks contained by these funds.

(5) The company assigned for marketing and distribution of fund units shall obtain the documents and information proving that the investors whom the sales were made are qualified investors as per the definition in the Communique and to keep those information and documents throughout the term of fund and at least for five years. The founder and the company engaged in marketing and distribution of fund units shall be jointly liable from the damages and losses of investors that may be caused by breach of the aforementioned requirements

(6) In practice, the fund units shall be traded by the founder on behalf of the fund. The founder is liable to assure the required liquidity for the redemption of the fund units. In this context the founder may purchase the redeemed fund units into its own portfolio up to 50% of the total number of fund units. The fund units purchased into the founder's portfolio shall be returned to the fund within maximum two years time as of the purchase date.

The founder may postpone the redemption of the fund units provided that there is a provision in the fund rules, and if the information and documents which authenticate the required liquidity could not be provided, and if it is proved that the sales of assets in the portfolio are detrimental for investors and those are deemed appropriate by the Board.

(7) In the funds established for an indefinite term the founder may purchase the fund units into its own portfolio up to 50% of the total number of fund units to enlarge and make a diversification in the fund portfolio. . The fund units purchased into the founder's portfolio as such shall be returned to the fund within maximum two years of time as of the purchase date. However, if there is an advance payment done to the fund by the founder by, the fund units purchased into the founder's portfolio in return for this amount shall not be taken into consideration in the calculation of this ratio for a period of one year as of the establishment date.

(8) It is compulsory that the fund units shall be monitored at the CRA in the name of members and right holders under Article 13 of the Law.

(9) Fund units may be transferred among qualified investors. For the validation of the transfer of fund units among qualified investors, it is compulsory that the information and documents to be delivered to and approved by the founder shall prove that the persons and/or entities taking over the fund units are qualified investors. . The founder shall obtain those information and documents and keep them at least for five years and throughout the term of the fund and. The transfer of fund units among qualified investors shall be completed by the exchange of fund units among the relevant investors. It is the founder's responsibility to provide CRA with information about the transfer of fund units.

FOURTH PART
Principles Regarding Fund Activities

Minimum Portfolio Size:

ARTICLE 17 – (1) Within one year as of the starting date of sales of fund units to qualified investors, fund portfolio value shall reach a minimum size of 10.000.000-TL, and the cash collected from fund holders shall be invested within the portfolio restrictions set forth in this Communiqué. The Board may re-determine this amount every year. Thereupon, the re-determined amount shall be published in the Board's Bulletin.

(2) If the fund portfolio value does not reach the minimum amount determined by the Board by the end of the period specified in the first paragraph hereof, the fund's investment activities shall be terminated, and the fund rules shall be removed by the founder from the trade registry within no later than six months. The documents pertaining thereto shall be sent to the Board within six business days.

Principles Regarding Investments:

ARTICLE 18 – (1) Fund founder and portfolio manager may engage in the following transactions on behalf of the fund, within restrictions set forth in this Communiqué:

- a) To make profit from sale and purchase or receive a rental income, they may purchase, sell, lease, rent out, and agree to purchase or sell, lands, registered lands, houses, offices, shopping centers, hotels, logistics centers, warehouses, parking lots, hospitals and all other kinds of similar real estates.
- b) With respect to all kinds of buildings and similar other structures to be included in the fund portfolio, the occupancy permit shall have been received, and condominium shall have been established. However, if and when buildings such as hotels, shopping centers, business centers, hospitals, commercial warehouses, factories, office buildings and branch offices ownership of which belong solely to the fund or jointly with other persons are fully or partially used solely for generating rental and similar other income, it will be deemed sufficient if an occupancy permit is received for the building, and if its description in its title deed is in conformity with its existing situation.
- c) Buildings, lands, registered lands and similar other real estates and property rights that are pledged or have restrictive provisions affecting the value of the real estate may also be included in the fund portfolio, providing that it is specified in the fund information documents. The provisions of subparagraph (c) of the first paragraph of Article 19 pertaining thereto, however, shall be reserved.

- c) They may establish right for construction, usufruct and time-share property servitude in favor of the fund on real estates owned by other persons, and may transfer such rights to third parties on behalf of the fund, under the provisions of the Turkish Civil Code dated 22/11/2001 and numbered 4721, providing that they are registered in the land registry.
 - d) They may establish right for construction, usufruct and time-share property servitude in favor of other persons on behalf of the fund on real estates included in the fund portfolio, and may permit the transfer of such rights to third parties, providing that they are registered in the land registry.
 - e) No limitation can be imposed on transferring the rights for construction and time-share property in the contracts on those rights. s. However special law provisions shall be reserved.
- (2) With respect to management of fund portfolio, the founder and the portfolio manager:
 - a) By no means can not invest in real estate projects, or can not themselves involve in the construction of real estates, or can not recruit personnel and equipment for those purposes;
 - b) Can not provide services by its personnel to individuals and institutions in project development, project control, financial feasibility and follow-up of legal permission or similar other services to other persons or entities;
 - c) Can not commercially operate any hotel, hospital, shopping center, business center, commercial parks, commercial warehouses, residential sites, supermarkets, and similar type of real estates and employ any personnel for this purpose.
 - ç) Without prejudice to the provisions of subparagraph (c) of first paragraph, can not include in the fund portfolio the assets and rights the transfer of which is subject to a restriction;
 - d) Can not continuously engage in short-term real estate trading from the fund portfolio;
 - e) Can not invest in gold, precious metals and other commodities and in futures contracts on these underlying instruments.
 - f) Can not short sell, the capital market instruments in the fund portfolio, engage in margin trading, and borrow capital market instruments;

- g) Can not make transactions beyond hedging purposes on fund portfolio by using derivative instruments. The amount of short position arising from the derivative instrument transactions can not exceed 20% of fund total value. For the purposes of this subparagraph, the most recent fund net asset value shall be used;
- ğ) Can not engage in real estate purchase, sale and lease activities abroad.

Limitations on Fund Portfolio:

ARTICLE 19 – (1) The following portfolio restrictions are abided by in the management of real estate investments included in the fund portfolio:

- a) Real estate investments shall account for at least 80% of the fund net asset value. In calculation of this ratio, the capital market instruments issued by real estate investment companies, shares of joint-stock corporations of whose real estate investments continuously comprised of at least 75% of their total assets based on the financial statements prepared under the provisions of the legislation they are subject to, real estate certificates, and fund units of other real estate investment funds shall also be taken into consideration. Besides a maximum of %20 of the fund net assets value can be invested in shares of joint-stock corporations of whose real estate investments continuously comprised of at least 75% of their total assets based on the financial statements prepared under the provisions of the legislation they are subject to.
 - b) Total sum of real estates investments which alone exceeds 20% of the fund net assets value shall not exceed 60% of the fund net assets value. This restriction shall, not be applied on funds investing only in a particular real estate or operating in a particular sector.
 - c) The value of real estates and property rights stated in the subparagraph (c) of the first paragraph of Article 18 shall not exceed 30% of fund net assets value.
- (2) Compliance with investment restrictions shall be assured as of the statement of net asset value disclosed at the end of the accounting period of the fund. The provisions of the first paragraph of Article 17 shall be reserved.
- (3) Provided that an application is submitted to and deemed appropriate by the Board for granting time, in incidental cases such as the redemption of the fund units or change of the value of investments other than real estate investments leading to a breach of the restrictions on fund portfolio, a period of one year as of the end of the accounting period in which the non-compliance occurred may be granted to re-ensure the compliance with the fund portfolio restrictions. If the compliance with the fund portfolio restrictions cannot be reestablished by the end of the period granted by the Board, the fund's investment activities shall be terminated, and the fund rules shall be removed by the founder from the trade registry within

no later than two years as of the end of the period. The documents pertaining thereto shall be sent to the Board within six business days.

(4) Provided that an application is submitted to and deemed appropriate by the Board for granting time, when the compliance with the fund portfolio restrictions cannot be established due to such reasons as sales of real estate investments, an additional two years of period as of the end of the accounting period in which those transactions occurred may be granted to re-ensure the compliance with the fund portfolio restrictions. However, this period can not be used more than once within each five years, including the year of non-compliance with the fund portfolio restrictions. If the compliance with the fund portfolio restrictions can not be re-ensured by the end of the period granted by the Board, the fund's investment activities shall be terminated, and the fund rules shall be removed from the trade registry by the founder within no later than two years as of the end of the period. The documents pertaining thereto shall be sent to the Board within six business days.

(5) Without prejudice to the subparagraph (a) of the first paragraph hereof, the management of assets included in the fund portfolio, other than real estate investments shall be conducted under the investment strategies and limits described in the fund's information documents.

Contracts That Must be Recorded to Title-Deed Registry :

ARTICLE 20 – (1) It is compulsory to record the contractual rights of purchase, preemption and repurchase in favor of the fund, contracts providing rights for the fund such as real estate preliminary sales agreement, construction agreements on flat for land basis, and revenue sharing agreements, and rights of free advancement in rank of pledged receivables to the title-deed registry . However, if the counterparty of those agreements is the Prime Ministry, Housing Development Administration and its affiliates, then they are not required to be recorded to the title-deed registry.

Operational Services:

ARTICLE 21 – (1) Operational services for the real estates included in the fund portfolio shall be received from operating companies.

(2) If and to the extent the fund portfolio contains real estates aimed at generating rental income; the security, cleaning, general administration and similar other basic services for those real estates or for their independent units may be given only if and when an agreement is signed for provision of these services between the founder and the operating company.

(3) For advertisements and promotions aimed at marketing and improving the value of the real estates included in the fund portfolio, services shall be procured from the operating company or from other companies providing such services under the agreement pertaining thereto.

Construction Services:

ARTICLE 22 – (1) Construction works, such as repair and alteration, for real estates included in the fund portfolio are required to be performed by contractors under a contract which is signed between the contractor and the founder and includes the mutual rights and obligations of both parties.

(2) Scope of agreement shall be freely determined by and between the parties; however, it shall cover at least the obligations of contractor, payment conditions, warranty conditions in case of defects, conditions of renunciation from agreement, indemnity rights of employer, and conditions of termination of agreement.

(3) The selection of the contractor and the agreement conditions shall be approved by the board of directors of the founder.

Borrowing Limit:

ARTICLE 23 – (1) Funds may borrow credits up to maximum 50% of their fund net assets value calculated as of the last accounting period. In case of crediting, the credit amount, interest rate, date of borrowing, crediting institution, and date of repayment information shall be notified to the Board and to the fund unit holders by the most convenient communication instrument within 30 days as of the end of the relevant accounting period.

(2) In order to borrow credits pursuant to the first paragraph assets in the fund portfolio may be pledged and other limited real rights may be encumbered Without prejudice to the provisions of the subparagraph (c) of the first paragraph of Article 18, the portfolio assets

shall in no case be disposed of in favor of third parties for any purpose other than the aforementioned purposes. Pledges and other limited real rights established on portfolio assets in order to borrow credits shall not be taken into consideration in calculation of the limit of 30% mentioned in the subparagraph (c) of the first paragraph of Article 19.

(3) Assets which are included in the fund portfolio and viable to make a repo transaction can be used to make a repo up to %10 of the current market price of those assets, and these repo transactions can be executed in the stock exchange or in the over-the-counter market or Money Market transactions can be executed in the of Settlement and Custody Corporation for credit purposes.

Principles of Valuation:

ARTICLE 24 – (1) The valuation of fund assets and liabilities is governed by and subject to the valuation principles determined in the Board regulation on the financial reporting of mutual funds.

Principles on Periodical Reports:

ARTICLE 25 – (1) Preparation of periodical reports and financial statements of funds and their notification to the Board and the qualified investors are subject to provisions of the Board regulations on the financial reporting principles of mutual funds.

Principles on Performance Fee and Fund Total Expenses:

ARTICLE 26 – (1) All expenses of the fund are paid out from the fund assets. The issue document shows the upper limit of total expense ratio as a percentage of net assets value, applied for all expenses, also including portfolio management fee,

(2) Providing that it is specified in the fund rules and in the issue document, fund unit holders may be charged a performance fee by the founder and if any, portfolio manager, to be calculated over the base which is solely composed of proceeds, sales profit, and appreciation of real estate investments, as of the end of period or as of the redemption dates of fund units. The regulations of the Board on the principles of the performance-based fees are not applicable to these funds.

Principles on Profit Distribution:

ARTICLE 27 – (1) Fund may distribute profit to fund unit holders under the principles determined in the issue document.

FIFTH PART
Principles on Appraisal of Real Properties

Transactions Requiring Appraisal:

ARTICLE 28 – (1) For the following transactions, funds are required to determine the market value and current rental amount of the assets and right:

- a) Sales of the real estates and property rights included in the portfolio, or change the qualification or type of those estates and rights, , or purchase of the real estates and property rights into the portfolio;
- b) Renting the real estates into the portfolio;
- c) Renting of the real estates for sublease;
- ç) Renewal or extension of rent contracts of real estates which are rented;
- d) Establishment of mortgages on real estates;
- e) Inclusion to or exclusion from the portfolio of other assets deemed appropriate for appraisal by the Board;
- f) Determination of end-of-year value of assets included in the portfolio and current market value of which has not been determined for any reason within the most recent three months of accounting period of the fund.

(2) Market values and current rental amount of assets and rights to be included in the portfolio shall be appraised by the real estate appraisal firms.

(3) Value assessment to be made under the subparagraph (f) of the first paragraph, the real estate appraisal process shall have been completed as of no later than the last day of the relevant year.

(4) The period between the ending date of real estate appraisal process and the report date can not exceed five business days, and the real estate appraisal report shall be delivered to the founder within two business days as of the report date. Information and documents relied upon in the above mentioned appraisal process, and appraisal reports shall be kept by the founder and if any, the portfolio manager for at least 10 years as of the appraisal date , or in case of a dispute, until the resolution of the dispute.

(5) Provisions of third and fourth paragraphs shall be included in the agreement to be signed between the founder and the real estate appraisal firm.

(6) Purchases for, sales from and leases to the fund portfolio shall be done by using the values determined pursuant to this Article. By considering the current market or payment conditions, if and when the purchase price is higher than the values found in the appraisal activity, or the sales or lease price is lower than the values found in the appraisal activity, then

fund unit holders shall be notified by the most convenient communication instrument during the relevant year.

Choice of Real Estate Appraisal Firm:

ARTICLE 29 – (1) Real estate appraisal firm to be assigned for appraisal of real estates and property rights pursuant to Article 28 hereinabove:

- a) Are required to have been listed by the Board; and
- b) Under the provisions of the regulations of the Board pertaining to real estate appraisal firms and within the framework of the capital markets regulations, shall be independent from:
 - 1) Partners of the founder and if any, the portfolio manager holding 10% or more of the capital shares or voting rights;
 - 2) Partners of the founder and if any, the portfolio manager holding shares giving the privilege of nomination of candidates to the board of directors;
 - 3) The founder and if any, the portfolio manager;
 - 4) Other companies which are listed in the subparagraphs (1), (2) and (3) hereinabove holding more than 10% of capital shares or voting rights ;
 - 5) Related parties of the founder and if any, the portfolio manager.

(2) Within one month as of the end of every month, by a board of directors decision the founder shall determine at least one appraisal firm to be assigned for appraisal of each asset of the fund portfolio required to be appraised, and not more than two appraisal firms to be assigned for appraisal of assets which will be added to the fund portfolio during that year and will require an appraisal, and to send a copy of such determinations to the Board. The appraisal firm chosen as above may be changed only upon an approval of the Board following submission to the Board of the reason of such change.

(3) Funds may receive appraisal services from the same real estate appraisal firm for appraisal of each asset included in their fund portfolio at most three consecutive years. After the end of this three years of period, the fund may receive services from the same real estate appraisal firm only after lapse of at least two years.

Provisions on Appraisal Reports:

ARTICLE 30 – (1) Appraisal reports to be prepared pursuant to Article 28 shall comply with the principles under the Board regulations pertaining to the firms assigned for appraisal services under the capital markets legislation and to regulation of the Board regarding the listing of those firms and the international appraisal standards in capital markets.

SIXTH PART
Miscellaneous and Final Provisions

Information Obligation:

ARTICLE 31 – (1) If and when required, the Board may request information from the funds, unbounded by the periods stated in this Communiqué.

(2) Upon occurrence of extraordinary events or situations such as war, natural disasters, economic crisis, collapse of communication systems, closure of relevant markets, segments or platforms for the assets, failures in computer systems, or emergence of a major or significant information that may affect the fund net assets value, the appraisal principles may be determined by the board of directors of the founder. In this case, appraisal principles shall be written in the decisions book including their rationale and shall be reported to the Board and the portfolio depository. Furthermore, such events and situations shall be reported to the fund unit holders by the most convenient communication instrument.

(3) The founder and if any, the portfolio manager shall provide the fund unit holders with information on the real estate investments, including those information on relations, if any, of the persons responsible from fund management with these investments, within 15 days as of the date of investment by the most convenient communication instrument.

(4) The founder shall send both the optional and the compulsory real estate appraisal reports pursuant to the provisions of this Communiqué, and the appraisal reports relating to other assets included in the fund portfolio including their annexes to the Board, within 10 business days as of the date of receipt. One copy of each of appraisal report shall be kept ready for inspection by investors at the founder's headquarters, and shall also be sent to the investors upon their demand, in the sole cost of investors.

Termination of Fund and Liquidation of Fund Property:

ARTICLE 32 – (1) The provisions of the Communiqué on Principles of Mutual Funds (III-52.1) published in the Official Gazette edition 28702 on 9/7/2013 shall be applicable by analogy on the termination and the liquidation of funds.

Board's Audit:

ARTICLE 33 – (1) All fund-related accounts and transactions of the founder, and if any, portfolio manager and portfolio depository shall be subject to audit of the Board.

Board's Fee:

ARTICLE 34 – (1) A fee calculated by the founder and approved by the portfolio depository at a rate of five per one hundred thousands of the fund net assets value as of the last business day of the quarterly periods of the calendar year basis pursuant to the third paragraph of Article 130 of the Law shall be deposited by the founder in the Board's Account within the next ten business days, and a copy of each of the related receipts and calculation documents shall be submitted to the Board.

Other Provisions:

ARTICLE 35 – (1) The other provisions of the Communiqué on Principles of Mutual Funds (III-52.1) pertaining to the determination and public disclosure of upper limit of total expense ratio, and the obligations of disclosing in the Public Disclosure Platform shall not be applicable for these funds.

- (2) The Fund cannot be merged with or converted into another fund.
- (3) All and any matters on which this Communiqué remains silent shall be subject to the provisions of the Communiqué on Principles of Mutual Funds (III-52.1).
- (4) Except for the advertisement done to the qualified investors, no advertisement or commercial shall in any case or by any means be published. Meetings to be held before the foundation of the funds aiming to determine potential qualified investors shall not be considered and treated under this paragraph.
- (5) If and when fund units of funds founded or managed by the founder or if any, the portfolio manager or other persons who are directly or indirectly related to them in terms of management or capital are included in the fund portfolio, entry or exit commissions shall not be paid for these funds.
- (6) To the extent this Communiqué remains silent the provisions of the Communiqué on Sales of Capital Market Instruments (II-5.2) published in the Official Gazette edition 28691 on 28/6/2013 shall be applicable by analogy on the matters relating to the sales of the fund units to the qualified investors.
- (7) To the extent this Communiqué remains silent, the provisions of the Communiqué on Prospectus and Issue Document (II-5.1) published in the Official Gazette edition 28685 on 22/6/2013 shall be applicable by analogy on the matters relating to the issue document.

Effective Date:

ARTICLE 36 – (1) This Communiqué shall become effective as of 1/7/2014.

Enforcement:

ARTICLE 37 – (1) The provisions of this Communiqué shall be executed by the Capital Markets Board.

MINIMUM CONTENTS OF FUND RULES

- (a) Name, type and term of the fund; and
- (b) Name and address of founder, manager and portfolio depository; and
- (c) General fund-related principles: assets to be invested, and portfolio management principles, procedures and principles of trading of fund units, principles on management and safekeeping of assets ,portfolio appraisal principles, principles on expenditures from fund assets, principles on transfer of fund's net income to fund unit holders, principles on announcement period of fund unit prices, and conditions of the purchase and redemption of the fund units; and
- (ç) Methods of liquidation of the fund; and
- (d) Principles on profit distribution and performance fee; and
- (e) Other contents to be determined by the Board.

MINIMUM CONTENTS OF FUND CERTIFICATE OF ISSUE

- (a) Name, type and term of the fund; and
- (b) Name and address of founder, manager and portfolio depository; and
- (c) Information on fund portfolio managers, members of founder's board of directors, and investment committee; and
- (c) Principles on investment strategy, purpose, investment restrictions and risks of the fund; and
- (d) Information on outsourced services; and
- (e) Procedures and principles of purchase and redeem offund units; and
- (f) Principles on portfolio management and safekeeping;
- (g) Principles on portfolio appraisal; and
- (g) Principles on unit price announcement period; and
- (h) Principles on expenses that may be made from the fund property; and
- (i) Principles on transfer of fund's net income to fund unit holders; and
- (i) Conditions of purchase and redeem of the fund units; and
- (j) Method of liquidation of the fund; and
- (k) From where the fund rules and financial reports can be obtained; and
- (l) Information on the fund auditor; and
- (m) Principles on profit distribution and performance fee; and
- (n) Fund total expense ratio; and
- (o) Other contents to be determined by the Board.

MINIMUM CONTENTS OF INVESTOR NOTIFICATION FORM

- (a) Introductory information about the fund; and
- (b) Brief description of investment objectives and investment policy, and composition of policy; and
- (c) If any, past performance of the fund; and
- (c) Management fee, commissions and other expenses and total expense ratio of the fund; and
- (d) Risk and yield profile containing appropriate disclosures and warnings related to risk exposures of the fund; and
- (e) Principles of purchase and redemption of the fund units, and fund unit value calculation periods; and
- (f) Information on from where and how the investors may obtain fund rules, issue document, financial reports and other additional information;
- (g) Principles on profit distribution and performance fee; and
- (g) Fund total expense ratio; and
- (h) Other contents to be determined by the Board.