

Contents

| | |
|---|----|
| MESSAGE OF THE CHAIRMAN | 03 |
| GENERAL EVALUATIONS AND EXPECTATIONS | 04 |
| THE FIRST QUARTER AT A GLANCE..... | 06 |
| I. WORLD ECONOMY | 08 |
| II. WORLD CONSTRUCTION AND HOUSING SECTOR..... | 10 |
| III. WORLD COMMERCIAL REAL ESTATE SECTOR | 11 |
| IV. THE TURKISH ECONOMY..... | 13 |
| V. HOUSING SECTOR IN TURKEY | 15 |
| VI. COMMERCIAL REAL ESTATE SECTOR IN TURKEY | 21 |
| VII. FINANCIAL INDICATORS OF REAL ESTATE SECTOR IN TURKEY | 27 |
| VIII. CONSTRUCTION SECTOR IN TURKEY | 29 |
| IX. FINANCIAL INDICATORS IN TURKEY..... | 31 |

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TRANSLATION

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Message Of The Chairman



Işık Gökçaya

Chairman, GYODER

In the first quarter period of 2012, growth in Turkish economy decelerated dramatically due to the precautions taken. It is seen that the precautions to cool the economy was effective during the first quarter of the year. Deceleration in the growth immediately became widespread in all the sub-sectors and in general. During the rest of the year, more momentum in economy will be needed to achieve the objective of growth by 4.0 % in the whole year.

Growth in world economy has been decelerating. In addition to the recession in European Union and the growth not meeting the expectations in the USA, growth rate in developing countries like China is also in deceleration. Global deceleration also affects global real estate sector negatively.

Construction industry in Turkey decelerated dramatically in the first quarter. This deceleration resulted mostly from the recession in public sector construction expenditures. Limitation in demand side limits the desire for construction investments.

Building license, selling and used credits indicators in housing industry regarding the first quarter of the year indicates the deceleration. Effects of tightening policy decelerated activities in housing industry.

Despite economic deceleration, it is seen that there is a continuation in office, shopping mall and hotel investments and new supplies and there is no problem regarding leasing demand and occupancy rates.

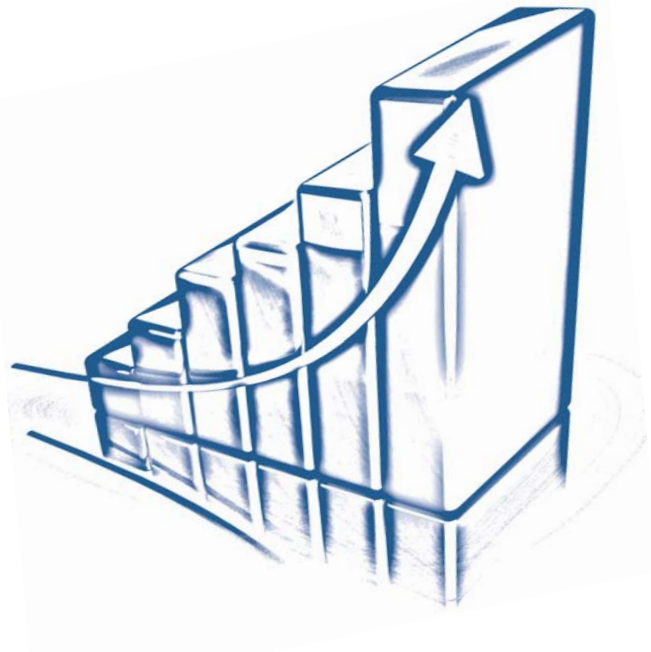
In the second quarter period of the year, there is a deceleration similar to the one seen in the first quarter period. For the rest of 2012, global recovery and sharpness of the tightening policies by Central Bank and possible easing moves will be determinant.

GENERAL EVALUATION AND EXPECTATIONS

THE GLOBAL ECONOMY

Deceleration of global growth

Since the beginning of the new year, economic growth in developed and developing countries has been in deceleration. While economic recovery in US falls below the expectations, European Union and Euro region is in recession in the new year. In developing countries, especially in China, economic growth rate is decelerating. In the new year, recession in European Union began also affecting performance of growth in other countries negatively. Determinant of global growth will be the precautions to be taken by European Union and progress about debt problem it will make. Decisions made about this subject at the end of June are promising. However, in second half of the year, relatively slower global growth will continue.



THE GLOBAL CONSTRUCTION HOUSING AND COMMERCIAL REAL ESTATE SECTORS

Recovery trend in US and shrinking trend in EU

In the US and EU, economic developments and construction, housing and commercial real estate sectors keep affecting each other reciprocally. A small improvement is seen in the activities in construction sector looked out for a permanent recovery in the US economy. Similarly, there is a limited increase in house sales and housing prices in housing industry. As for commercial real estate sector, stability goes on. In US, after the recovery of last year, construction expenditures is going through a shrinking process again since the beginning of the new year. In developing countries, growth rates in construction and real estate sectors decelerates relatively. Last year's precautions to cool the economy still takes effect. Recovery on a global scale will be graduated and extend over time.

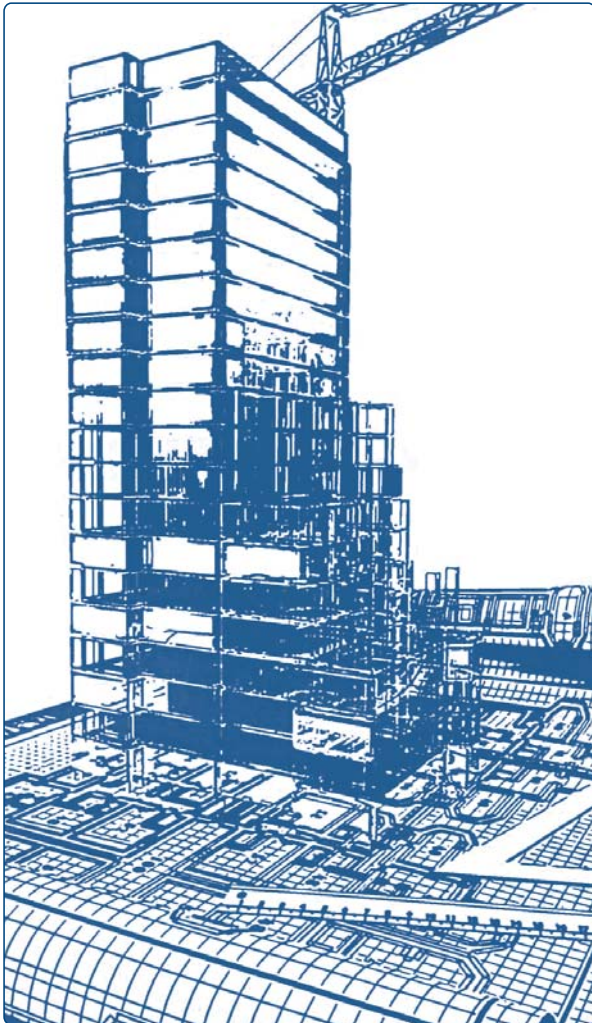
GENERAL EVALUATION AND EXPECTATIONS

THE TURKISH ECONOMY

Economic growth decelerates

Turkish economy showed growth by 3.2 % in the first quarter period of the year. Economic growth has decelerated dramatically. Precautions to cool the economy take effect in the new year. Deceleration in growth immediately spread to all the sectors. Root cause of the deceleration in economy is tightening monetary policy implemented by Central Bank. In the first half of the year, higher interest rates and lower liquidity were the determinants on this deceleration. In current deficit and inflation, which are the primary objectives of the precautions to cool the economy, decline continues to exist. However, it is too early for a permanent recovery and this is why Central Bank's relatively tight monetary policy will be implemented for a longer time. Accordingly, growth in economic activities will remain limited.

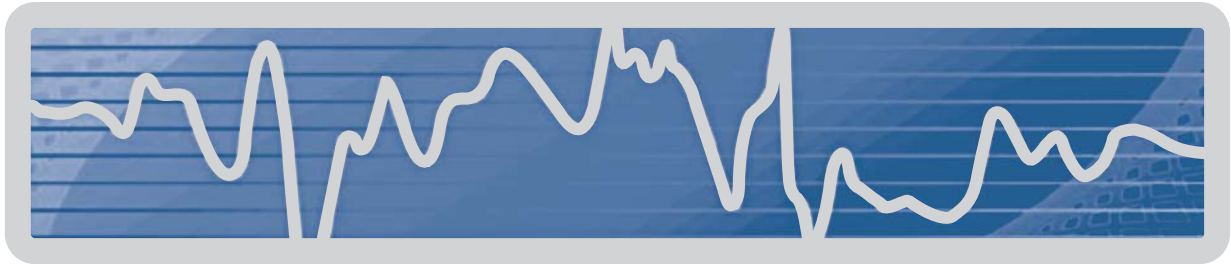
THE TURKISH CONSTRUCTION, HOUSING AND COMMERCIAL REAL ESTATE SECTORS



Real estate sectors activities

Construction industry grew by 2.8 % in the first quarter of the year. This growth in construction industry decelerated in parallel with the economy in general. Recession in construction expenditures by public sector affected this deceleration. Private sector expenditures also decelerated. When compared to the last three quarters, there is a significant recession in the obtained building licenses, house selling and housing credits in the first quarter of the year. While high interest rates for credits limit the demand for credits, a general easing started in interest rates. While new office supplies continue to exist, demand also persists and void ratio remains low. While shopping mall investments continue to exist, deceleration in retail expenditures affects leasing.

THE FIRST QUARTER AT A GLANCE



1

While US economy grew by 1.9 %, Euro Region economy declined by 0.1 %.

2

Composite Leading Indicators indicate the recession in world economy.

3

Commodity and asset prices is in decline and the dollar is stronger.

4

Activation of construction expenditures in US. Limited increase in house selling.

5

Shrinking in the construction sector in Europe Euro region continues to exist.

6

In US, commercial real estate prices index is stabilized.

7

Turkish economy grew by 3.2 %.

8

The number of the obtained building licenses declined by 115.637.

9

Annual growth rate of housing credits declined to 11.5 %.

10

New housing credit provided in the first quarter is 4.78 billion TL.

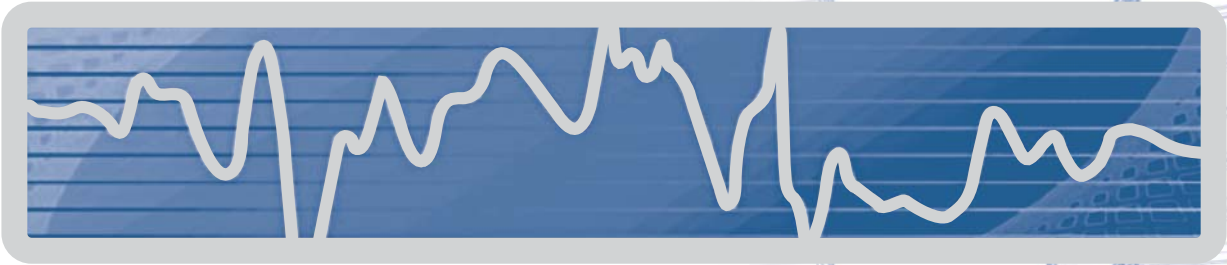
11

Per month interest rate of housing credit declined to 1.25 % in average.

12

House sales declined by 96.092.

THE FIRST QUARTER AT A GLANCE



13

There occurred a limited increase in housing prices and house rents.

14

With 5 shopping malls opened, total number of shopping malls reached up to 284 and total size of rentable areas up to 7.49 million m².

16

In Istanbul office market, low void ratio for MIA region type A and B continues to exist. Rents are stabilized.

18

The number of the real estate investment trusts traded at İstanbul Stock Exchange increased to 24. Market Value occurred as 13.8 million TL.

20

Construction industry grew by 2.8 %.

15

There is no growth in household consumption expenditures; growth is 0.0 %.

17

Stability in rents for building of logistics and shopping malls continues to exist.

19

Real estate selling to foreigners became 557 million dollars and direct foreign capital investments became 149 million dollars.



I. WORLD ECONOMY

Growth in world economy decelerates

■ In world economy, economic growth in the developed and developing countries is decelerating. Growth expectations regarding the whole year are revised to the downside. In the first quarter, US economy grew by 1.9 % and this fell below the expectations. Euro region declined in the first quarter. After the decline in Japanese economy caused by the earthquake in the same quarter of the last year, growth of the first quarter occurred as 2.7 %. Economic growth in China is also inclining.

Growth In World Economy

COMPARED TO THE SAME QUARTER OF PREVIOUS YEAR

| PERIODS | US % | EUROZONE % | CHINA % | JAPAN % |
|---------|------|------------|---------|---------|
| 2010 Q2 | 3.3 | 2.2 | 11.1 | 4.5 |
| 2010 Q3 | 3.5 | 2.2 | 10.6 | 5.3 |
| 2010 Q4 | 3.1 | 2.2 | 10.3 | 3.3 |
| 2011 Q1 | 2.2 | 2.4 | 9.7 | -0.1 |
| 2011 Q2 | 1.6 | 1.6 | 9.6 | -1.7 |
| 2011 Q3 | 1.5 | 1.3 | 9.4 | -0.6 |
| 2011 Q4 | 1.6 | 0.7 | 9.2 | -0.5 |
| 2012 Q1 | 1.9 | -0.1 | 8.1 | 2.7 |

SOURCE: OECD

Leading indicators indicates the deceleration

World Economy Leading Indicators

| PERIODS | OECD COMPOSITE LEADING INDICATORS INDEX | BALTIC CAPESIZE INDEX | IMF METAL PRICE INDEX | OECD REGION UNEMPLOYMENT % TOTAL |
|---------|---|-----------------------|-----------------------|----------------------------------|
| 2010 Q2 | 102.8 | 2.711 | 182.88 | 8.6 |
| 2010 Q3 | 101.9 | 3.370 | 202.24 | 8.6 |
| 2010 Q4 | 102.8 | 2.346 | 233.58 | 8.4 |
| 2011 Q1 | 103.0 | 1.768 | 244.21 | 8.2 |
| 2011 Q2 | 101.9 | 2.036 | 235.71 | 8.0 |
| 2011 Q3 | 100.1 | 3.136 | 224.10 | 8.0 |
| 2011 Q4 | 100.2 | 3.287 | 192.11 | 7.9 |
| 2012 Q1 | 100.4 | 1.412 | 206.92 | 7.9 |
| 2012 Q2 | 100.5 ⁽¹⁾ | 1.155 | 193.34 ⁽²⁾ | 7.9 ⁽¹⁾ |

SOURCE: OECD, IMF, WTO

DATA AS OF THE LAST MONTH OF THE QUARTER PERIOD
(1) APRIL
(2) MAY

■ Leading indicators followed with regard to global economy affirm the deceleration in the economy. OECD composite leading indicators level continues to remain considerably close to the stability limit (100.0) with 100.5. With 1.155, transportation index is close to the crisis level in 2009 and indicates the deceleration in world trade. Easing in metal prices results from declining demand because of economic deceleration.

World Economy Financial Indicators

| PERIODS | DOW JONES INDEX | BARREL OF OIL DOLLAR | GOLD ONS DOLLAR | US CENTRAL BANK INTEREST % | EURO DOLLAR PARITY |
|---------|-----------------|----------------------|-----------------|----------------------------|--------------------|
| 2010 Q2 | 9.774 | 75.6 | 1.244 | 0.25 | 1.2236 |
| 2010 Q3 | 10.788 | 79.9 | 1.307 | 0.25 | 1.3659 |
| 2010 Q4 | 11.577 | 91.4 | 1.422 | 0.25 | 1.3378 |
| 2011 Q1 | 12.319 | 106.7 | 1.430 | 0.25 | 1.4163 |
| 2011 Q2 | 12.414 | 95.7 | 1.506 | 0.25 | 1.4490 |
| 2011 Q3 | 10.913 | 79.2 | 1.620 | 0.25 | 1.3384 |
| 2011 Q4 | 12.217 | 98.8 | 1.566 | 0.25 | 1.2958 |
| 2012 Q1 | 13.212 | 103.0 | 1.662 | 0.25 | 1.3338 |
| 2012 Q2 | 12.880 | 88.0 | 1.585 | 0.25 | 1.2660 |

SOURCE: SECURITY, COMMODITY AND DERIVATIVES (FUTURES) EXCHANGES, FED
DATA AS OF THE LAST MONTH OF THE QUARTER PERIOD

Financial indicators: increase in the first quarter and easing in the second quarter

■ In financial indicators on a global scale, after a general increase trend in the first quarter period there occurs a deceleration and decline trend in the second quarter. While there is the same trend in equity markets, oil and commodity prices incline in the second quarter period of the year. Euro-dollar parity strengthens in favour of dollar. Interest rates continue to remain globally low.

World Economy Trust And Expectation Indexes

| PERIODS | MANUFACTURING INDUSTRY EXPECTATION INDEXES | | | CONSUMER CONFIDENCE INDEXES | | |
|---------|--|------|-------|-----------------------------|-------|----------------------|
| | US | EU | CHINA | US | EU | CHINA |
| 2010 Q2 | 55.3 | 55.6 | 52.1 | 67.8 | -14.9 | 108.5 |
| 2010 Q3 | 55.3 | 53.7 | 53.8 | 68.2 | -11.6 | 104.1 |
| 2010 Q4 | 58.5 | 55.5 | 53.9 | 74.5 | -12.1 | 100.4 |
| 2011 Q1 | 59.7 | 57.5 | 53.4 | 67.5 | -13.0 | 107.6 |
| 2011 Q2 | 55.8 | 52.0 | 50.9 | 71.5 | -11.2 | 108.1 |
| 2011 Q3 | 52.5 | 48.5 | 51.2 | 59.5 | -19.3 | 103.4 |
| 2011 Q4 | 53.1 | 46.9 | 50.3 | 69.9 | -22.1 | 100.5 |
| 2012 Q1 | 53.4 | 47.7 | 53.1 | 76.2 | -19.3 | 100.0 |
| 2012 Q2 | 53.5 ⁽²⁾ | 45.1 | 49.8 | 73.2 | -19.7 | 103.0 ⁽¹⁾ |

SOURCE: OFFICIAL STATISTICS INSTITUTIONS

DATA AS OF THE LAST MONTH OF THE QUARTER PERIOD
(1) APRIL
(2) MAY

Expectations of the business world weakens

■ Manufacturing industry expectation indexes (PMI) that reflect expectations of the business world regarding near future of economy show a decrease in China after the first quarter, while they incline to the bottom levels in European Union. In US, expectations of the business world are relatively higher.



II. WORLD CONSTRUCTION AND HOUSING SECTOR

Limited recovery in us construction expenditures

■ There is a limited recovery in US construction expenditures. Residential construction expenditures reached the highest level of the last 9 quarters by rising up to 255.8 billion dollars in the first quarter and to 262.3 billion dollars in April. Non-residential building expenditures maintain their magnitude which is a little over 260 billion dollars and have not already shown a tendency to grow.

US Construction Industry Expenditures

ANNUALLY BILLION DOLLARS

| PERIODS | RESIDENTIAL CONSTRUCTION EXPENDITURES | NON-RESIDENTIAL BUILDING CONSTRUCTION EXPENDITURES |
|------------------------|---------------------------------------|--|
| 2010 Q2 | 257.8 | 261.9 |
| 2010 Q3 | 236.2 | 260.0 |
| 2010 Q4 | 238.4 | 239.0 |
| 2011 Q1 | 235.8 | 242.8 |
| 2011 Q2 | 252.3 | 258.7 |
| 2011 Q3 | 241.7 | 261.3 |
| 2011 Q4 | 253.7 | 263.4 |
| 2012 Q1 | 255.8 | 266.1 |
| 2012 Q2 ⁽¹⁾ | 262.3 | 264.3 |

SOURCE: US BUREAU OF CENSUS

(DATA AS OF LAST MONTH OF THE QUARTER PERIOD)
(1) APRIL

Recovery signs in us housing industry

■ Housing industry indicators in US indicate a limited recovery starting with the new year. New house selling and available house selling that increased in the first quarter of the year continue to increase in the second quarter period. As for housing prices, they inclined in the first quarter of the year. In the second quarter period, there was an increase in housing prices but it could not reach the level reached at the beginning of the year.

U.S. Housing Sector

| PERIODS | NEW HOUSE SELLING MONTHLY A THOUSAND | AVAILABLE HOUSE SELLING ANNUALLY A THOUSAND | HOUSING PRICES INDEX | |
|---------|--------------------------------------|---|----------------------|----------------------|
| | | | CASE SHILLER 20 | CASE SHILLER 10 |
| 2010 Q2 | 305 | 5.230 | 148.0 | 161.0 |
| 2010 Q3 | 317 | 4.410 | 147.2 | 161.0 |
| 2010 Q4 | 326 | 4.450 | 142.4 | 156.0 |
| 2011 Q1 | 301 | 4.260 | 137.6 | 150.9 |
| 2011 Q2 | 304 | 4.180 | 141.5 | 154.9 |
| 2011 Q3 | 306 | 4.280 | 142.0 | 155.6 |
| 2011 Q4 | 339 | 4.380 | 136.6 | 149.6 |
| 2012 Q1 | 347 | 4.470 | 134.1 | 146.5 |
| 2012 Q2 | 369 ⁽²⁾ | 4.550 ⁽²⁾ | 135.8 ⁽¹⁾ | 148.4 ⁽¹⁾ |

SOURCE: NATIONAL ASSOCIATION OF REALTORS, US STANDARD AND POORS CASE SHILLER HOUSE PRICE INDICES

DATA AS OF THE LAST MONTH OF THE QUARTER PERIOD
(1) APRIL
(2) MAY

Construction activities inclines in Euro region once again

■ Problems faced in European Union Euro region started to affect the construction industry activities in a negative way once again. Construction activities, which started to grow in the third and fourth quarters of 2011 after a long term shrinking, started to shrink again in the new year and the shrinking rate increased in the second quarter.

European Union Euro Region Construction Activities Change According To The Same Quarter Period Of The Last Year Per Cent

| PERIODS | TOTAL CONSTRUCTION INDUSTRY | RESIDENTIAL CONSTRUCTION | NON-RESIDENTIAL BUILDING CONSTRUCTION |
|------------------------|-----------------------------|--------------------------|---------------------------------------|
| 2010 Q2 | -4.0 | -2.8 | -9.5 |
| 2010 Q3 | -8.1 | -7.3 | -10.8 |
| 2010 Q4 | -9.3 | -8.2 | -14.4 |
| 2011 Q1 | -2.5 | -2.3 | -3.9 |
| 2011 Q2 | -4.9 | -5.6 | -1.4 |
| 2011 Q3 | 1.8 | 1.9 | 0.9 |
| 2011 Q4 | 1.9 | 2.4 | -0.3 |
| 2012 Q1 | -6.4 | -6.0 | -8.9 |
| 2012 Q2 ⁽¹⁾ | -5.0 | -4.7 | -6.2 |

SOURCE: EUROSTAT CONSTRUCTION OUTPUT

(1) APRIL

III. GLOBAL COMMERCIAL REAL ESTATE SECTOR

Stability in commercial real estate market maintains its existence

■ There is close relationship between economic activities on a global scale and commercial real estate sector. Recovery in the global economic activities affects new demands, rental demands and purchasing for investment positively in commercial real estate sector. In the first quarter period of 2012, a widespread deceleration occurred in the economic activities on a global scale and this deceleration limits the demand for new supplies. This deceleration effect also decelerates rental demands. Stability of the commercial real estate prices affects purchasing activities for investment negatively. Despite the low interest rates implemented in developed countries, stability of commercial real estate prices continues its existence. Credit facilities of the banks that are commercial real estate sector oriented and secondary markets of the security markets based on commercial real estate receivables still continue to perform weakly.

Us Commercial Real Estate Market Price Indexes 2000 = 100

| PERIODS | OFFICE BUILDINGS | INDUSTRIAL LOGISTICS BUILDINGS | RETAILING BUILDINGS | APARTMENTS |
|---------|------------------|--------------------------------|---------------------|------------|
| 2010 Q2 | 123 | 124 | 118 | 135 |
| 2010 Q3 | 118 | 119 | 125 | 136 |
| 2010 Q4 | 124 | 125 | 136 | 141 |
| 2011 Q1 | 115 | 115 | 130 | 134 |
| 2011 Q2 | 125 | 118 | 129 | 135 |
| 2011 Q3 | 125 | 118 | 131 | 135 |
| 2011 Q4 | 126 | 122 | 133 | 140 |
| 2012 Q1 | 125 | 121 | 132 | 141 |

SOURCE: MOODY'S REAL COMMERCIAL PROPERTY PRICE INDICES

(DATA AS OF LAST MONTH OF THE QUARTER PERIOD)

U.S. commercial real estate prices are stable

■ In US, stability of commercial real estate prices continues its existence. Overall tendencies in economy also affect the demand and prices in commercial real estate market. Accordingly, growth in economic activities, which fell below the expectations in the first quarter, results in stabilization in the commercial real estate prices. In commercial real estate sector, prices in all sub-markets have been almost the same for the last 2 years.

IV. THE TURKISH ECONOMY

Growth in Economic Activities in Turkish Economy

| PERIODS | GNP | MANUFACTURING INDUSTRY | TRADE | TRANSPORTATION COMMUNICATION | FISCAL SERVICES |
|---------|------|------------------------|-------|------------------------------|-----------------|
| 2010 Q2 | 10.4 | 15.4 | 14.0 | 10.4 | 6.8 |
| 2010 Q3 | 5.3 | 7.2 | 7.5 | 6.0 | 6.7 |
| 2010 Q4 | 9.3 | 11.3 | 13.4 | 13.8 | 9.7 |
| 2011 Q1 | 11.9 | 14.9 | 17.3 | 12.4 | 10.0 |
| 2011 Q2 | 9.1 | 9.1 | 14.2 | 12.4 | 9.2 |
| 2011 Q3 | 8.4 | 9.2 | 11.5 | 12.0 | 12.9 |
| 2011 Q4 | 5.2 | 5.2 | 3.9 | 6.8 | 6.8 |
| 2012 Q1 | 3.2 | 2.7 | 0.9 | 4.7 | 4.8 |

SOURCE: TURKISH STATISTICAL INSTITUTE

Growth decelerates in the first quarter

■ In the first quarter period of 2012, growth was 3.2 % and then it decelerated. This deceleration in growth is felt in all the sub-sectors. While manufacturing industry grew by 2.5 % in the first quarter, wholesale and retail trade grew only by 0.9 % in that quarter. It is seen that the precautions to cool the economy have achieved their target.

Turkish Economy Main Indicators

| PERIODS | CONSUMER PRICES ANNUALLY % | CURRENT DEFICIT ANNUALLY BILLION DOLLARS | BUDGET DEFICIT ANNUALLY BILLION TL | UNEMPLOYMENT % | DOLLAR/ TURKISH LIRA | CENTRAL BANK INTEREST RATE % |
|---------|----------------------------|--|------------------------------------|----------------|----------------------|------------------------------|
| 2010 Q2 | 8.37 | 27.6 | 45.0 | 10.5 | 1.58 | 6.50 |
| 2010 Q3 | 9.24 | 36.2 | 32.7 | 11.3 | 1.45 | 7.00 ⁽¹⁾ |
| 2010 Q4 | 6.40 | 48.6 | 39.6 | 11.4 | 1.55 | 6.50 |
| 2011 Q1 | 3.99 | 58.9 | 32.4 | 10.8 | 1.54 | 6.25 |
| 2011 Q2 | 6.24 | 71.6 | 21.3 | 9.2 | 1.62 | 6.25 |
| 2011 Q3 | 6.15 | 77.4 | 18.1 | 8.8 | 1.86 | 5.75 |
| 2011 Q4 | 10.45 | 77.2 | 17.4 | 9.8 | 1.90 | 5.75 |
| 2012 Q1 | 10.43 | 71.9 | 19.7 | 9.9 | 1.78 | 5.75 |
| 2012 Q2 | 8.28 ⁽³⁾ | 69.2 ⁽²⁾ | 17.4 ⁽³⁾ | | 1.81 | 5.75 |

SOURCE: TURKISH STATISTICAL INSTITUTE, THE CENTRAL BANK OF THE REPUBLIC OF TURKEY, MINISTRY OF FINANCE

DATA AS OF THE LAST MONTH OF THE QUARTER PERIOD

(1) Ministry of Finance started to use weekly repurchase agreement interest rate as a policy interest.
(2) APRIL
(3) MAY

Current deficit and inflation is decreasing

■ There have been some positive developments regarding reducing the current deficit and decreasing the inflation, which are determined as chief purposes in Turkish economy. With the decreases on a monthly basis, current deficit decreased to 69.2 billion dollars at the end of April. Consumer price index decreased to 8.28 % as of the end of May. While fiscal discipline was protected in public budget, Turkish Lira gained value comparing to its value at the beginning of the year.

Expectation and trust indexes are softening

■ Real sector expectations and consumer trust were in tendency to increase in the first quarter period of 2011. However, this trend reversed in the second quarter period of the year and real sector expectations and consumer trust started to decrease. After all, expectation and trust indexes are still over the level reached at the beginning of the year.

Turkish Economy Trust And Expectation Indexes

| PERIODS | REAL SECTOR EXPECTATION INDEX | CONSUMER TRUST INDEX |
|---------|-------------------------------|----------------------|
| 2010 Q2 | 111.7 | 88.04 |
| 2010 Q3 | 110.7 | 90.41 |
| 2010 Q4 | 106.4 | 90.99 |
| 2011 Q1 | 114.8 | 93.43 |
| 2011 Q2 | 114.6 | 96.42 |
| 2011 Q3 | 112.4 | 93.70 |
| 2011 Q4 | 97.2 | 92.00 |
| 2012 Q1 | 112.9 | 93.90 |
| 2012 Q2 | 108.1 | 92.10 ⁽¹⁾ |

SOURCE: CENTRAL BANK OF TURKEY

DATA AS OF THE LAST MONTH OF THE QUARTER PERIOD
(1) MAY

V. HOUSING SECTOR IN TURKEY

Decrease in building licenses and utilization licenses

■ While the number of the building licenses and building utilization licenses obtained in the first quarter period of 2012 fell below that of the last 3 quarter period, it increased on a limited scale when compared to the same quarter of the last year (upward updated). With the limiting effect of seasonality effect, there is a deceleration in the building licenses and utilization licenses obtained after the rapid growth in the last 3 quarter periods of 2011.

House Building License and Utilization License

| PERIODS | BUILDING LICENSE NUMBER OF FLATS | BUILDING UTILIZATION LICENSE NUMBER OF FLATS |
|---------|----------------------------------|--|
| 2010 Q2 | 173.948 | 94.221 |
| 2010 Q3 | 165.279 | 101.573 |
| 2010 Q4 | 446.933 | 144.430 |
| 2011 Q1 | 110.619 ^(R) | 105.973 ^(R) |
| 2011 Q2 | 161.507 | 130.171 |
| 2011 Q3 | 174.116 | 148.436 |
| 2011 Q4 | 215.438 | 174.861 |
| 2012 Q1 | 115.637 | 108.798 |

SOURCE: TURKISH STATISTICAL INSTITUTE

(R) Revised

Stability in housing credits

■ Growth in housing credits stock started to decelerate with the beginning of the new year. Housing credit, growing by 22.7% in 2011, grew only by 2% in the first 4 months of 2012. Growth in total credits volume in the first 4 months of the year fell far below the last year's by 4.0%. High credit interests and tight monetary policy limit credit expansion.

Housing Credits and its Share in Consumer Credits and Total Credits

| PERIODS | HOUSING CREDITS BILLION TL | CONSUMER CREDITS | | TOTAL CREDITS | |
|------------------------|----------------------------|------------------|---------------------------|---------------|---------------------------|
| | | BILLION TL | HOUSING CREDITS PORTION % | BILLION TL | HOUSING CREDITS PORTION % |
| 2010 Q2 | 52.0 | 108.5 | 47.9 | 454.8 | 9.5 |
| 2010 Q3 | 55.0 | 116.9 | 47.0 | 475.4 | 11.6 |
| 2010 Q4 | 60.8 | 129.0 | 47.1 | 525.9 | 11.6 |
| 2011 Q1 | 65.4 | 140.5 | 46.5 | 564.3 | 11.6 |
| 2011 Q2 | 70.8 | 156.2 | 45.3 | 620.4 | 11.4 |
| 2011 Q3 | 72.8 | 163.0 | 44.7 | 661.3 | 11.0 |
| 2011 Q4 | 74.6 | 168.4 | 44.3 | 682.9 | 10.9 |
| 2012 Q1 | 75.4 | 171.7 | 43.9 | 699.1 | 10.8 |
| 2012 Q2 ⁽¹⁾ | 76.1 | 173.7 | 43.8 | 710.3 | 10.7 |

SOURCE: BANKING REGULATION AND SUPERVISION AGENCY

DATA AS OF THE LAST MONTH OF THE QUARTER PERIOD
(1) APRIL

Housing Credit Facilities Provided in Quarters

| PERIODS | CURRENCY AND TOTAL | CREDITS MILLION TL | NUMBER OF CREDITS |
|---------|--------------------|--------------------|-------------------|
| 2010 Q2 | TL | 7.525 | 107.957 |
| | YP | 3 | 60 |
| | T | 7.528 | 108.017 |
| 2010 Q3 | TL | 6.848 | 97.391 |
| | YP | 5 | 52 |
| | T | 6.853 | 97.443 |
| 2010 Q4 | TL | 10.889 | 151.330 |
| | YP | 9 | 79 |
| | T | 10.897 | 151.409 |
| 2011 Q1 | TL | 9.759 | 135.068 |
| | YP | 11 | 96 |
| | T | 9.771 | 135.164 |
| 2011 Q2 | TL | 9.378 | 124.623 |
| | YP | 1 | 8 |
| | T | 9.379 | 124.631 |
| 2011 Q3 | TL | 5.325 | 75.053 |
| | YP | 2 | 10 |
| | T | 5.327 | 75.063 |
| 2011 Q4 | TL | 5.276 | 79.160 |
| | YP | 2 | 15 |
| | T | 5.279 | 79.175 |
| 2012 Q1 | TL | 4.781 | 66.556 |
| | YP | 18 | 33 |
| | T | 4.799 | 66.589 |

SOURCE: BANKS ASSOCIATION OF TURKEY

Housing credit usage decreases

■ By 66,589, the number of the new housing credits provided in the first quarter period of 2012 fell to the lowest level of the last 8 quarter periods. While the new housing credits valued at 9.8 billion TL was provided in the first quarter period the last year, credit usage in the first quarter period of this year was only 4.8 billion TL. Housing credit usage is in a decline trend.

Limited decline in housing credit interests

■ There have been a limited decline in housing credit interests for the first two quarter periods of the year. Average credit interest rates per month, decreasing to 1.25% at the end of the first quarter, declined to 1.21% at the end of the second quarter. Tight monetary policy by Central Bank limits the softening in credit interests.

Housing Credits Per Month Interest Rate Per Cent

| PERIODS | MINIMUM % | AVERAGE % | MAXIMUM % |
|---------|-----------|-----------|-----------|
| 2010 Q2 | 0.59 | 0.92 | 1.08 |
| 2010 Q3 | 0.59 | 0.90 | 1.07 |
| 2010 Q4 | 0.56 | 0.90 | 1.10 |
| 2011 Q1 | 0.72 | 0.95 | 1.19 |
| 2011 Q2 | 0.80 | 1.00 | 1.29 |
| 2011 Q3 | 1.04 | 1.14 | 1.49 |
| 2011 Q4 | 1,19 | 1,29 | 1,55 |
| 2012 Q1 | 0.96 | 1.25 | 1.46 |
| 2012 Q2 | 0.96 | 1.21 | 1.39 |

SOURCE: WORKING TEAM

DATA AS OF THE LAST MONTH OF THE QUARTER PERIOD

Maturity Distribution Of Housing Credits Per Cent (CREDITS PROVIDING TURKISH LIRA)

| PERIODS | 1-12 MONTHS | 13-36 MONTHS | 37-60 MONTHS | 61-120 MONTHS | 121-180 MONTHS | 181-240 MONTHS | 241 MONTHS + |
|---------|-------------|--------------|--------------|---------------|----------------|----------------|--------------|
| 2010 Q2 | 0.3 | 6.3 | 28.2 | 49.9 | 14.0 | 0.9 | 0.4 |
| 2010 Q3 | 0.2 | 5.9 | 27.4 | 51.1 | 14.2 | 0.8 | 0.4 |
| 2010 Q4 | 0.2 | 5.7 | 26.6 | 52.6 | 14.0 | 0.6 | 0.3 |
| 2011 Q1 | 0.2 | 5.3 | 25.7 | 53.8 | 13.9 | 0.5 | 0.6 |
| 2011 Q2 | 0.1 | 4.9 | 24.6 | 55.0 | 14.4 | 0.5 | 0.6 |
| 2011 Q3 | 0.1 | 4.2 | 22.1 | 53.8 | 18.6 | 0.5 | 0.6 |
| 2011 Q4 | 0.1 | 4.0 | 21.5 | 54.2 | 19.2 | 0.5 | 0.5 |
| 2012 Q1 | 0.1 | 3.8 | 20.9 | 54.6 | 19.6 | 0.5 | 0.5 |
| 2012 Q2 | 0.2 | 3.8 | 20.2 | 54.9 | 19.8 | 0.5 | 0.6 |

SOURCE: THE CENTRAL BANK OF TURKEY

DATA AS OF THE LAST MONTH OF THE QUARTER PERIOD

Credit maturity distribution is stabilized

■ Maturity of the provided credits lengthened out throughout 2011 and especially usage of the credits with 10 or more years of maturity increased. It is seen that the maturity distribution and the increase in the share of credits with long maturity stabilized in the first and second quarters of 2012. Average credit interests that are higher than those of the last year limited maturity extension.

Performing Housing Credits

| PERIODS | HOUSING CREDITS BILLION TL | PERFORMING HOUSING CREDITS BILLION TL | PERFORMING HOUSING CREDITS PORTION % |
|------------------------|-------------------------------|--|---|
| 2010 Q2 | 52.020 | 927 | 1.78 |
| 2010 Q3 | 54.997 | 925 | 1.68 |
| 2010 Q4 | 60.801 | 860 | 1.41 |
| 2011 Q1 | 65.391 | 796 | 1.22 |
| 2011 Q2 | 70.841 | 718 | 1.01 |
| 2011 Q3 | 72.808 | 708 | 0.97 |
| 2011 Q4 | 74.591 | 659 | 0.88 |
| 2012 Q1 | 75.185 | 640 | 0.85 |
| 2012 Q2 ⁽¹⁾ | 76.110 | 627 | 0.82 |

SOURCE: BANKING REGULATION AND SUPERVISION AGENCY

DATA AS OF THE LAST MONTH OF THE QUARTER PERIOD
(1) APRIL

Rate of the performing housing credits decreases

■ Performing housing credits, declining as an absolute magnitude, declined to the lowest level of the last 2 years, to 627 million TL, in April. Accordingly, the share of the performing housing credits among the provided housing credits, which has been declining, decreased by 0.82% as of April.

The Number of House Sales

| PERIODS | TURKEY-WIDE | ISTANBUL | THE 3 LARGEST CITIES | OTHER CITIES |
|---------|-------------|----------|----------------------|--------------|
| 2010 Q2 | 90.270 | 21.485 | 42.313 | 47.957 |
| 2010 Q3 | 83.697 | 16.320 | 34.754 | 48.943 |
| 2010 Q4 | 97.517 | 20.922 | 42.202 | 55.315 |
| 2011 Q1 | 91.071 | 18.768 | 39.501 | 51.570 |
| 2011 Q2 | 107.308 | 22.343 | 46.432 | 60.876 |
| 2011 Q3 | 101.754 | 18.494 | 40.445 | 61.309 |
| 2011 Q4 | 118.867 | 24.249 | 49.547 | 69.320 |
| 2012 Q1 | 96.092 | 20.778 | 40.768 | 55.324 |

SOURCE: TURKISH STATISTICAL INSTITUTE

House sales decreases in the first quarter

■ House sales in the first quarter period of 2012 fell below the sales of the last three quarter periods, to 96.092. Compared to the same quarter of the last year, house sales increased by 5.5%. As for distribution of the house sales among cities, there is not any significant change. House sales in the cities, except for the 3 largest cities, maintain their shares.

Limited decline in trend to purchase a house

■ Compared to the beginning of the new year, consumer trend to purchase a house showed a limited increase 10.60 points in the first quarter period of the year. In the second quarter period of the year, trend to purchase, declining on a limited scale, fell below the level reached at the beginning of the year in May with 9.70 points.

Consumer Trend to Purchase A House

| PERIODS | CONSUMER TREND TO PURCHASE A HOUSE |
|------------------------|------------------------------------|
| 2010 Q2 | 8.31 |
| 2010 Q3 | 8.98 |
| 2010 Q4 | 7.46 |
| 2011 Q1 | 10.42 |
| 2011 Q2 | 9.47 |
| 2011 Q3 | 10.61 |
| 2011 Q4 | 10.30 |
| 2012 Q1 | 10.60 |
| 2012 Q2 ⁽¹⁾ | 9.70 |

SOURCE: THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

DATA AS OF THE LAST MONTH OF THE QUARTER PERIOD
(1) MAY

Housing Prices Housing Prices Index 2007 = 100

| PERIODS | TURKEY | ISTANBUL | ANKARA | IZMIR |
|------------------------|--------|----------|--------|-------|
| 2010 Q2 | 92.1 | 91.2 | 89.2 | 96.7 |
| 2010 Q3 | 92.6 | 91.7 | 90.1 | 97.0 |
| 2010 Q4 | 93.5 | 93.3 | 90.3 | 97.3 |
| 2011 Q1 | 95.2 | 95.0 | 92.9 | 97.5 |
| 2011 Q2 | 96.4 | 96.5 | 94.2 | 97.8 |
| 2011 Q3 | 98.4 | 99.0 | 96.7 | 101.7 |
| 2011 Q4 | 100.8 | 101.8 | 98.3 | 105.6 |
| 2012 Q1 | 103.5 | 105.2 | 100.1 | 108.8 |
| 2012 Q2 ⁽¹⁾ | 105.5 | 107.2 | 102.6 | 110.9 |

SOURCE: GARANTI MORTGAGE REIDIN EMLAK ENDEKS

DATA AS OF THE LAST MONTH OF THE QUARTER PERIOD
(1) MAY

Trend of available housing prices to increase limitedly continues its existence

■ Trend of available housing prices to increase limitedly continues in the first and second quarter periods of the year. In the first 5 months, housing prices increased by 4.7% in Turkey-wide. This increase is over that of the same quarter of the last year and there is no real increase when compared to inflation. Price increase in Istanbul is over the average by 5.3%.

Housing Rentals Housing Rentals Index 2007 = 100

| PERIODS | TURKEY | ISTANBUL | ANKARA | IZMIR |
|------------------------|--------|----------|--------|-------|
| 2010 Q2 | 91.2 | 90.8 | 91.9 | 89.1 |
| 2010 Q3 | 91.6 | 91.0 | 93.2 | 88.5 |
| 2010 Q4 | 92.5 | 92.8 | 93.0 | 88.9 |
| 2011 Q1 | 93.2 | 93.9 | 93.8 | 89.0 |
| 2011 Q2 | 93.9 | 94.4 | 94.9 | 90.0 |
| 2011 Q3 | 95.7 | 96.2 | 96.8 | 92.3 |
| 2011 Q4 | 98.3 | 99.6 | 97.2 | 94.9 |
| 2012 Q1 | 100.6 | 102.2 | 98.8 | 98.0 |
| 2012 Q2 ⁽¹⁾ | 102.6 | 104.2 | 101.2 | 100.7 |

SOURCE: GARANTI MORTGAGE REIDIN EMLAK ENDEKS

DATA AS OF THE LAST MONTH OF THE QUARTER PERIOD
(1) MAY

Limited increase in housing rentals

■ Similarly to housing prices, housing rentals are also in a limited increase trend. However, its increase rate is a little over that of the last year. When compared to the inflation in the same period, rental increases are of reasonable extend and show no real increase.

New Housing Prices Index 2010 January=100

| QUARTER PERIODS | GENERAL | 1+1 FLAT | 2+1 FLAT | 3+1 FLAT | 4+1 FLAT |
|------------------------|---------|----------|----------|----------|----------|
| 2010 Q2 | 101.7 | 103.0 | 102.1 | 101.2 | 101.2 |
| 2010 Q3 | 103.0 | 103.2 | 103.2 | 103.0 | 100.7 |
| 2010 Q4 | 105.3 | 105.5 | 105.8 | 105.6 | 102.4 |
| 2011 Q1 | 106.7 | 107.2 | 108.6 | 106.5 | 102.1 |
| 2011 Q2 | 108.2 | 109.3 | 110.8 | 107.6 | 102.2 |
| 2011 Q3 | 110.4 | 108.0 | 113.4 | 109.9 | 105.9 |
| 2011 Q4 | 115.7 | 116.6 | 119.4 | 114.4 | 109.5 |
| 2012 Q1 | 119.1 | 119.3 | 123.5 | 117.5 | 113.2 |
| 2012 Q2 ⁽¹⁾ | 120.8 | 121.4 | 125.3 | 119.0 | 115.2 |

SOURCE: REIDIN-GYODER NEW HOUSING PRICES INDEX

(1) MAY

Increase in the new housing prices decelerates in the second quarter

■ In the first quarter period of the year, new housing prices showed an increase by 2.9%. In the second quarter period of the year, price increases stabilized and realized as 1.4% as of May. Deceleration in housing demand also limits the increase in the new housing prices.

VI. COMMERCIAL REAL ESTATE SECTOR IN TURKEY

SHOPPING MALLS

Shopping mall investments continue

■ At the beginning of 2012, it was anticipated that almost 30 of more than 70 shopping malls which were at the stage of plan and investment would come into operation in 2012. Within the scope of these anticipations, demand to invest in shopping malls in the cities other than the 3 largest cities continues in the first and second quarter periods of the year. However; there is a growing gap between the rental demanded by the newly opened shopping malls and the rental offered by the retailing companies in demand of renting. Additionally, performance of the shopping malls opened recently falls below the average performance. With the demand for new investment in the market, consolidation will continue, too.

Opened And Available Shopping Malls In Turkey Wide

| PERIODS | NUMBER OF SHOPPING MALLS OPENED | RENTABLE AREA OF THE SHOPPING MALL OPENED M ² | TOTAL NUMBERS OF SHOPPING MALLS | TOTAL RENTABLE AREA M ² |
|--------------|---------------------------------|--|---------------------------------|------------------------------------|
| 2010 Q3 | 6 | 267.112 | 255 | 6.040.341 |
| 2010 Q4 | 7 | 250.000 | 262 | 6.290.341 |
| 2011 Q1 | 6 | 236.900 | 268 | 6.527.241 |
| 2011 Q2 | 11 | 350.725 | 279 | 6.877.966 |
| 2011 Q3 | 8 | 281.880 | 287 | 7.159.846 |
| 2011 Q4 | 11 | 402.040 | 298 | 7.561.886 |
| 2012 Q1 | 5 | 155.300 | 303 | 7.717.186 |
| 2012 Q1 STOK | | | 284 | 7.488.470 |
| 2012 Q2 | 6 | 205.500 | 309 | 7.922.686 |
| 2012 Q2 STOK | | | 290 | 7.693.970 |

Available rentable area size reaches up to 7.7 million m²

■ After 5 shopping malls opened in the first quarter period of 2012, 6 more new shopping malls were opened in the second quarter of the year. Of the newly opened shopping malls, one will operate in Istanbul and the others in Mardin, Aydın, Samsun, Manisa and Muğla. Total rentable area size of the 6 newly opened shopping malls is 205.500 m². At the end of the second quarter of 2012, the number of shopping malls operating was 290 and the rentable area size reached up to 7.7 million m².

CONSUMPTION EXPENDITURES IN TURKEY

| PERIODS | HOUSEHOLD CONSUMPTION EXPENDITURES GROWTH % | FOOD EXPENDITURES BILLION TL | CLOTHING EXPENDITURES BILLION TL | FURNITURE AND HOUSEHOLD GOODS EXPENDITURES BILLION TL | ENTERTAINMENT AND CULTURAL EXPENDITURES BILLION TL |
|---------|---|------------------------------|----------------------------------|---|--|
| 2010 Q2 | 3.0 | 52.3 | 11.7 | 14.9 | 7.6 |
| 2010 Q3 | 6.8 | 57.4 | 11.7 | 14.2 | 8.1 |
| 2010 Q4 | 8.9 | 62.7 | 10.3 | 13.7 | 8.2 |
| 2011 Q1 | 11.9 | 57.9 | 13.0 | 20.8 | 8.4 |
| 2011 Q2 | 8.2 | 62.7 | 13.8 | 18.6 | 8.6 |
| 2011 Q3 | 7.8 | 65.8 | 13.7 | 18.3 | 9.7 |
| 2011 Q4 | 3.4 | 69.5 | 10.8 | 17.3 | 10.2 |
| 2012 Q1 | 0.0 | 66.8 | 13.3 | 23.0 | 9.9 |

SOURCE: TURKISH STATISTICAL INSTITUTE

Growth in consumption expenditures stops

■ According to the same quarter period of the last year, household consumption expenditures growth realized as 0% in the first quarter period of 2012 and stopped. Precaution taken to decelerate the internal demand posed an impact that was over the expectations in the first quarter of the year.

Consumer Trust Index And Purchasing Trends in Turkey

| PERIODS | CONSUMER TRUST INDEX | TREND TO SPEND ON SEMI DURABLE CONSUMER GOODS | TREND TO SPEND ON DURABLE CONSUMER GOODS | GENERAL ECONOMIC CONDITION |
|------------------------|----------------------|---|--|----------------------------|
| 2010 Q2 | 88.04 | 99.82 | 16.28 | 85.44 |
| 2010 Q3 | 90.41 | 105.03 | 18.91 | 93.11 |
| 2010 Q4 | 90.99 | 104.84 | 15.28 | 91.68 |
| 2011 Q1 | 93.43 | 104.37 | 20.56 | 92.51 |
| 2011 Q2 | 96.42 | 104.37 | 20.90 | 100.19 |
| 2011 Q3 | 93.70 | 106.60 | 18.12 | 96.60 |
| 2011 Q4 | 92.00 | 102.10 | 17.70 | 93.40 |
| 2012 Q1 | 93.90 | 104.50 | 19.00 | 94.40 |
| 2012 Q2 ⁽¹⁾ | 92.10 | 104.50 | 19.10 | 91.00 |

SOURCE: TURKISH STATISTICAL INSTITUTE

DATA AS OF THE LAST MONTH OF THE QUARTER PERIOD
(1)MAY

Consumer trend to purchase is stable

■ Consumer trend to purchase showed a limited increase in the first quarter period of the year. In the second quarter, there was a decline in purchasing trend again and as of May the level of purchasing trend declined to the data gathered at the beginning of the year. While the evaluations regarding the general economic condition declined on a limited scale, trend to spend on semi durable consumer goods has not corrupted yet.

Shopping Malls Retail Index 2005=100

| PERIODS | TOTAL ENDORSEMENT INDEX | RENTABLE AREA M ² INDEX (U) | ENDORSEMENT INDEX PER M ² |
|------------------------|-------------------------|--|--------------------------------------|
| 2010 Q2 | 142 | 185 | 96 |
| 2010 Q3 | 153 | 196 | 102 |
| 2010 Q4 | 151 | 200 | 99 |
| 2011 Q1 | 141 | 203 | 92 |
| 2011 Q2 | 151 | 218 | 95 |
| 2011 Q3 | 137 | 222 | 91 |
| 2011 Q4 | 152 | 227 | 108 |
| 2012 Q1 | 138 | 230 | 95 |
| 2012 Q2 ⁽¹⁾ | 132 | 232 | 93 |

SOURCE: AMPD NIELSEN RETAIL INDEX

DATA AS OF THE LAST MONTH OF THE QUARTER PERIOD
 (1) APRIL
 (U) Updated

Decline in shopping mall turnovers

■ Compared to the beginning of the year and the same period of the last year, there is a decline in Shopping Mall turnovers. Total turnover index declined to 138 at the end of March and to 132 in April. Rentable area m² index increases together with newly opened shopping malls, but the increase decelerates.

ISTANBUL OFFICE MARKET

Mobility in the office market is maintained

■ In the first quarter period of the year, there was a boom in the office market caused by the ongoing rental demands and operations from last year. New office supplies are met by rental and purchasing demands. Accordingly, despite new supplies, void ratio remains low. Supply-side change continues to affect the office market in Istanbul. With the effect of projects like financial center and transportation (metro, metrobus, etc.) projects, office supply assembles out of MIA region, especially in Anatolian side. It is seen that office supply, included in the composite projects, is expanding and purchasing/sales are increasing as well as rentals. Küçükyalı and Maltepe regions are added to Kartal, Ataşehir and Kağıthane regions, which are the new attraction areas. Supply-demand equilibrium protects the stability in rentals and the existing rental levels keep the demand for new office investments high.

Istanbul Office Market Void Ratios Per Cent

| PERIODS | A CLASS OFFICE | | | B CLASS OFFICE | | |
|---------|----------------|----------------------|--------------------|----------------|----------------------|--------------------|
| | MIA | EUROPE EXCLUDING MIA | ASIA EXCLUDING MIA | MIA | EUROPE EXCLUDING MIA | ASIA EXCLUDING MIA |
| 2010 Q2 | 11.7 | 18.9 | 14.5 | 12.0 | 33.7 | 19.8 |
| 2010 Q3 | 11.5 | 20.0 | 12.8 | 12.6 | 30.5 | 17.3 |
| 2010 Q4 | 11.3 | 18.6 | 14.4 | 9.2 | 33.9 | 15.1 |
| 2011 Q1 | 8.8 | 19.4 | 13.3 | 7.6 | 31.5 | 15.3 |
| 2011 Q2 | 9.8 | 16.9 | 16.2 | 7.2 | 30.4 | 15.5 |
| 2011 Q3 | 10.7 | 12.4 | 17.2 | 6.6 | 29.9 | 17.5 |
| 2011 Q4 | 11.1 | 10.3 | 16.9 | 6.6 | 28.3 | 17.2 |
| 2012 Q1 | 11.1 | 10.2 | 16.4 | 6.4 | 27.7 | 13.7 |

SOURCE: PROPIN INVESTMENT CONSULTANCY, ISTANBUL OFFICE MARKET

Void ratios are low despite the new supplies

■ While office investments and new office supplies continue to exist in Istanbul, office void ratios maintain their low levels. It is seen that new office supplies are met by demand. In the first quarter of the year, void ratios of the A class offices remained almost the same with the last quarter of 2011. As for void ratios of the B class offices, there is a decline. Due to office demand continuing especially in Asia regions excluding MIA, void ratios decline dramatically.

Istanbul Office Market Average Rentals Dollar/M²/Month

| PERIODS | A CLASS OFFICES | | | B CLASS OFFICES | | |
|---------|-----------------|----------------------|----------------------|-----------------|----------------------|--------------------|
| | MIA | EUROPE EXCLUDING MIA | EUROPE EXCLUDING MIA | MIA | EUROPE EXCLUDING MIA | ASIA EXCLUDING MIA |
| 2010 Q2 | 26.5 | 17.7 | 18.7 | 15.9 | 9.4 | 12.3 |
| 2010 Q3 | 27.2 | 17.9 | 19.3 | 16.6 | 9.3 | 13.3 |
| 2010 Q4 | 28.2 | 18.0 | 20.3 | 16.7 | 9.7 | 13.0 |
| 2011 Q1 | 27.5 | 18.1 | 19.3 | 14.6 | 9.8 | 13.6 |
| 2011 Q2 | 27.6 | 18.3 | 19.5 | 17.0 | 9.6 | 13.5 |
| 2011 Q3 | 27.6 | 17.9 | 18.8 | 14.8 | 10.4 | 13.3 |
| 2011 Q4 | 29.3 | 19.4 | 18.9 | 14.9 | 10.3 | 12.9 |
| 2012 Q1 | 30.2 | 17.7 | 19.3 | 15.6 | 10.5 | 12.5 |

SOURCE: PROPIN INVESTMENT CONSULTANCY, ISTANBUL OFFICE MARKET 2009

Limited increase in the office rentals in mia region

■ Increase in the office rentals in MIA region seen in the last quarter period of 2011 was maintained on a limited scale in the first quarter period of the year. Average rental for A class offices increased up to 30.2 dollars (m²/month) and for B class offices up to 15.6 dollars (m²/month). As for rentals outside of MIA region, consolidation continues to exist due to new supplies.

Decline in office investments

Office (Work Place) Building License And Building Utilization License In Turkey-wide

| PERIODS | OFFICE BUILDINGS OBTAINED BUILDING LICENSE M ² | OFFICE BUILDINGS OBTAINED BUILDING UTILIZATION LICENSE M ² |
|---------|---|---|
| 2010 Q2 | 1.130.961 | 567.022 |
| 2010 Q3 | 995.952 | 612.303 |
| 2010 Q4 | 2.237.091 | 780.328 |
| 2011 Q1 | 1.003.417 ^(U) | 756.0896 |
| 2011 Q2 | 1.047.038 | 1.066.285 |
| 2011 Q3 | 1.524.162 | 773.425 |
| 2011 Q4 | 1.633.705 | 836.032 |
| 2012 Q1 | 791.187 | 942.039 |

SOURCE: TURKISH STATISTICAL INSTITUTE

(U) UPDATED.

■ In the first quarter period of 2012, magnitude of the licenses obtained for new office investment initials declined to its lowest level of the last quarter periods with 791.187 m². Deceleration in construction and real estate sector in the first quarter also led to stability in the office investments, which are the most alive field of commercial real estate sector. Magnitude of the utilization licenses increased because of the new supplies.

INDUSTRIAL AND LOGISTIC AREAS

Stable Markets In The New Year

■ The most important development in the logistic market in 2011 was the increase in logistic storage rentals for the first time after declining and being stabilized due to economic crisis and their approaching to the levels of pre-crisis. In the first quarter periods of 2012, there was a stabilization in logistic market again despite its potential. Silivri, Hadımköy, Beylikdüzü, Kiraç, Tuzla and Gebze regions continue to be the attraction and activity areas around Istanbul. However, high land prices keep limiting the logistic investments. By regulations like urban transformation code, determining the location of the third bridge and new Airport and putting 2B lands to good use, land stock in Istanbul is being consolidated again and prices are being reshaped. Within this frame, attraction of logistic storage investments is limited by the alternative options of real estate investments with higher proceeds.

New industrial and logistic investments decreases

Industry and Storage in Turkey-wide Building Licenses

| PERIODS | INDUSTRIAL BUILDINGS AND STORAGES BUILDING LICENSES OBTAINED M ² |
|---------|---|
| 2010 Q2 | 1.121.320 |
| 2010 Q3 | 1.001.855 |
| 2010 Q4 | 4.305.198 |
| 2011 Q1 | 1.017.427 ^(R) |
| 2011 Q2 | 1.586.185 |
| 2011 Q3 | 1.681.762 |
| 2011 Q4 | 1.958.853 |
| 2012 Q1 | 958.477 |

SOURCE: TURKISH STATISTICAL INSTITUTE

(R) REVISED.

■ In the first quarter period of 2012, magnitude of the building licenses obtained for industrial buildings and storages fell down to the lowest value of the last quarter period with 958.000 m². It also fell below the level of the same quarter period of the last year. Demand for logistic building investment declined in the first quarter period of the year.

VII. FINANCIAL INDICATORS OF REAL ESTATE SECTOR IN TURKEY

Credits Provided in The Real Estate Sector

| PERIODS | CONSTRUCTION INDUSTRY COMMERCIAL CREDITS BILLION TL | CONSTRUCTION INDUSTRY FOREIGN CREDITS BILLION DOLLARS | REAL ESTATE COMMERCIAL CREDITS BILLION TL | REAL ESTATE FOREIGN CREDITS BILLION DOLLARS (U) |
|------------------------|---|--|---|---|
| 2010 Q2 | 33.544 | 6.758 | 12.607 | 3.816 |
| 2010 Q3 | 34.926 | 7.028 | 14.299 | 3.777 |
| 2010 Q4 | 36.459 | 7.176 | 16.616 | 3.995 |
| 2011 Q1 | 39.937 | 7.508 | 23.502 | 3.840 |
| 2011 Q2 | 43.166 | 7.533 | 22.272 | 3.990 |
| 2011 Q3 | 48.226 | 7.373 | 26.828 | 3.920 |
| 2011 Q4 | 49.314 | 6,962 | 26.918 | 3.864 |
| 2012 Q1 | 51.535 | 6.743 | 26.981 | 4.015 |
| 2012 Q2 ⁽¹⁾ | 52.473 | 6.769 | 26.817 | 3.636 |

SOURCE: CENTRAL BANK OF TURKEY

DATA AS OF THE LAST MONTH OF THE QUARTER PERIOD
(U) UPDATED.
(1) APRIL

Expansion in domestic credits decelerates

■ Growth in the domestic credits used by construction industry and real estate sector decelerated in the first quarter of the year. According to April data, there was a limited increase in construction industry and a limited decline in real estate sector in the second quarter period. There occurred a limited decline in the foreign credits used by construction and real estate sectors (credit amount updated).

Real Estate Investment Trusts Net Asset and Market Value

| PERIODS | NUMBER OF THE REAL ESTATE INVESTMENT TRUSTS | NET ASSET | | MARKET VALUE | |
|------------------------|---|------------|-----------------|--------------|-----------------|
| | | BILLION TL | BILLION DOLLARS | BILLION TL | BILLION DOLLARS |
| 2010 Q2 | 15 | 4.524 | 2.863 | 3.014 | 1.907 |
| 2010 Q3 | 18 | 5.148 | 3.550 | 3.743 | 2.584 |
| 2010 Q4 | 21 | 13.907 | 9.023 | 11.062 | 7.178 |
| 2011 Q1 | 21 | 13.849 | 9.015 | 12.867 | 8.435 |
| 2011 Q2 | 23 | 15.788 | 9.749 | 13.522 | 8.349 |
| 2011 Q3 | 23 | 18.742 | 10.100 | 12.717 | 6.853 |
| 2011 Q4 | 23 | - | - | 11.522 | 6.230 |
| 2012 Q1 | 24 | - | - | 13.823 | 7.765 |
| 2012 Q2 ⁽¹⁾ | 24 | - | - | 11.906 | 6.471 |

SOURCE: CAPITAL MARKETS BOARD OF TURKEY, ISTANBUL STOCK EXCHANGE

DATA AS OF THE LAST MONTH OF THE QUARTER PERIOD
(1) MAY

The number of real estate investment trusts increases to 24

■ As soon as a new real estate investment trust was taken public in the first quarter period of 2012, the number of the real estate investment trust traded at the Istanbul Stock Exchange reached up to 24. Capital Markets Board of Turkey, publishing the net asset data, has not announced the current data yet. Market value of the 24 real estate investment trusts increased up to 13.8 billion TL at the end of the first quarter of the year, and decreased to 11.9 billion TL at the end of March.

Foreigners' crave for real estates continues its existence

Foreign Capital Investments in Real Estate Sector

| PERIODS | SELLING REAL ESTATE TO FOREIGNERS BILLION DOLLARS | DIRECT INVESTMENT ENTRY BILLION DOLLARS |
|---------|---|---|
| 2010 Q2 | 916 | 33 |
| 2010 Q3 | 427 | 69 |
| 2010 Q4 | 645 | 130 |
| 2011 Q1 | 461 | 125 |
| 2011 Q2 | 781 | 215 |
| 2011 Q3 | 264 | 162 |
| 2011 Q4 | 507 | 54 |
| 2012 Q1 | 557 | 149 |

SOURCE: REPUBLIC OF TURKEY PRIME MINISTRY UNDERSECRETARIAT OF TREASURY

DATA TOTAL IN THE QUARTER PERIOD

■ In the first quarter period of 2012, overall sales of real estate to foreigners were 557 billion dollars, over the last quarter and the same quarter of the last year. Direct investment entry to the sector, 149 billion dollars, is over the last quarter. Data of the first quarter of the year before the enactment of the law of reciprocity show that foreigners' crave for investment continues to exist.

VIII. CONSTRUCTION SECTOR IN TURKEY

Construction industry growth decelerates

■ In the first quarter period of 2012, construction industry growth was 3.2 % and then it decelerated dramatically. Construction industry growth is the weakest growth of the last 8 quarter periods. As well as the seasonality effect, deceleration in domestic demand caused by the precautions to cool the economy also affected this deceleration.

Construction Industry And Gnp Growth

| PERIODS | CONSTRUCTION INDUSTRY GROWTH % | GNP GROWTH % |
|---------|--------------------------------|--------------|
| 2010 Q2 | 21.7 | 10.4 |
| 2010 Q3 | 23.7 | 5.3 |
| 2010 Q4 | 18.7 | 9.3 |
| 2011 Q1 | 15.3 | 11.9 |
| 2011 Q2 | 13.0 | 9.1 |
| 2011 Q3 | 10.2 | 8.4 |
| 2011 Q4 | 7.0 | 5.2 |
| 2012 Q1 | 2.8 | 3.2 |

SOURCE: TURKISH STATISTICAL INSTITUTE

Construction Expenditures Public And Private Sectors Million Turkish Lira With Current Prices

| PERIODS | PUBLIC | PRIVATE | TOTAL |
|---------|--------|---------|--------|
| 2010 Q2 | 9.609 | 14.275 | 24.334 |
| 2010 Q3 | 9.961 | 13.336 | 23.297 |
| 2010 Q4 | 10.158 | 14.478 | 24.636 |
| 2011 Q1 | 7.701 | 18.359 | 26.060 |
| 2011 Q2 | 10.826 | 20.370 | 31.196 |
| 2011 Q3 | 12.089 | 18.320 | 30.409 |
| 2011 Q4 | 10.846 | 19.500 | 30.346 |
| 2012 Q1 | 8.583 | 22.055 | 30.638 |

SOURCE: TURKISH STATISTICAL INSTITUTE

Construction expenditures is being stabilized

■ In the first quarter period of 2012, construction expenditures were 30.6 billion TL with current prices. While there was a decline in public construction expenditures in the first quarter, there was an ongoing increase in private sector construction expenditures. However, there has been a stability trend in the total construction expenditures for the last 4 quarter periods.

Employment in The Construction Industry

| PERIODS | TOTAL EMPLOYMENT (A THOUSAND PEOPLE) | CONSTRUCTION EMPLOYMENT (A THOUSAND PEOPLE) | CONSTRUCTION EMPLOYMENT SHARE % |
|---------|---|--|------------------------------------|
| 2010 Q2 | 23.488 | 1.580 | 6.7 |
| 2010 Q3 | 22.973 | 1.520 | 6.6 |
| 2010 Q4 | 22.665 | 1.442 | 6.4 |
| 2011 Q1 | 23.286 | 1.440 | 6.2 |
| 2011 Q2 | 24.901 | 1.863 | 7.5 |
| 2011 Q3 | 24.749 | 1.888 | 7.6 |
| 2011 Q4 | 23.678 | 1.512 | 6.4 |
| 2012 Q1 | 23.817 | 1.400 | 5.9 |

SOURCE: TURKISH STATISTICAL INSTITUTE

DATA AS OF THE LAST MONTH OF THE QUARTER PERIOD

Seasonal decline in construction industry employment

■ With the effect of seasonality, construction industry employment declined to 1.4 billions, and its share in total employment declined to 5.9% in the first quarter period of the year. Employment level is even below the employment magnitude of the first quarter of the last year. Depending on the relative deceleration in construction activities, employment also declined.

Construction Costs Index 2005=100

| PERIODS | RESIDENTIAL BUILDING | | | NON-RESIDENTIAL BUILDINGS | | |
|---------|----------------------|-------------|----------|---------------------------|-------------|----------|
| | GENERAL | LABOUR COST | MATERIAL | GENERAL | LABOUR COST | MATERIAL |
| 2010 Q2 | 143.06 | 167.64 | 136.58 | 141.97 | 167.86 | 135.50 |
| 2010 Q3 | 145.78 | 169.22 | 139.61 | 144.81 | 169.53 | 138.62 |
| 2010 Q4 | 148.05 | 169.93 | 142.29 | 147.14 | 170.24 | 141.36 |
| 2011 Q1 | 154.49 | 174.45 | 149.23 | 153.66 | 174.65 | 148.41 |
| 2011 Q2 | 161.11 | 178.52 | 156.52 | 160.04 | 178.76 | 156.10 |
| 2011 Q3 | 166.88 | 179.72 | 163.50 | 166.08 | 179.97 | 162.61 |
| 2011 Q4 | 168.48 | 180.55 | 165.30 | 167.38 | 180.78 | 164.02 |
| 2012 Q1 | 170.66 | 183.93 | 167.16 | 169.28 | 184.16 | 165.56 |

SOURCE: TURKISH INSTITUTE OF STATISTICAL

Increase in construction costs continues in a decelerating way

■ In the first quarter period of the year, increase in the construction costs continues in a decelerating way. While the increase in construction materials costs decelerated dramatically in the first quarter, the increase in labour costs increased considerably with 3.5 points. Increase in residential building construction costs was 22 points, while increase in non-residential building construction costs was 1.9 points.

IX. FINANCIAL INDICATORS IN TURKEY

Financial Indicators

| PERIODS | BANKING SECTOR SIZE OF ASSETS BILLION TL | ISTANBUL STOCK EXCHANGE MARKET VALUE BILLION DOLLARS | OUTSTANDING EXTERNAL DEBT BILLION DOLLARS | CENTRAL BANK FOREIGN EXCHANGE RESERVE BILLION DOLLARS | FOREIGN PORTFOLIO INVESTMENTS BILLION DOLLARS |
|---------|--|--|---|---|---|
| 2010 Q2 | 908.6 | 241.4 | 265.4 | 70.6 | 92.7 |
| 2010 Q3 | 927.4 | 312.1 | 283.0 | 75.8 | 113.9 |
| 2010 Q4 | 1.006.7 | 295.8 | 290.0 | 80.7 | 112.5 |
| 2011 Q1 | 1.046.4 | 293.5 | 302.5 | 86.2 | 116.5 |
| 2011 Q2 | 1.146.0 | 290.2 | 314.7 | 92.7 | 114.7 |
| 2011 Q3 | 1.213.7 | 232.2 | 314.0 | 87.5 | 99.4 |
| 2011 Q4 | 1.217.7 | 191.4 | 306.6 | 78.3 | 95.0 |
| 2012 Q1 | 1.229.0 | 260.1 | 318.2 | 80.2 | 115.4 |
| 2012 Q2 | 1.255.6 | 222.7 ⁽¹⁾ | - | 82.4 ⁽²⁾ | 111.6 ⁽¹⁾ |

SOURCE: CENTRAL BANK OF TURKEY, UNDERSECRETARIAT OF TREASURY, BANKING REGULATION AND SUPERVISION AGENCY, ISTANBUL STOCK EXCHANGE

AS OF THE LAST MONTH OF THE QUARTER PERIOD
(1) MAY
(2) JUNE 22

Fluctuation in financial indicators

■ While there was an increase in financial indicators in the first quarter of the year, they showed a reverse trend in the second quarter period. After increasing considerably in the first quarter, Istanbul Stock Exchange market value is in a decline trend in the second quarter. Foreign portfolio investments are also in the same trend. Growth in the total size of assets of the banks decelerated. While Central Bank foreign exchange reserve shows an increase, outstanding external debt, which declined in the last quarter of the last year, increased up to 318.2 billion dollars at the end of the first quarter of 2012.

About GYODER

GYODER, The Association of Real Estate Investment Companies, was established in 1999 by the existing 12 REICs to promote the real estate industry in Turkey. The Association acts as a platform in introducing and maintaining standards and quality, providing training, networking, and acting as spokesman in relations with media and public authorities.

The conferences, meetings, seminars, symposiums, panels and education programs GYODER has organized are seen as major meeting platforms for the players in the sector. GYODER is also representing the Turkish Real Estate Sector in foreign associations, institutions, exhibitions, fairs and conferences with globally known EPRA, NAREIT, MIPIM, Real Vienna, ULI, Barcelona Meeting Point and Expo Italy.

Being organized by GYODER firstly in 2000, the series of Turkish Real Estate Summit have become the sector's traditional meeting and idea sharing events with their international participants of developers, investors, financial institutions, planners, architects and academics.

It has been GYODER's vision since the establishment of the Association to integrate these resounding and successful summits with a real estate exhibition. As a first with its concept, the Turkish Real Estate Summit is being held together with ISTANBUL REstate Real Estate and Investment Fair since 2009.

GYODER also organized Developing Cities Summit in order to present investment opportunities in developing cities to sector representatives and to help cities to reach out to national and international real estate investors. The first of the Developing Cities Summit was organized in January 2010 in Bursa in cooperation with Bursa Metropolitan Municipality. Second of the Developing Cities Summit was organised in November 2010 in Konya in the cooperation with Konya Metropolitan Municipality. The third of Developing Cities Summit – Gaziantep was organised in 24 – 25 November 2011 under the auspices of the Ministry of Environment and Urbanism and in cooperation with Gaziantep Metropolitan Municipality.

In 15 of December, GYODER also organised Being a REIT Conference in cooperation with Capital Boards of Turkey for the first time in Turkey.

