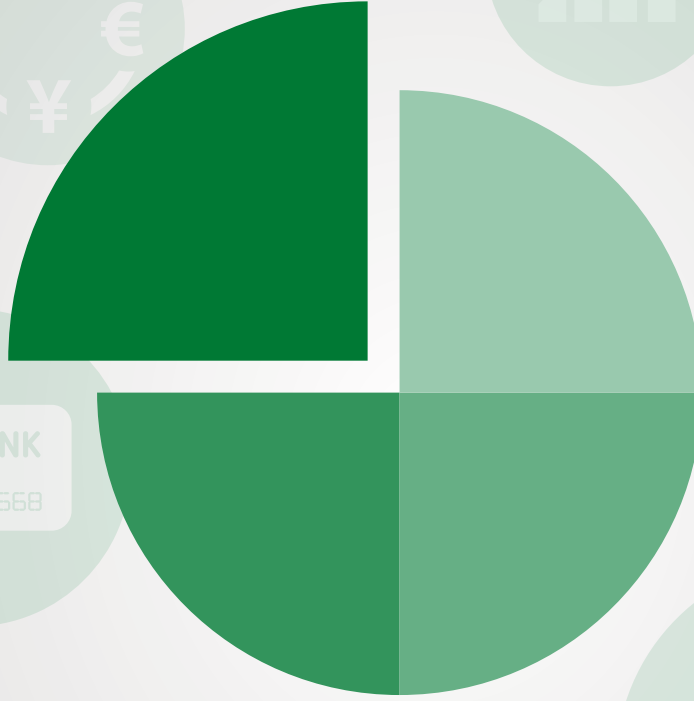


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Issue: 3



**Turkey Real Estate Sector 2015
4th Quarter Report and
Annual Results**

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JLL Turkey

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Introduction



The real estate sector is by definition based on the supply and demand equilibrium. The demand for real estate constantly increases in our country due to the rapid increase in population, families parted due to cultural changes, urbanization, and increase in income levels and rise in life standards. At this point, when the historic progress of the real estate sector's development is considered, it can be claimed that the economic developments in our country are quite influential. Especially, the crisis Turkish economy went through in 2001 was an important milestone for our country. Many structural problems such as the chronic high inflation rate and unemployment, low rate of growth, high interest rates and government debts brought our country the economic crisis. The post - crisis structural regulations and the administrative measures accomplished, a swift recovery procedure was established and the effects of the crisis were abolished to a significant extent. The improvement observed particularly in the governmental expenses and debts

discipline as well as the recovery seen in debt management showed itself in the increase in growth and decrease in the risk premiums.

When the process following the year 2015 is examined, it is possible to claim that crucial risks will also be affecting the sectoral decisions. In this regard, the monetary tightening expected from the FED will be a milestone for the markets and economies, and it will also be an indicative factor shaping our country's economy and the sector in 2016. On the other hand, the issues of growth in the world economy, the fluctuations in commodity prices, the expansionary or tightening fiscal policies of the major central banks, lift of the embargo over Iran and horizontal trend of the geopolitical risk factors are expected to determine the going of 2016.

The main factors affecting the property market in Turkey such as population increase, immigration and regarding the



properties as investment tools keep the demand alive in real estate. Particularly, in respect of the domestic and foreign investors, since the residences provide rental income and regular revenues as well as enable a reel income due to the increase in their value, the demand exceeds over the supply in projects having correct criteria.

In the real estate sector, there are many factors affecting both the supply and demand. Amongst the most important of these criteria; factors determining the buyer's decision such as project's location, architecture, social areas and accessibility take place. However, both regarding demand decisions and the easiness of sale of supply, regardless of the all other conditions, providing convenience in the financing of the property accelerates the decision on the purchase.

On the other hand, supporting the construction companies through a strong financing model will enable the increase of similar selling models and will ease the balance between the supply and demand. Best example of this financing model is the real estate certificates. This certificate supporting the financing based supply and providing convenience in demand will become an important source of long term financing for

the sector in respect of the securities based on real estate loans. The realization of such instruments, the related legal infrastructure of which is largely completed, will create a new opportunity both for the sector and capital markets and will help the sector to reach a more stable structure.

Our Foresights regarding the Real Estate Sector in Turkey for 2016

- Continuation of the foreign investor's interest despite to depreciation of the Turkish Lira against foreign currency,
- With keeping its dynamism in the first half of 2016, increase in the housing sales compared to last year,
- The Iranian institutional and individual investors showing interest in Turkish real estate starting from the second half of 2016,
- Continuation of Turkey's geopolitical importance in the near geography and within the region the country remains, its protection of its relatively safe port function in the region,



- In spite of the volatility in the credit interests and the upside tendency, the investor's inclination to use mortgage credit without ignoring the opportunities emerging in the prices,
 - Istanbul's appealing the interest of investors around the world as a brand city,
 - The concrete activities conducted for turning İstanbul into a center of finance,
 - Infrastructure projects creating an attraction center and interest (especially Gulf Passage, 3rd Bosphorus Bridge, Tube Tunnel Projects built in the Bosphorus, Third Airport, rail transit system seen almost in all major cities and subway projects as well as Kanal İstanbul activities are drawing great attention),
 - With the help of transportation vehicles and means, expansion of the big city surroundings, and these surroundings' protecting/increasing their appeal as these surroundings have more planned social facilities compared to the city center,
 - Continuance of the urban transformation and related regulations also in 2016,
 - The administrative and financial advantages provided by more institutional management of the businesses directly related with the sector making the companies stronger,
 - In addition to the continuation of the rural – urban migration, the increasing number of immigrants flowing directly to major cities resulting in the increase trend of the rental and property prices in the big cities in the West,
 - The continuance of the natural demand occurring due to the young population,
 - Increasing property requirements due to the change in the elementary family concept, as well as marriages and divorces,
 - The property market, both in terms of demand and supply, becoming more rationalized and flexible,
 - The investors closely following the developments in the property prices beginning to buy properties from the regions with low price increase rate and their demand in overall Turkey,
 - With the measures adopted to promote the property purchases and savings for the investors demanding properties yet having difficulty in providing 25% of the initiation amount in the mortgage credit (the 15% governmental support in property purchase etc.), the targets will be reached more conveniently this year ●
- Best Regards,*
Data Interpretation Supreme Board

Main Economic Data

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With the 2000s and affected by the abundance in global liquidity and inexpensive financing costs, Turkey turned into a country which creates a severe amount of external sources and directing it especially to the real estate markets. Where the gross domestic product was 231 million USD (350 million TL) in 2002, in 2015 its value is estimated as 700 million USD (2 billion TL). When the increase in the revenues is evaluated with the decrease in financing costs, it could be claimed that the thresholds of 1 million in both yearly housing sales and construction licenses were exceeded within 2015.

Considering the developments on the exchange rate – inflation – consumer confidence index side, the consumer's confidence reacts to the increase in the exchange rate of USD with a rapid decrease, and as the increase continues the confidence falls sharply; on the other hand consumer's confidence is affected from the increase in USDs value relatively later than the increase of the inflation. In the long run, in case the inflation continues to increase and as the purchasing power of the consumer gets affected from this increase, consumer confidence starts falling. Within this context, we observe that the increase in the exchange

rates and inflation rate beyond the expected level in 2015 reflected negatively on consumer confidence. Similarly, the unemployment rate still being at the level of 10% could be pointed as another problematic area within this year as well.

When making assessments on Turkish economy, the developments in the demographic structure should also be taken into consideration. The population structure of our country started to resemble the ones of developed countries. The demographic change process in Turkey starting with the decrease of the fertility rate not only causes the slowdown in the rate of population's increase but also brings quite severe changes in the population structure. The deceleration in the increase of the population emerging due to the low fertility rate causes the aging of the population. While the total population reached to 78.7 million people in 2015, the annual population increase rate was merely 1.95%. Depending on the projections of Turkish Statistical Institute, the population as a whole is expected to reach to 84.2 million people in 2023 and the population growth rate is anticipated to decrease to 0.86% within the same year ●

As of the year end,
the income per
capita is expected
to drop below 10
thousand USD.

Nominal Gross Domestic Product by Expenditure

Year	GDP (million TRY)	Income per Capita (TRY)	GDP (million USD)	Income per Capita (USD)	Growth (%)	Average Rate during the year (TRY/USD)
2013	1,567,289	20,607	823,156	10,821	4.20	1.904
2014	1,749,782	22,753	798,987	10,389	2.90	2.19
2015 (9 month)	1,445,614				3.40	

Source: Turkish Statistical Institute

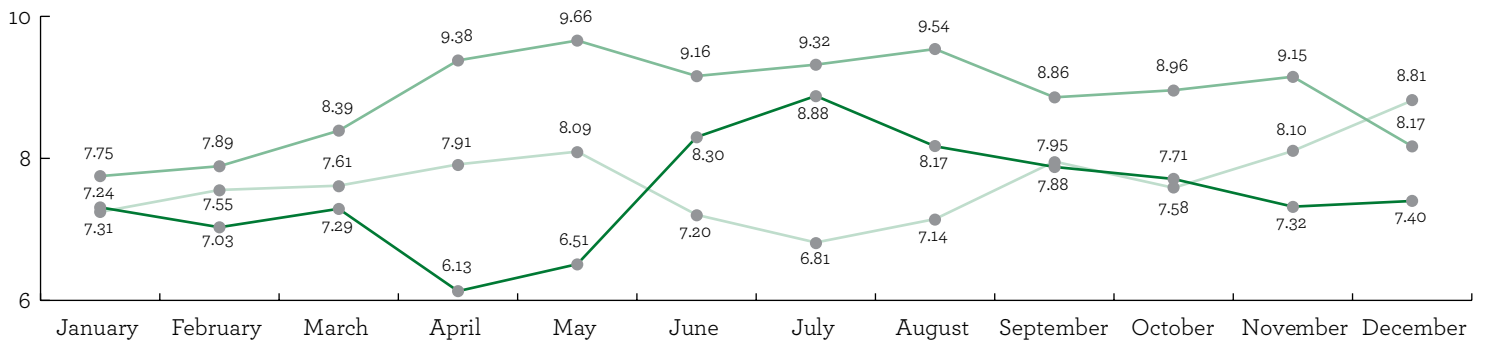
Buying rate for last day of each month was used to establish average USD rate for that year.



5

For bringing the
annual inflation under
control, the positive
downward trend of the
energy inputs in foreign
markets is expected to be
effective.

Annual Inflation*



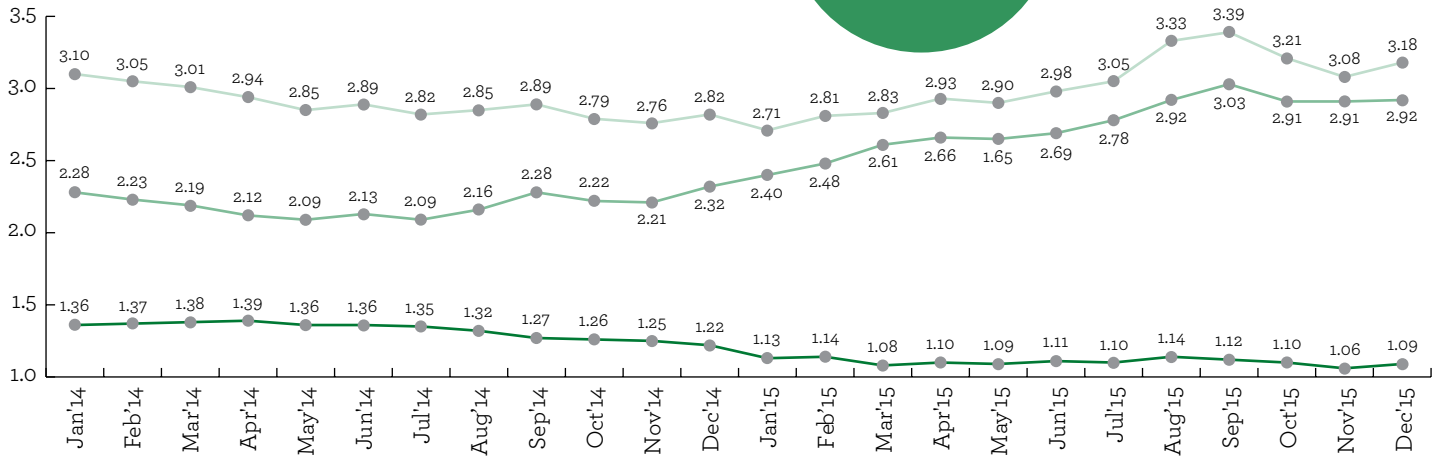
Source: Turkish Statistical Institute

*Change according to same month of previous year

— 2015
— 2014
— 2013

Exchange Rate*

Increase in value of USD and EUR against TL is expected to continue in 2016.



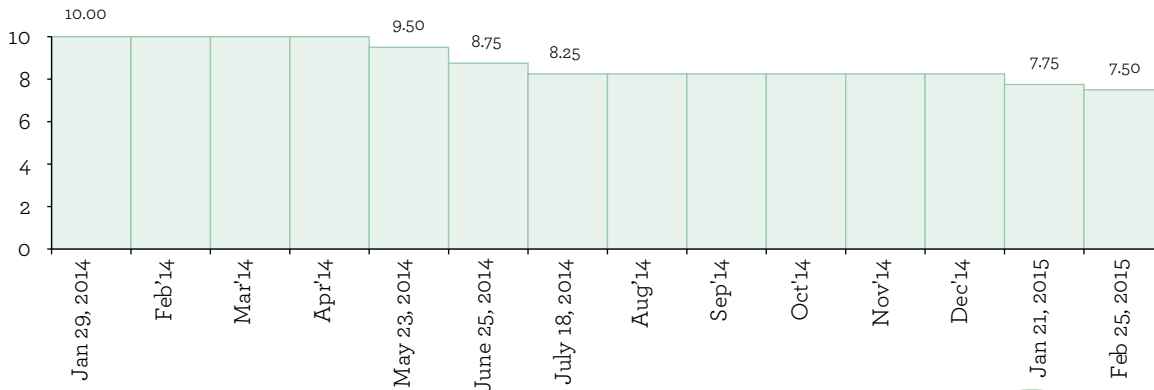
Source: Central Bank of the Republic of Turkey

* By the last day of each month

EUR/TRY
USD/TRY
EUR/USD

Policy Rate

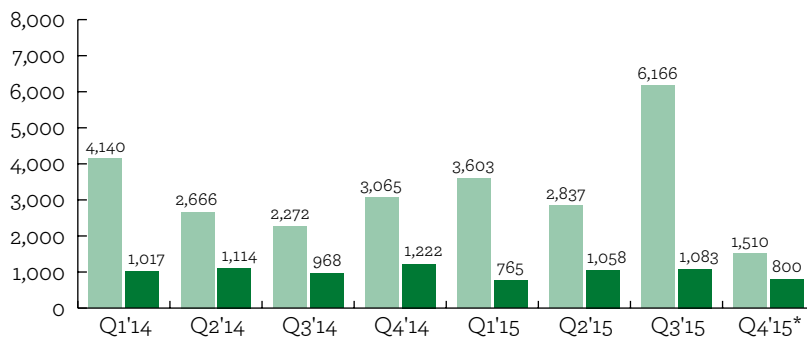
Lending Rate (%)



In 2016, increase in policy interests is not expected.

Source: Central Bank of the Republic of Turkey

Foreign Direct Investment (million USD)



Source: Ministry of Economy

*Except December

Direct investment inflow
Real estate sales to foreigners

Total falls in direct foreign investment (DFI) within the 4th quarter of 2015 had an impact also on the real estate sector. The interest policies of European and US Central Banks will continue to have an impact on emerging markets in 2016.



Age 15+ Unemployment (%)

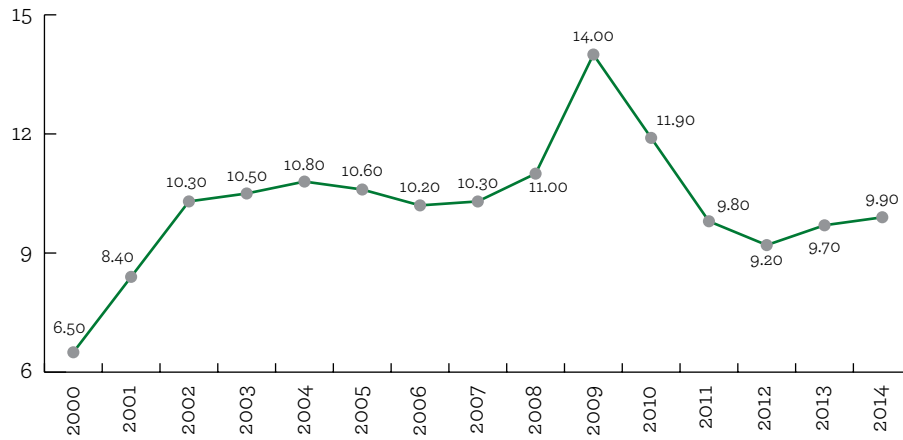
Monthly Average*

Oct'14	Nov'14	Dec'14	Jan'15	Feb'15	Mar'15	Apr'15	May'15	Jun'15	Jul'15
11.3	11.2	10.6	9.6	9.3	9.6	9.8	10.1	10.3	10.5

Source: Turkish Statistical Institute

* Job search time in unemployment data has been revised as 4 weeks by May 15, 2015, which was 3 months

Annual Average

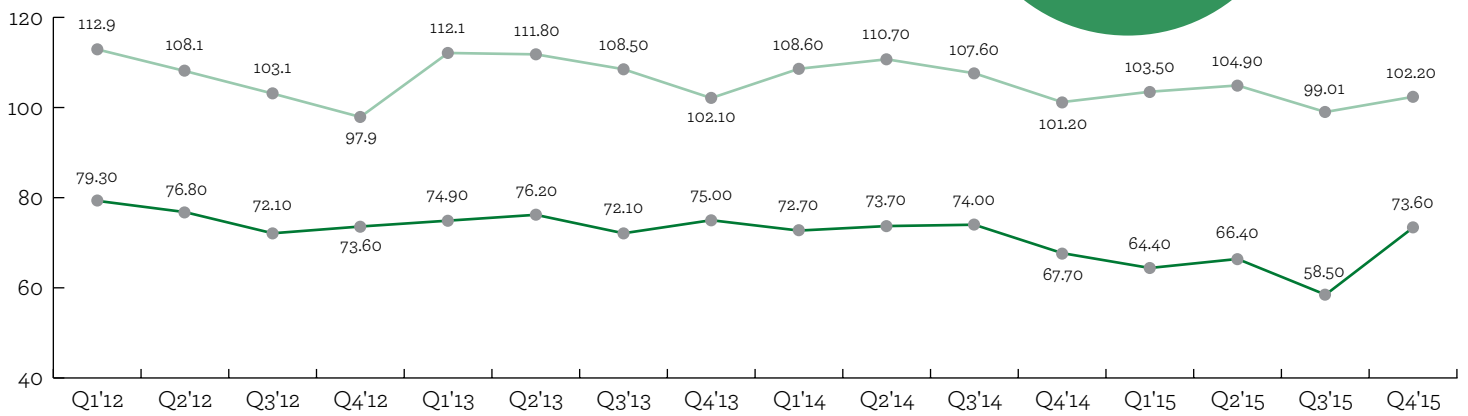


Source: Turkish Statistical Institute



The increase occurred in Expectations and Confidence Indexes in the last quarter has been recorded as a positive progress.

Expectation and Confidence Index



Source: Central Bank of the Republic of Turkey

— Real Sector Expectation Index
— Consumer Confidence Index

- As of 31 December 2015, Turkey's population was 78 million 741 thousand 53.
- Population residing in Turkey increased 1 million 45 thousand 149 in 2015, compared to the previous year.
- The rate of people residing in city centers and suburbs was identified as 92,1%
- Where the rate of people living in city centers and suburbs was 91,8% in 2014, it increased to 92,1% in 2015.
- Population residing in İstanbul increased 2% compared to last year.
- İstanbul in which 18,6% of Turkey's population reside became the most populated city with its inhabitants of 14 million 657 thousand 434 people.
- Ankara with 6,7% (5 million 270 thousand 575), with 5,3% (4 million 168 thousand 415) İzmir, Bursa with 3,6% (2 million 842 thousand 547) and Antalya with 2,9% (that is 2 million 288 thousand 456) followed İstanbul.
- Middle age of Turkey's population increased.
- The average middle age which was 30,7 in our country in 2014, increased to 31.
- The rate of population in working age did not change in 2015.
- In our country, the rate of the population within 15-64 age group (the working age) did not change compared to 2014 and remained at 67,8% in 2015 (53 million 359 thousand 594).
- The rate of the population in child age group (0-14) fell to 24% (18 million 886 thousand 220) while the rate of the population aged 65 and over went up to 8,2% (6 million 495 thousand 239).

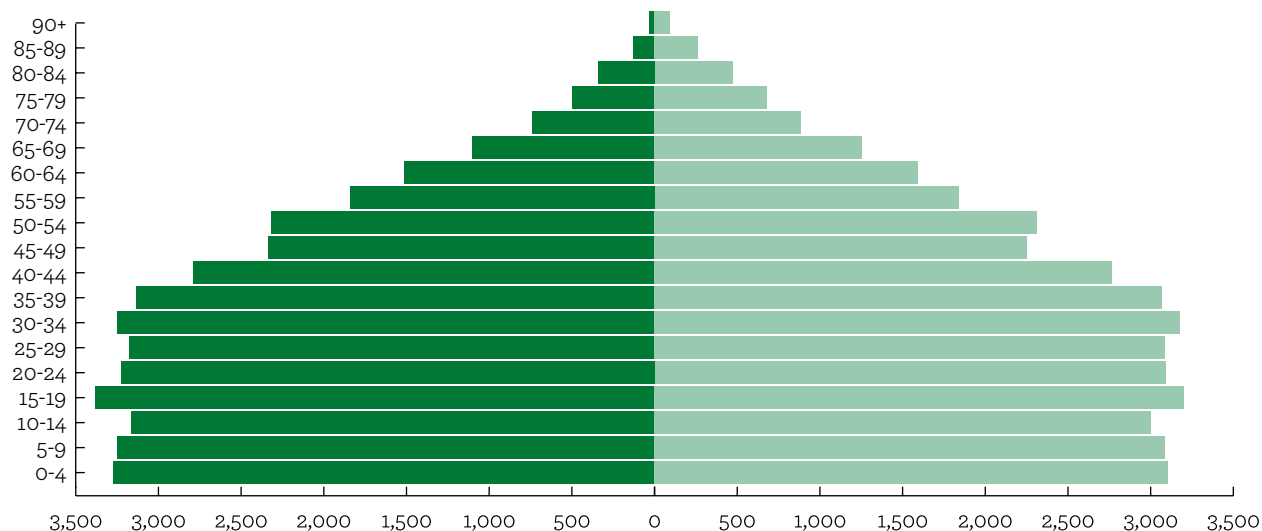
Population Growth in Major Cities (thousand)

	2013	2014	2015
Istanbul	14,160	14,377	14,657
Ankara	5,045	5,150	5,271
Antalya	2,093	2,158	2,288
Izmir	4,061	4,113	4,168
Bursa	2,741	2,788	2,843

Source: Turkish Statistical Institute



Population Pyramid of 2015

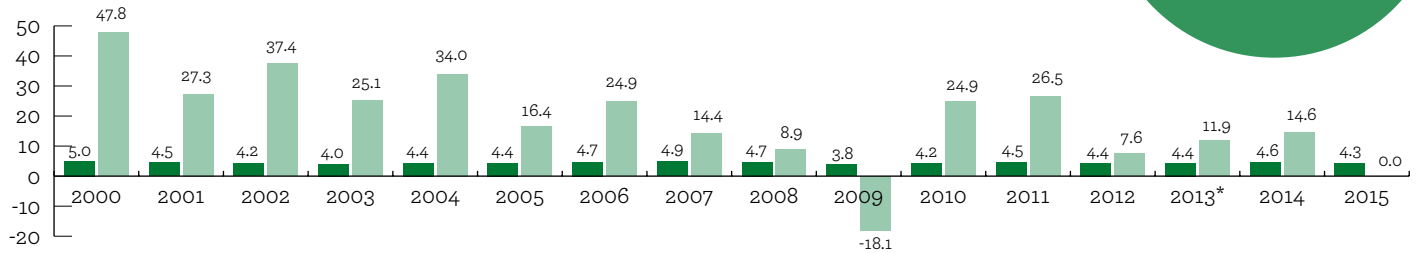


Source: Turkish Statistical Institute

Female
Male



Percentage of Construction in GDP current prices

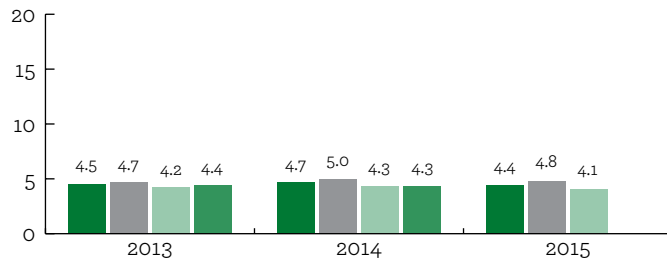


Source: Turkish Statistical Institute

*Values from 2013 and before have been updated

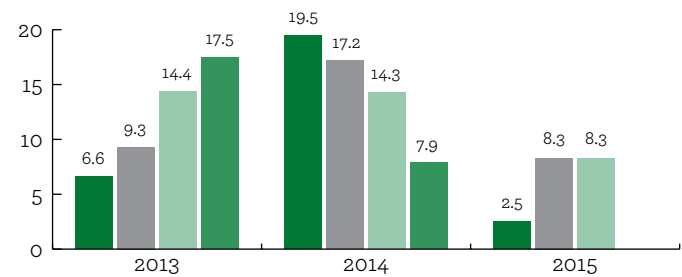
— Growth Rate (%)
— Sector Percentages (%)

Share in GDP



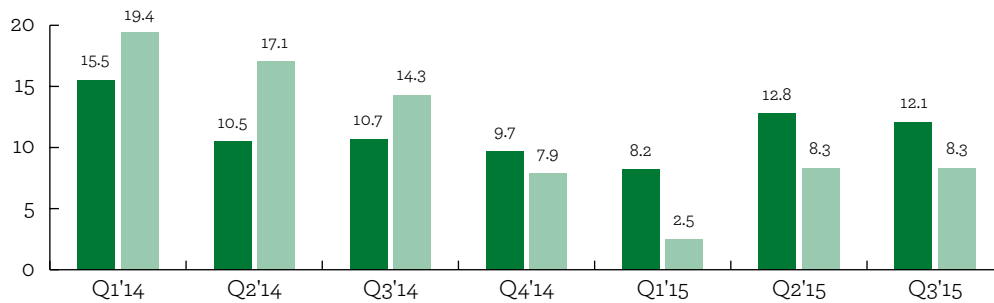
Source: Turkish Statistical Institute

Growth compared to same month of previous year



— I. Quarter
— II. Quarter
— III. Quarter
— IV. Quarter

Construction Sector- National Income Growth Figures Comparison (%)



Source: Turkish Statistical Institute

— Construction Sector Growth Rate (%)
— GDP Growth Rate (%)

REIT's

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Borsa İstanbul exceeded the 90 thousand limits in January 2015, occasionally showed increases throughout the year but taking the whole year into consideration, it displayed a decreasing performance. The developments occurred during the year and influences of the 2 election periods could be clearly observed in this decrease. As the November elections approached, BIST started to increase, then due to the unfavorable conditions occurred in foreign countries after November, it continued its downward trend. Real Estate Investment Trusts Index XGMYO performance, starting at 36 thousand levels continued its rise until mid-May and went up to 43 thousand, yet due to the elections and other circumstances arising within the country, with the fluctuations around the starting level it completed the year in 37 thousand levels.

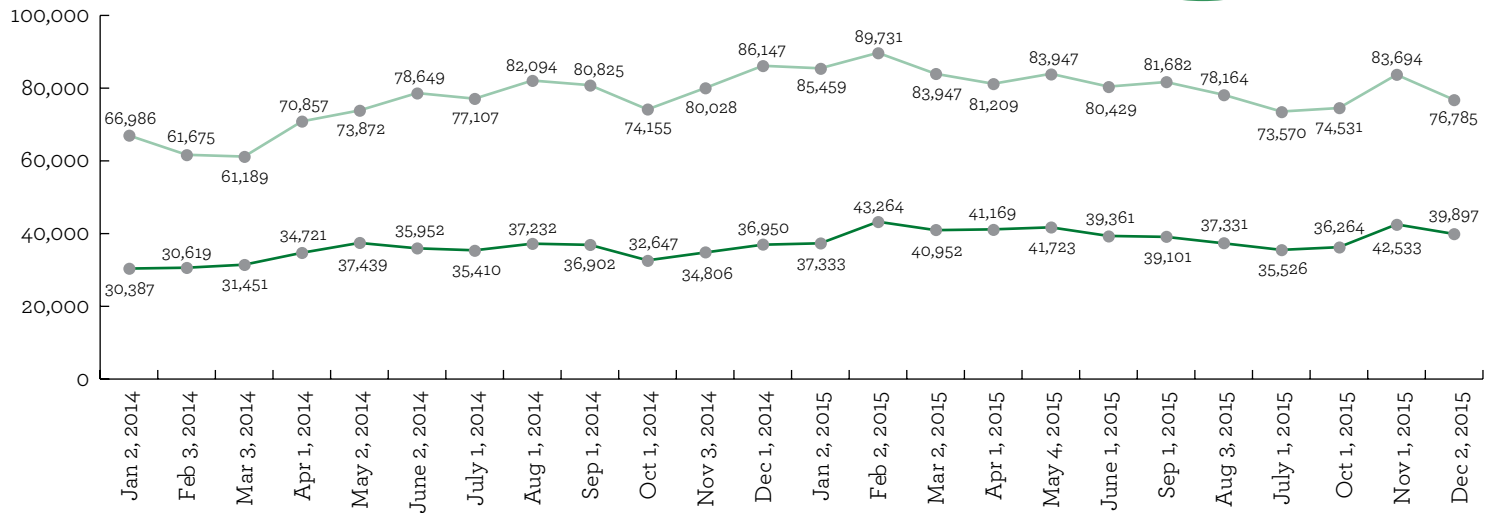
When the market value of GYOs is examined, a loss of 11% on the basis of Turkish Lira and 20% loss over USD in value could be identified within the first three quarters. This was qualified as a case emerging through the pressure of the negative developments endured during this last period over the exchange rate. Turkey needs to take concrete steps in order to

escape from this case known as the Middle Income Trap. With the decrease of the oil prices in the world markets, the current deficit balance started to give positive signals but in the long run developing and supporting the policies are inevitable especially the requirement for products with innovation and high added value remaining in the base of the problem are considered.

In the Expectation and Confidence Indexes, the decrease in the first three quarters started to increase in the fourth quarter and completed the year with the help of the positive signals of the real sector and consumers. The increase in the confidence index was identified as 20% compared to the previous period. In the same period, an increase of 2% was seen in the expectation index of the real sector. In the upcoming period, the increases in the confidence index in 2016 are anticipated to increase the expectations of the real sector as well ●

The Real Estate Investment Trusts (GYO) active in Borsa İstanbul were determined to be affected less by general fluctuations, but decreased in value on USD basis.

BIST REIT Index Performance*



Source: BIST

*Index closing prices for the first day of every month were taken into consideration.

— BIST 100 Closing (TRY)
— XGMYO Closing (TRY)

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REIT Market Value

	Q1'12	Q2'12	Q3'12	Q4'12	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15
REIT Number	24	24	24	25	27	29	30	30	30	31	31	31	31	31	31
Million TRY	13,823	13,912	13,591	15,787	16,877	16,431	17,084	18,632	19,956	20,671	19,432	21,981	23,073	22,326	20,515
Million USD	7,765	7,714	7,614	8,771	9,324	8,558	8,500	8,730	9,282	9,750	8,486	9,462	8,813	8,393	7,025

Source: Capital Markets Board of Turkey

Exchange rate of dollar, was taken as the first trading day of next quarter period.

Since the latest reports released by CMB are from May 2015, the 2. and 3. quarter data could not be reached.

General Informations of REITs in Company Basis

	Name of Company	Total Assets (TL)	Market Value (TL)
1	AKFEN REIT	1,260,721,791	255,760,000
2	AKİŞ REIT	1,595,038,683	434,000,000
3	AKMERKEZ REIT	217,030,654	632,370,080
4	ALARKO REIT	535,997,440	254,021,437
5	ATA REIT	39,748,403	60,087,500
6	ATAKULE REIT	256,545,702	110,880,000
7	AVRASYA REIT	98,707,362	66,240,000
8	DENİZ REIT	184,700,351	79,000,000
9	DOĞUŞ REIT	769,980,045	729,338,178
10	EMLAK KONUT REIT	17,136,102,000	9,576,000,000
11	HALK REIT	936,726,113	743,000,000
12	İDEALİST REIT	8,262,924	8,600,000
13	İŞ REIT	3,803,332,265	1,044,400,000
14	KİLER REIT	623,219,567	137,640,000
15	KÖRFEZ REIT	90,197,381	60,720,000
16	MARTI REIT	689,458,154	61,600,000
17	NUROL REIT	1,457,904,851	136,400,000
18	ÖZAK REIT	1,511,014,561	422,500,000
19	ÖZDERİCİ REIT	343,355,929	120,000,000
20	PANORA REIT	705,166,640	399,330,000
21	PERA REIT	198,152,864	34,749,000
22	REYSAŞ REIT	865,580,870	124,800,000
23	SAF REIT	2,269,945,085	966,395,819
24	SERVET REIT	276,634,882	111,800,000
25	SİNPAŞ REIT	2,077,346,591	402,000,000
26	TORUNLAR REIT	7,693,003,000	1,540,000,000
27	TSKB REIT	389,543,240	93,000,000
28	VAKIF REIT	772,101,006	400,530,000
29	YAPI KREDİ KORAY REIT	159,465,105	53,600,000
30	YENİ GİMAT REIT	1,550,440,353	1,365,504,000
31	YEŞİL REIT	1,437,947,867	91,695,125

Source: Capital Markets Board of Turkey, 3rd Quarter Data

Credits



BANK
1234 4568

The average monthly housing credit interest rate which was under the monthly rate of 1% recognized as a psychological limit within the first three quarters of 2015, yet it followed a progressively increasing trend and started the last quarter above 1% and finally closed the year in the monthly 1,10% and yearly compound interest of 14,08%.

However, despite the increase in the interest rate, the stock balance of mortgage loans provided by the deposit banks maintained its share within both the total consumer loans and total individual loans; and what is more with the balance of 131,5 billion TL, it increased its yearly growth rate from 12,8% in the third quarter to 14,9%. On the other hand, compared with the year end of the previous year, the growth trend in the related mortgage loans increasingly continued on annual basis as well; the rate of non-performing loans made progress as well compared to the last year.

Indeed, despite the increase in the interest rate; though the figures of the fourth quarter have not been declared yet, based even merely on the figures of the first three quarters, in mortgage loans both in terms of extension volume and

number of extended mortgage loans, it is obvious that the figure will be well beyond the year-end of 2014. When considered from this point, it is observed that the extension figures' of the first three quarters downward trend which was endured in 2014 compared to the year before came to an end and its increase started. Thus the growth in the total mortgage loan balance by the end of 2015 exceeding the figures of the previous year is qualified as the outcome of the aforementioned increase tendency.

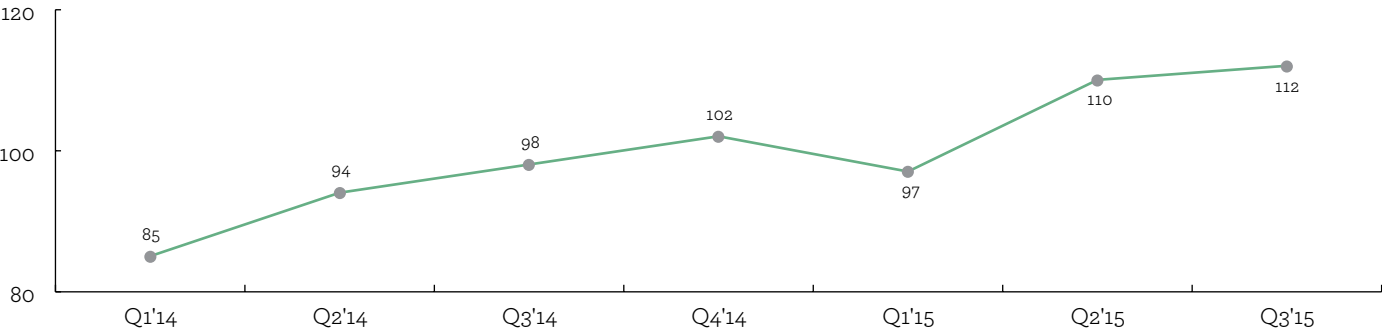
Meanwhile, with the potential influence of the increase in the housing prices, the approximate 10% increase observed in the extent of the average loan amounts of the first three quarters of 2015, is considered as a result of both the loan appetite of the banks and the increase in the needs of the households using mortgage loans. As a matter of fact, as a result of the limiting policies towards the government's consumption expenses, and despite the fall endured in individual loan balances in terms of absolute figures and its share within the total loans; the increase of the mortgage loans in respect of both consumer loans and total individual loans compared to last year confirms the aforementioned evaluation ●

Mortgage Extension

Period	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15
Total Credit Extension (million TRY)	7,243	7,802	10,488	10,991	12,483	12,748	11,173
Credit Extension Figure (number)	85,602	82,919	107,247	107,664	129,040	116,023	100,141



Average Mortgage Loan Amount (thousand TRY/number)

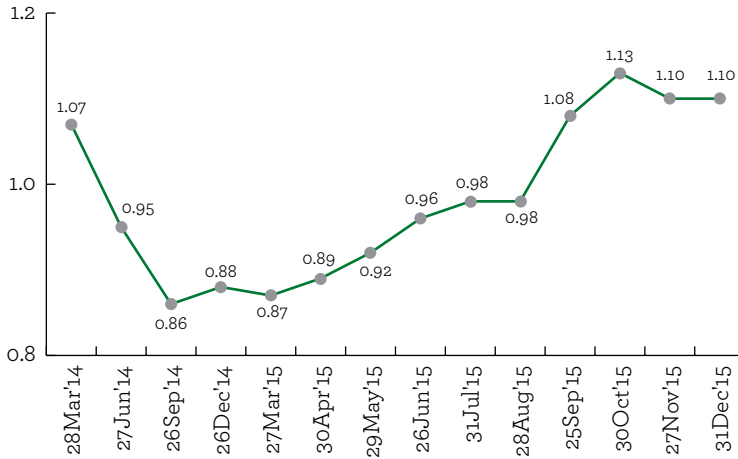


Source: The Banks Association of Turkey

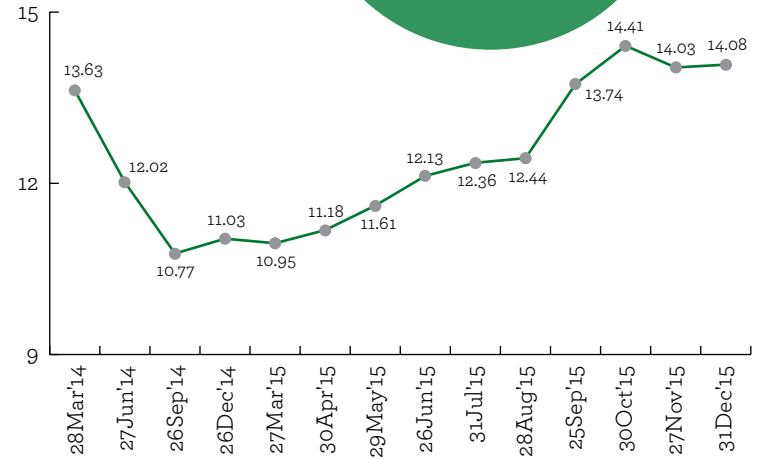
Mortgage Loan Interest Rate (%)

The average monthly housing credit interest rate, started the last quarter above 1% and finally closed the year in the monthly 1,10% and yearly compound interest of 14,08%.

Monthly Interest



Compound Interest



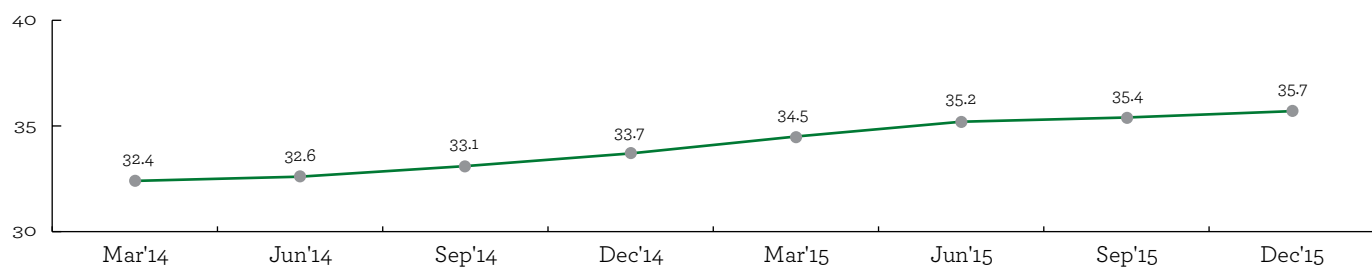
Source: Central Bank of the Republic of Turkey

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Mortgage Loan - Total Consumer Credits Comparison*

	Mar'14	Jun'14	Sep'14	Dec'14	Mar'15	Jun'15	Sep'15	Dec'15
Mortgage Loan (billion TRY)	103	105	109	114	120	126	129	131
Total Consumer Credits (billion TRY)	317	323	331	339	348	357	365	368

Ratio of Mortgage Loan to Total Consumer Credits (%)

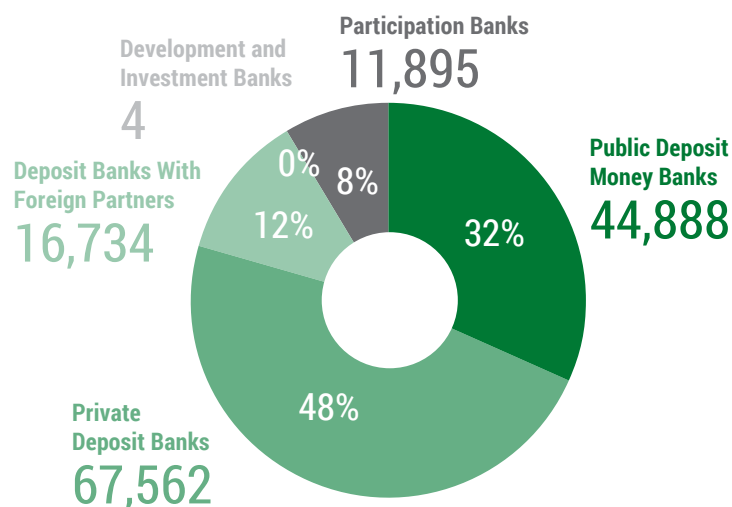


Source: Central Bank of the Republic of Turkey

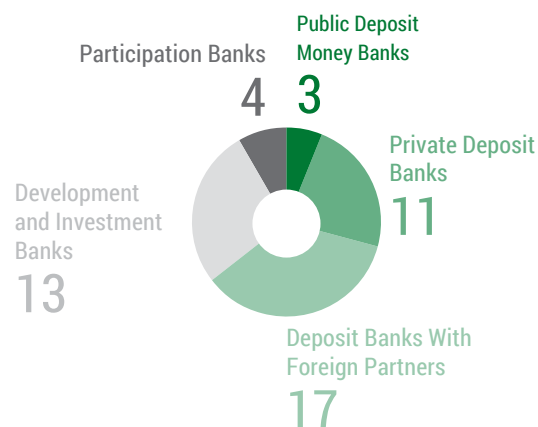
*With deposit bank's data

Distribution of Mortgage Loan According to Banks

Distribution of Mortgage Loan Volume (billion TRY)



Number of Banks



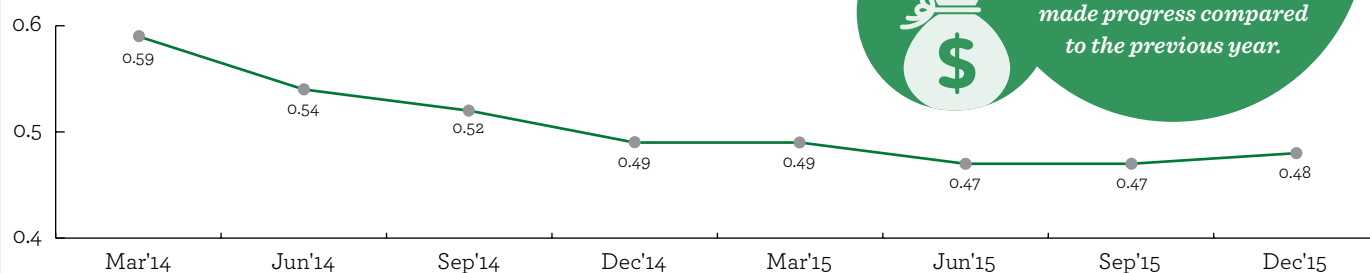
* Banking Regulation and Supervision Agency data from 09.25.2015

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Mortgage Loan Stock and Non-performing Loan

	Mar'14	Jun'14	Sep'14	Dec'14	Mar'15	Jun'15	Sep'15	Dec'15
Total Stock (million TRY)	102,772	105,174	109,344	114,444	119,809	125,964	129,143	131,487
Total Loans Under Supervision (million TRY)	602	565	563	556	593	590	607	628

Ratio of Loans Under Supervision to Total Stock (%)



The growth trend in the related mortgage loans increasingly continued on annual basis as well; the rate of non-performing loans also made progress compared to the previous year.

Source: Central Bank of the Republic of Turkey

Housing



The parameters such as elections starting in June in our country and seasonal influences reflected on the real estate markets as well. On the basis of statistics of housing sales; the figures have been quite normal until the end of May due to the will of completing everything within the period prior to the elections, and even the sales increased 21% compared to year 2014. However in June, due to both the election period and seasonal influences the number of housing sales narrowed. With a rapid increase in the period after November, the year was closed with approximately 1,290,000 housing sales. In comparison with the figures of 2014, the total number of housing sales increased in the level of 10.6%. When 2014 and 2013 is compared, we observed nearly 1% increase. The share of mortgaged sales reached to 34% within this year's total sales where it was 33% last year. 2013 was the year during which the mortgaged sales reached to its peak of 40% throughout the last three years.

2015 started with mortgage loan interest rate of 0.85% and monthly 86,000 housing sales in January. The year was closed with minimum 1.10% levels of monthly mortgage loan interest

rate and the total number of housing sales per month reached to the level of 140,000s increased with the additional number due to the year-end.

When we examine the new building permits in 2015, we can see a downward trend. The greatest factor behind this is the slowdown of the launchings due to the elections in 2015 and seasonal effects. We already presume that 2016 would be more intense in this sense.

According to the New Housing Price Index results, compared to the previous month an increase of 0.42% was seen in December, and 9.38% increase was observed in comparison with the same term of the previous year and increase of 66.70% was estimated compared to January 2010, the starting period of the index. With respect to the results of the return of the residential investments, the 17-year long returns in years 2013 and 2014 was over 18 in 2015.

In terms of inflation, December 2015 was closed with 8.81% and the Euro/Dollar parity approached each other ●

With a fast increase in housing sales after November, the year was closed by 1.29 million housing units sale.



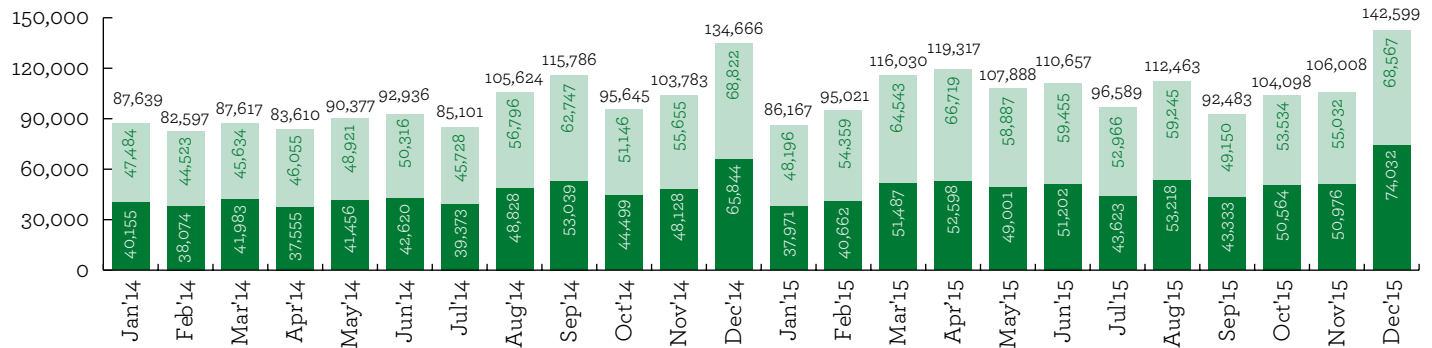
House Sales (number)

	First Sale	Second Hand Sales	Total Sales	Mortgaged Sales
Q1'14	120,212	137,641	257,853	80,570
Q2'14	121,631	145,292	266,923	85,236
Q3'14	141,240	165,271	306,511	109,394
Q4'14	158,471	175,623	334,094	114,489
2014 Total	541,554	623,827	1,165,381	389,689
Q1'15	130,120	167,098	297,218	115,445
Q2'15	152,801	185,061	337,862	126,652
Q3'15	140,174	161,361	301,535	95,459
Q4'15	175,572	128,953	304,525	96,832
2015 Total	598,667	690,653	1,289,320	434,388

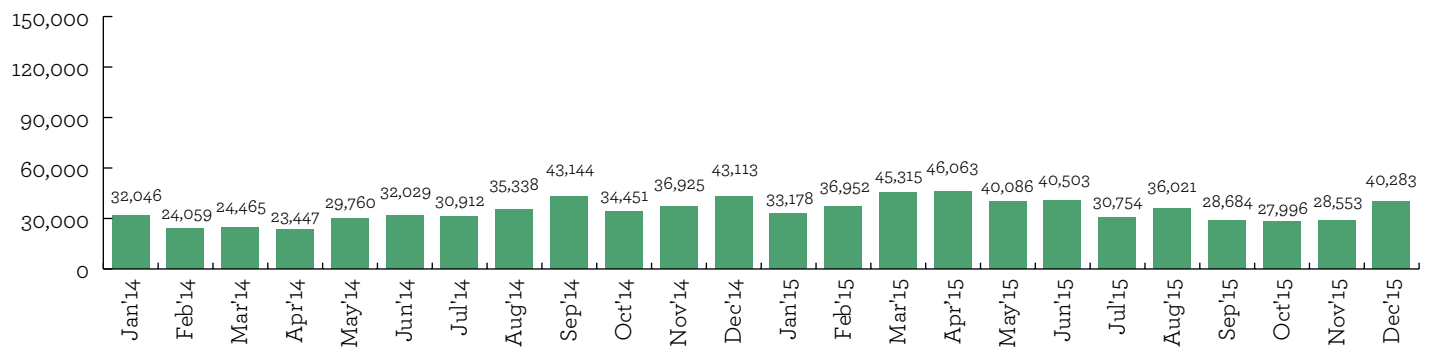
Source: Turkish Statistical Institute

First Sale: The first sale of a housing by producer or by people making an agreement with the producer in return for a flat.
Second hand sale: Resale of the housing by the person obtaining the house from first sale.

House Sales (number)



First Sale (number)
Second Hand Sales (number)



Mortgaged Sales (number)

Building Permits

Housing Stock

Total number of flats stated in 2000 building count report (thousands)

16,236

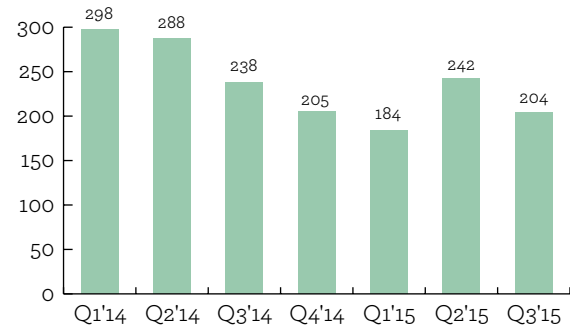
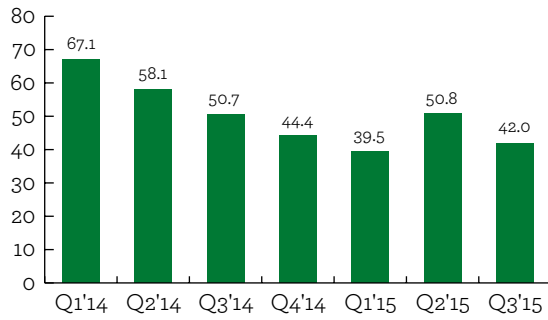
Total number of flats acquiring occupancy permits between 2002 and 2014 (thousands)

5,219

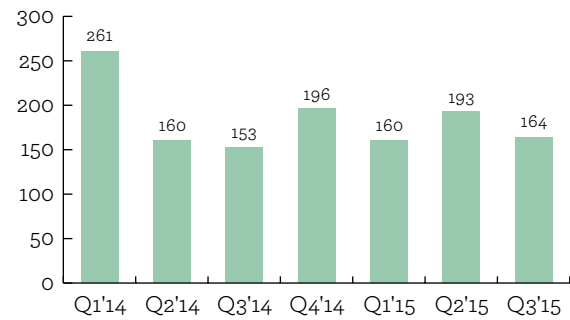
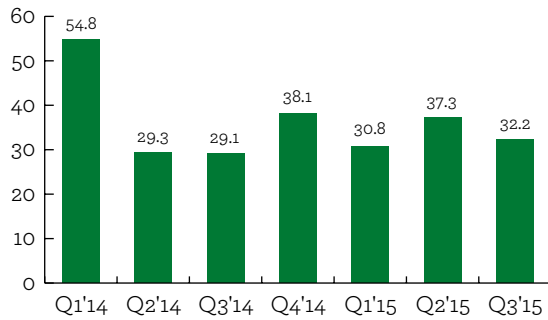


The slowdown of the launchings due to the elections in 2015 and seasonal effects caused a downward trend in new building permits.

Building License



Occupancy Permit



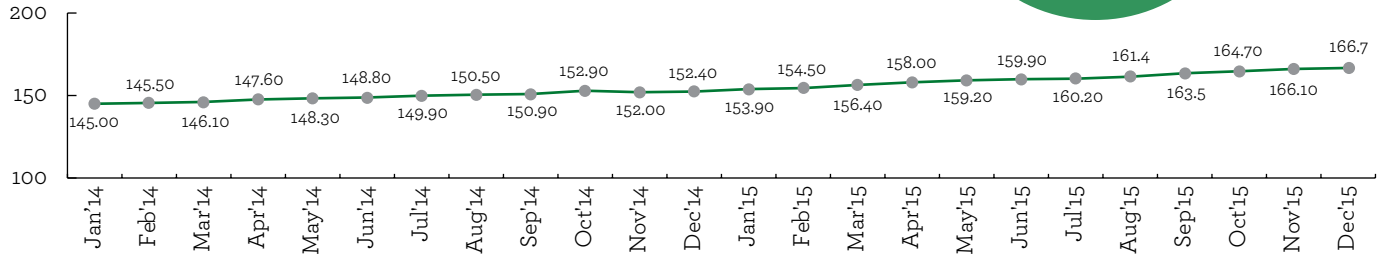
Source: Turkish Statistical Institute

— Total Area (million m²)
— Number of flats (thousands)

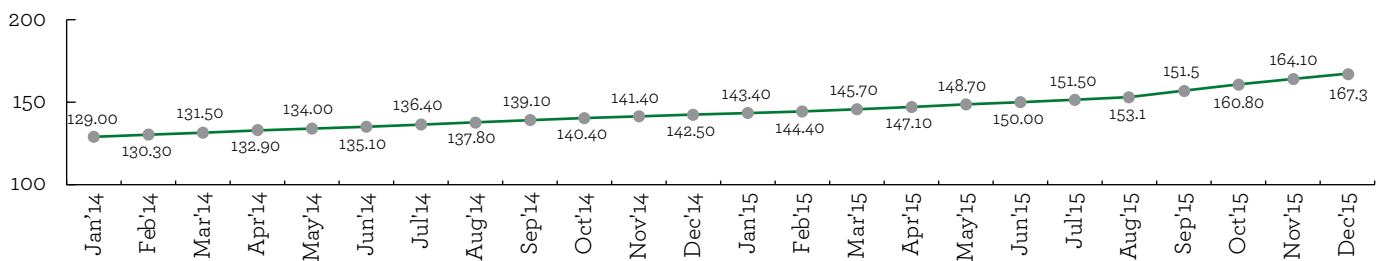
According to the New Housing Price Index results, an increase of 0.42% was seen in December compared to the previous month.

Housing Price Indexes (Country-wide)

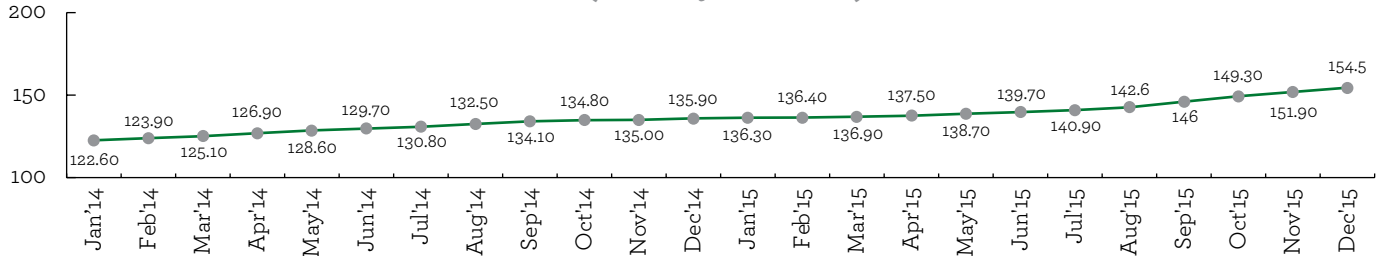
Reidin GYODER New Home Price Index (January 2010=100)



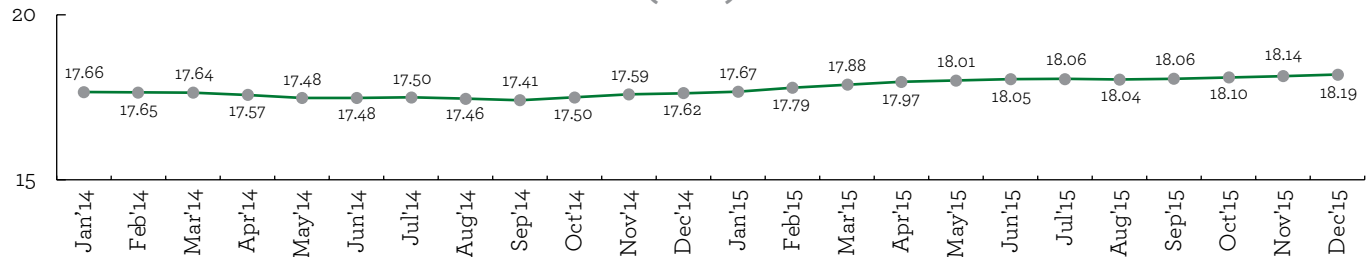
Reidin Second Hand Home Price Index (January 2012=100)



Reidin Residential Rent Value Index (January 2012=100)



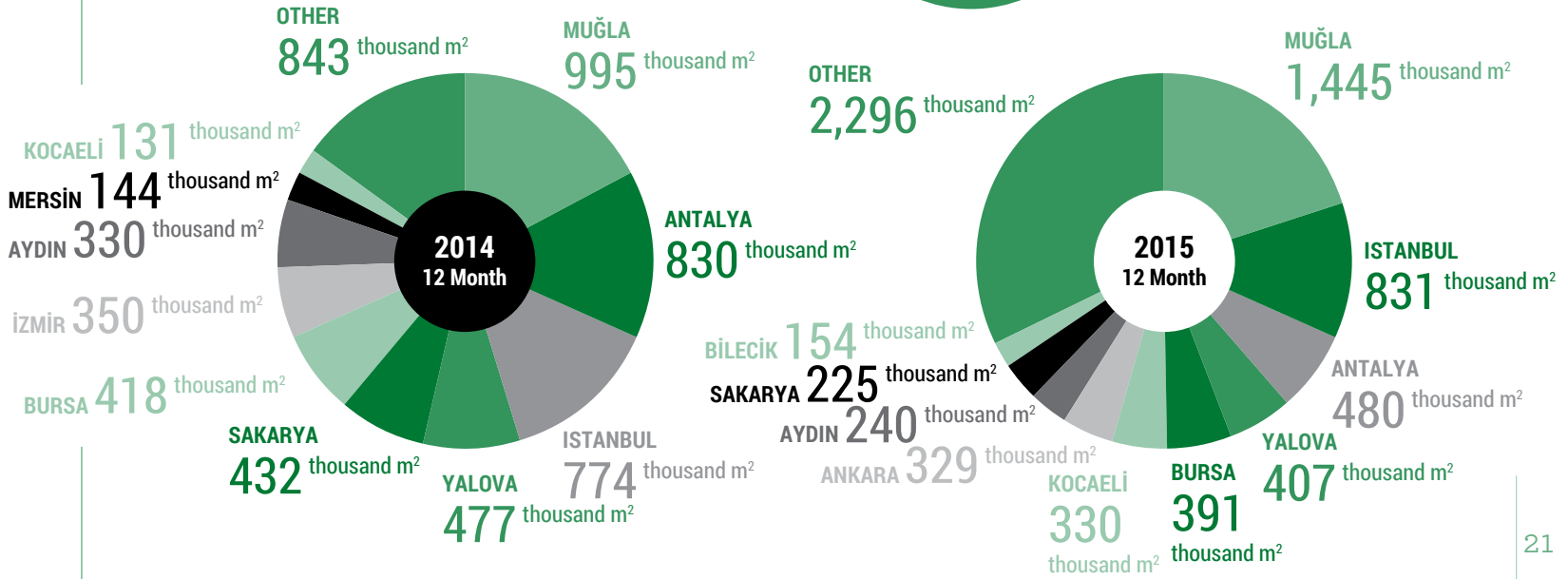
Reidin Home Return on Investment Time (Year)



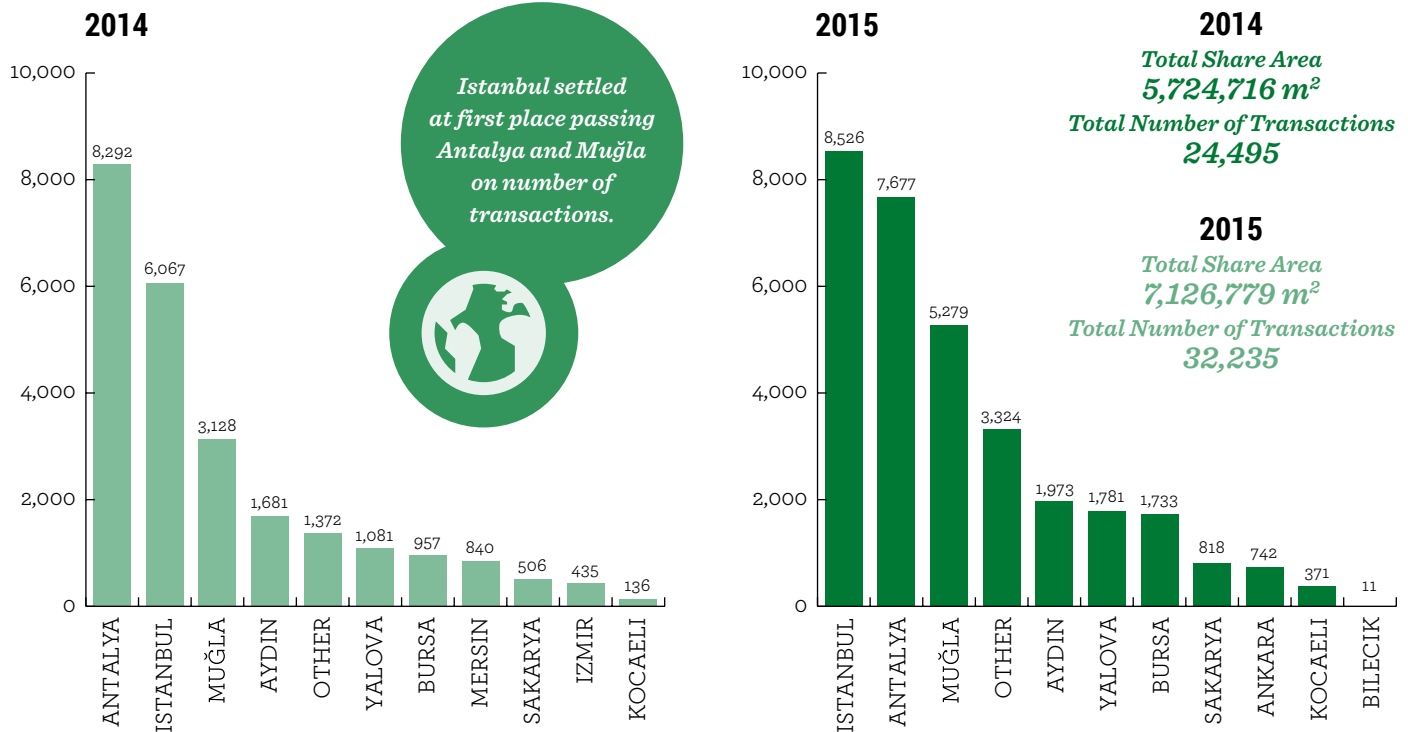
Source: REIDIN

First 10 Cities Preferred by Foreigners

Surface Area per Total Stock (m²)



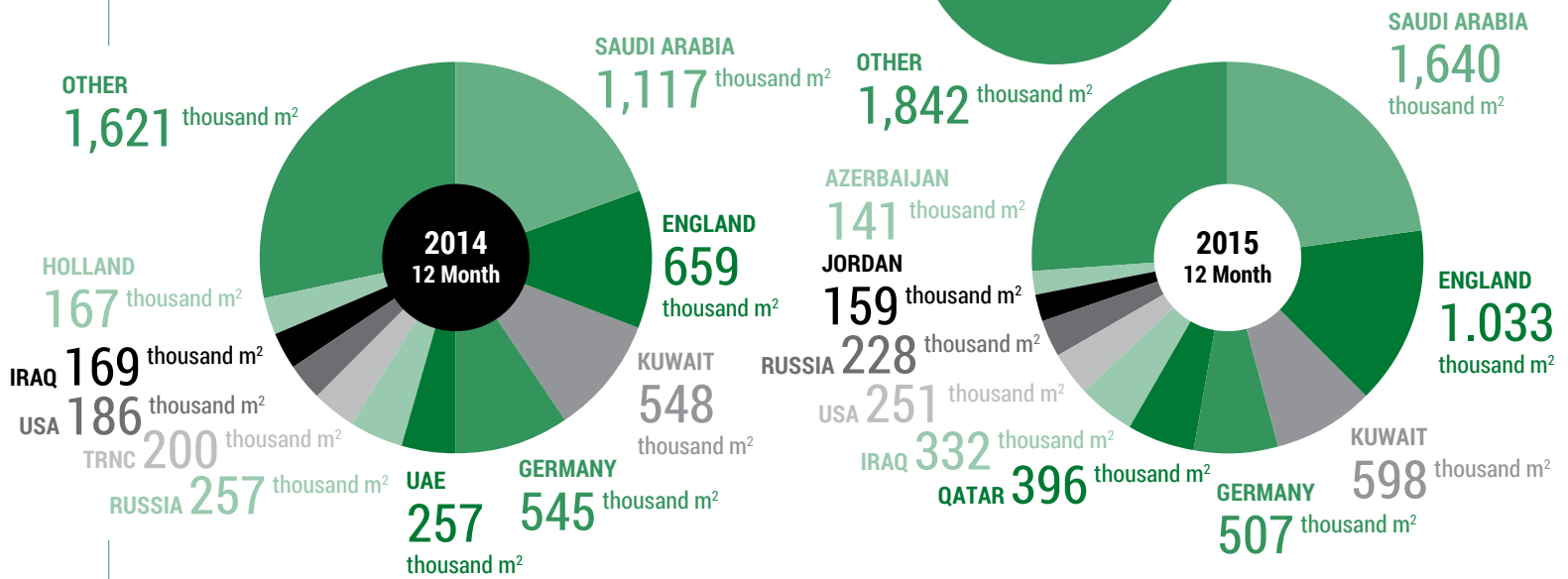
Total Number of Transactions (12 Months)



*Figures include all real estate sales and their transactions.

First 10 Countries Who Prefer Turkey

Surface Area per Total Stock (m²)

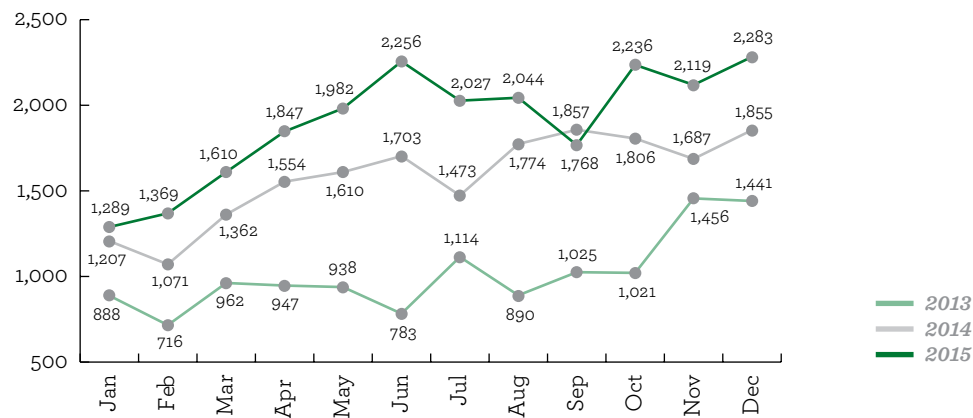


Total Number of Transactions (12 Months)

2014 OTHER 10,191 RUSSIA 3,107 ENGLAND 2,811 IRAQ 2,211 KUWAIT 2,098 GERMANY 1,478 SAUDI ARABIA 1,411
HOLLAND 478 UAE 273 USA 225 TRNC 148

2015 OTHER 12,000 ENGLAND 5,077 IRAQ 4,865 RUSSIA 2,543 SAUDI ARABIA 2,403 KUWAIT 2,396 GERMANY 1,449
AZERBAIJAN 937 JORDAN 329 USA 298 QATAR 285

Number of House Sales to Foreigners in Turkey



Source: Turkish Statistical Institute

*Figures include all real estate sales and their transactions.



Shopping Malls

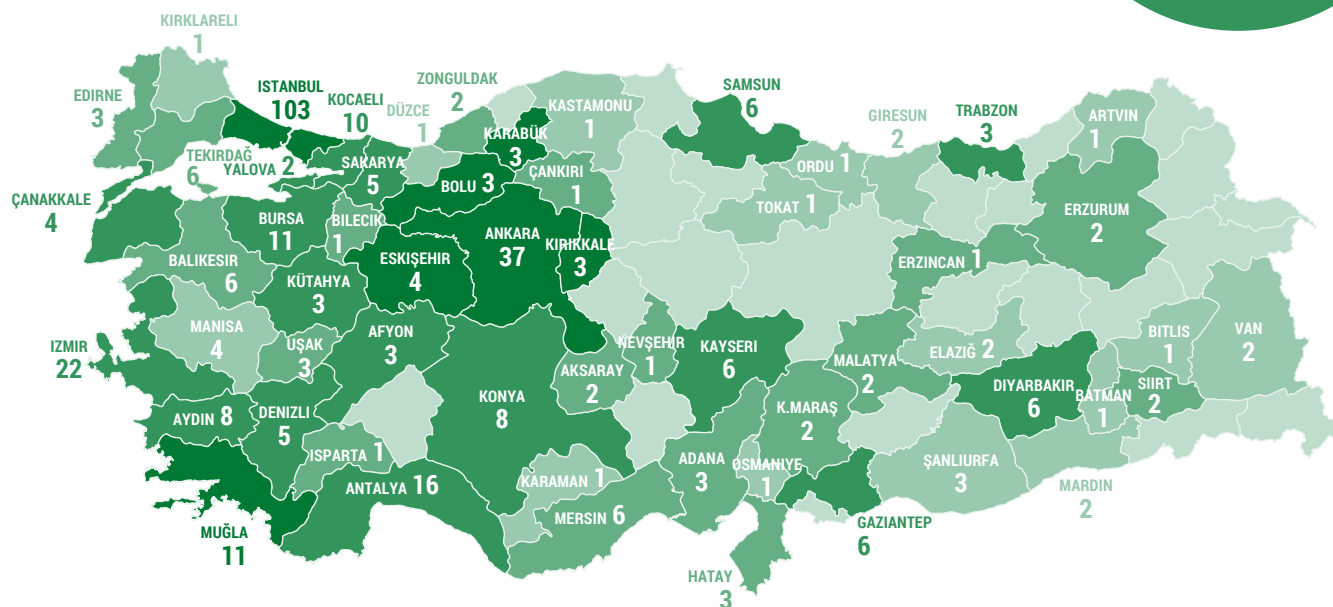
We are all aware that the Grand Bazaar established approximately 550 years ago was one of the first examples of the worldwide shopping malls. Though, in modern sense, the entry of the shopping malls in Turkey was with the Galleria shopping mall opened in 1988. The malls opened since then and especially the shopping malls established in 2000s, the price, quality and service standardization our people reached which could not be fully provided by the traditional retail are amongst the most important factors behind the shopping malls' conceptual success. The consumers, regardless of the weather conditions, are able to find all things they desire at a single place and they make shopping in a safe, clean atmosphere where they feel they are appreciated. And these venues are easily adopted as they open one by one. The growth momentum in the retail sector paves the way to the investments in the sector and they enable the launch of thematic shopping malls in various structures. In short, the shopping mall sector maintains its growth.

Year 2015 has been a very productive one which exceeded the expectations in respect of the shopping malls. It is possible to observe this success both through the number of newly

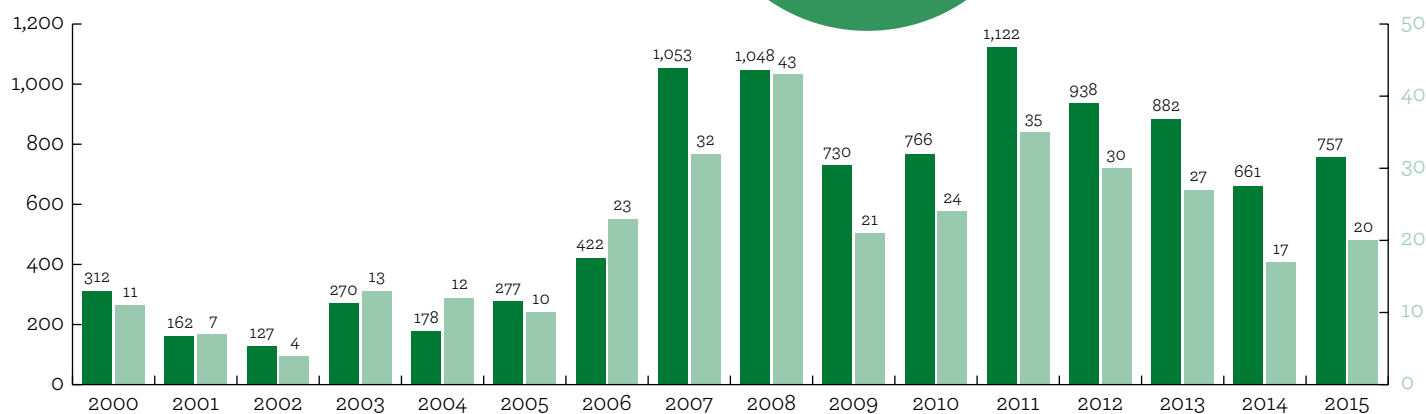
opened shopping malls and the turnover figure the sector achieved in 2015. With the inclusion of 20 new shopping malls in 2015, the total number of shopping malls in Turkey reached to 360; and total rentable area has reached to 10.5 million m². With the newly opened shopping mall in Erzincan, the number of cities with shopping malls in Turkey increased to 58 from 57. The turnover of average 95 billion TL achieved by the sector in 2015 has also been quite pleasing.

Our closing the 2015 with quite effective figures both enables us to raise the bar in respect of our targets for 2016 and acts as a warning that reminds us to adopt more cautious and planned approaches. We envision that in 2016, the increase in the turnover of the retail sector will continue. From the point of foreign investments, we believe that the interest of the foreign investor will continue as well. However, avoiding regulations which would prevent the healthy growth of the retail and shopping mall sector and create uncertainty in the near, medium and long term expectations of the investor; both contributing greatly to country's economy in terms of both tax income and the employment created is our greatest expectation from the lawmakers ●

With the inclusion of 20 new shopping malls in 2015, the total number of shopping malls in Turkey reached to 360; and total rentable area reached to 10.5 million square meters.



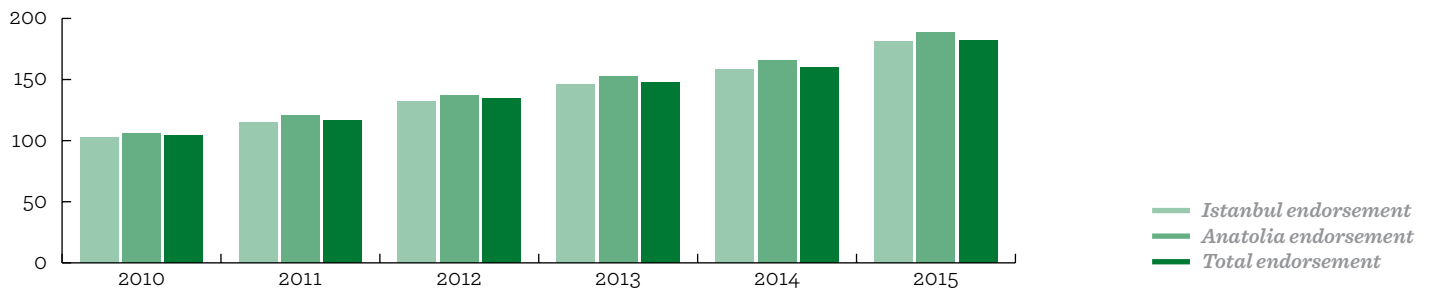
■ 151 m² +
 ■ 101-150 m²
 ■ 51-100 m²
 ■ 0-50 m²



■ *Opened GLA (thousand m²)*
■ *Opened Shopping Centers (number)*

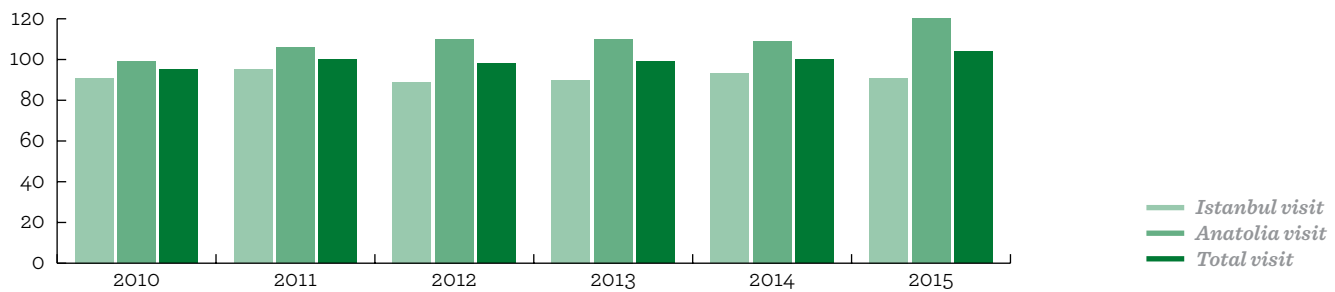
Shopping Mall Indexes

Revenue Index by Years



Source: Council of shopping Center Turkey

Visitor Index by Years



Source: Council of shopping Center Turkey

Shopping Mall Definition: leasable area above 5,000 m², at least 15 independent sections, organized shopping areas creating synergy by centralized or joint management mentality.

Logistics



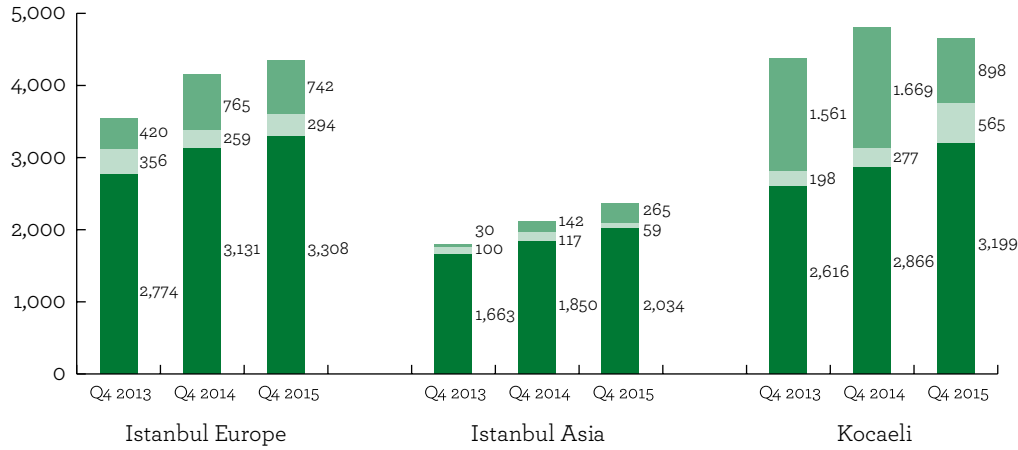
26

With the strong demand, the projects under construction and planned supply, Turkey is among the developing logistics markets in the EMEA (Europe, Middle East and Africa) region. The Marmara Region containing İstanbul and Kocaeli cities is Turkey's prime logistics market. In İstanbul; Hadımköy and Esenyurt in the European Coast and Tuzla in Asian Coast, and in Kocaeli; Gebze, Çayirova and Dilovası are the main logistics sub markets of the Marmara Region. Especially with the launch of the construction of the planned projects in the Kocaeli sub market, the Project stock under construction within this region showed a notable increase in 2015. The positive effects of the substantial infrastructure projects, such as the 3rd Bridge, 3rd Airport, Organized Harbor Area and City Port Project over the logistics market are expected to be observed within the next two years.

Logistics market directly depends on the growth of the defense sector and foreign trade volume. A stagnation in the production based investments and new investment decisions of the foreign companies was observed in 2015. The political ambiguity in Turkey negatively affects especially the foreign investors and investments. And due to the current and expanding confusion in the Middle East, a narrowing emerged in the share of export volume was observed.

Because of the political ambiguity, the renting transactions showed a substantial decrease in the 3rd and 4th quarter of 2015, however compared with 2014, it is seen that the total volume of renting transactions increased in 2015. The transaction volume regressing as far to the level of 300.000 m², reached to the level of 700.000 m² as of year 2015 and these transactions were accomplished in the first half of the year. No changes were observed in the primary renting in logistics market since 2010; the primary renting level which was USD 7 m²/ month maintained this level in 2015 as well. The free space ratio at the European Coast of İstanbul decreased by 2% in 2015. In the meantime, the vacancy rates in the Asian Coast of İstanbul and Kocaeli's sub regions reached to the level of 3% - 4%. The related vacancy rate is in a quite low level in respect of the logistics market. On the basis of total transactions, with 73% the logistics companies, with 19% retail companies and with 3% food companies draw attention as the most active sectors in renting transactions ●

Logistics Total Area (A, B, C Class (thousand m²))

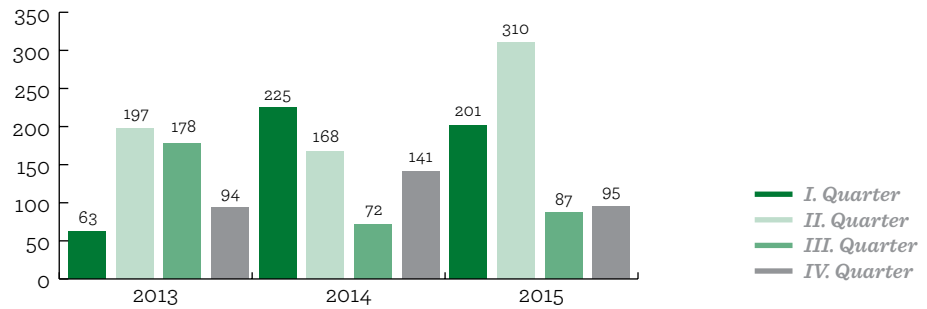


The transaction volume regressing as far to the level of 300,000 m² reached to the level of 700,000 m² as of year 2015 and these transactions were accomplished in the first half of the year.

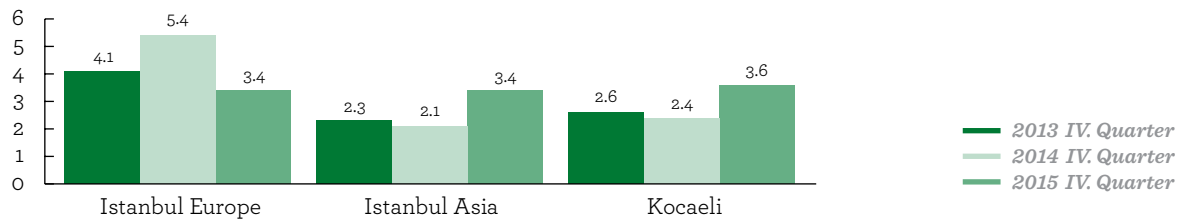
Existing stock
Under construction
Under project

Compared with 2014, it is seen that the total volume of renting transactions increased in 2015.

Total Leasing Transactions (m²)



Free Space Ratio (%)



Source: Logistics data were prepared by Jones Lang Laselle specifically for GYODER.

Office

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Displaying a strong performance in the last three years, Istanbul office market has had a fruitful year with the newly completed office projects supporting the strong user demand in 2015. By the end of 2015, the A class office supply in İstanbul increased 11% compared to the last year and reached to 4.7 million m². In the last quarter of the year, approximately 165.000 m² of new office supply was completed and a total of 522.000m² of new offices entered into the market throughout the year. Thus the overall İstanbul vacancy rate did not change too much during the year with the support of the healthy demand and was identified as 16.5% by the end of the year. The most increase of supply was observed in MİA (Levent, Maslak), Kozyatağı (Ataşehir) and East İstanbul (Küçükyalı – Maltepe) sub regions. With the entries of new supply, the vacancy rates increased in these regions but during the following quarters within the year with the high rent transaction volumes, the balance between supply/demand was achieved.

Therefore, the annual renting transaction volume reached to 330.000 m² in 2015 and maintained the record breaking level achieved in the last three years. The leading sectors of the transactions conducted were the banking, finance and reassurance sectors in addition to the sub sectors of technology, consumer products and services. With the

intensive demand for the completed high quality projects, Kozyatağı and Ümraniye districts, in addition to MİA still maintaining its popularity, were the sub markets where most of the renting transactions were conducted.

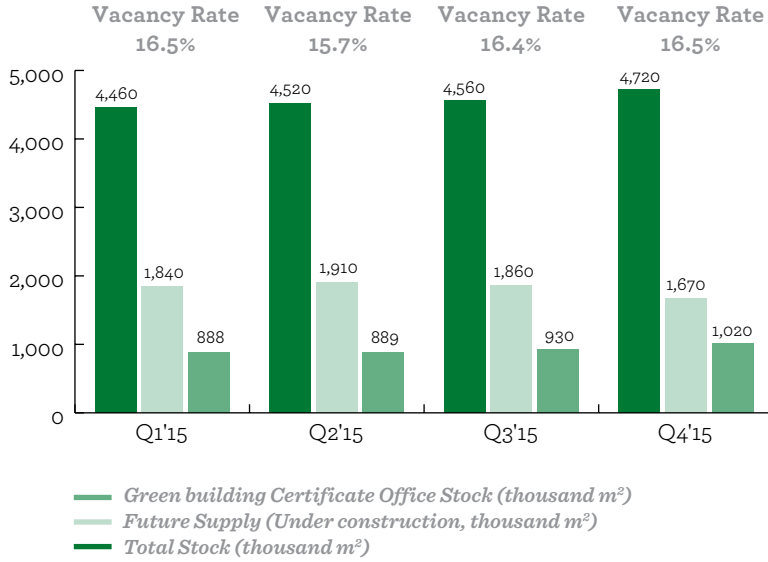
The 1.67 million m² of new supply to support the anticipated user demand is expected to enter into the market within the next three years. These projects under construction are focused on the sub markets such as MİA (Levent, Maslak), Ümraniye and Kozyatağı while the developing districts such as Cendere are expected to revitalize the market in the upcoming years ●



Istanbul Office Market

By the end of 2015, the A class office supply in Istanbul increased 11% compared to the last year and reached to 4.7 million m².

Stock



Leasing	Q1'15	Q2'15	Q3'15	Q4'15
Total Occurring Take-up Transactions (thousand m ²)	137	50	72	72
Prime Rent (USD/m ² /month)	45	45	45	45
Prime Yield (%)	6.8	6.8	6.8	6.8

Istanbul Office Market by Regions

Anatolian Side	Q1'15			Q2'15			Q3'15			Q4'15		
	Stock (thousand m ²)	Vacancy Rate (%)	Prime Rent (\$/m ² /month)	Stock (thousand m ²)	Vacancy Rate (%)	Prime Rent (\$/m ² /month)	Stock (thousand m ²)	Vacancy Rate (%)	Prime Rent (\$/m ² /month)	Stock (thousand m ²)	Vacancy Rate (%)	Prime Rent (\$/m ² /month)
Kavacık	127	6.9	22	127	10.4	21	127	5.6	21	127	5.6	21
Ümraniye	569	9.1	23	569	5.7	23	569	9	23	569	9.2	23
Altunizade	64	0	23	64	0	23	60	0	23	60	0.7	23
Kozyatağı (İçerenköy-Göztepe-Ataşehir)	318	33.3	28	339	24.4	28	375	34.5	28	371	33.1	28
Eastern Istanbul (Küçükalyı-Maltepe-Kartal-Pendik)	362	20.9	17	362	17.1	17	362	21.3	17	428	17.1	17

The annual renting transaction volume reached to 330.000 m² in 2015 and maintained the record breaking level achieved in the last three years.

Istanbul Office Market by Regions

European Side	Q1'15			Q2'15			Q3'15			Q4'15		
	Stock (thousand m ²)	Vacancy Rate (%)	Prime Rent (\$/m ² /month)	Stock (thousand m ²)	Vacancy Rate (%)	Prime Rent (\$/m ² /month)	Stock (thousand m ²)	Vacancy Rate (%)	Prime Rent (\$/m ² /month)	Stock (thousand m ²)	Vacancy Rate (%)	Prime Rent (\$/m ² /month)
Levent-Etiler	719	10.7	45	727	13.4	45	757	16.2	45	757	15.6	45
Maslak	762	19.6	30	762	20.1	30	762	20.5	30	807	22.2	30
Z.Kuyu-Şişli Hattı (Z.kuyu-Gayrettepe-Esentepe-Mecidiyeköy-Şişli)	383	13.4	34	389	14.9	34	389	13.4	34	389	12.9	34
Taksim and surrounding area (Taksim-Elmadağ-Bomonti-Piyalepaşa)	138	31	20	138	32.8	20	138	30.8	20	151	8.9	20
Kağıthane	169	43	22	169	43	22	169	41.5	22	169	40.5	22
Beşiktaş (Nişantaşı-Akaretler-Barbaros-Maçka-Teşvikiye)	107	15.3	28	107	17.6	28	107	16.9	28	10	16.3	28
Western Istanbul (Güneşli-Yenibosna-Bakırköy-İkitelli)	683	11.8	16	708	10.8	15	709	10	15	727	10.8	15

Source: Office data were prepared by Cushman&Wakefield specifically for GYODER.

Hotel

The total number of the foreign tourists visiting Turkey in 2014 was 36.8 million according to the data obtained from the Ministry of Culture and Tourism. 32% of the total number of foreign tourists visited İstanbul, 31% went to Antalya and 9% accommodated in Muğla. Ankara and İzmir followed these three cities with 4% shares. A raise of 6% compared to year 2013 was observed in the number of the tourists visiting Turkey. İstanbul is the city which has the most increase in the number of foreign visitors compared to the figures of the preceding year. Compared to the former year, the total number of foreign tourists visiting İstanbul increased 13%. In Muğla and Antalya, this increase was expected respectively by 2% and 4% in comparison with the previous year's figures. However, a decrease is observed in the number of foreign visitors visiting Ankara and İzmir. This decrease was estimated as 9% for Ankara and 8% for İzmir.

When the number of facilities with Operation Certificates and Investment Certificates for 2014 is examined, it is seen that there are 3.131 accommodation facilities having 384 thousand room capacities with Operation Certificates and 1.117 accommodation facilities having 146 thousand room capacities with Investment Certificates in overall Turkey.

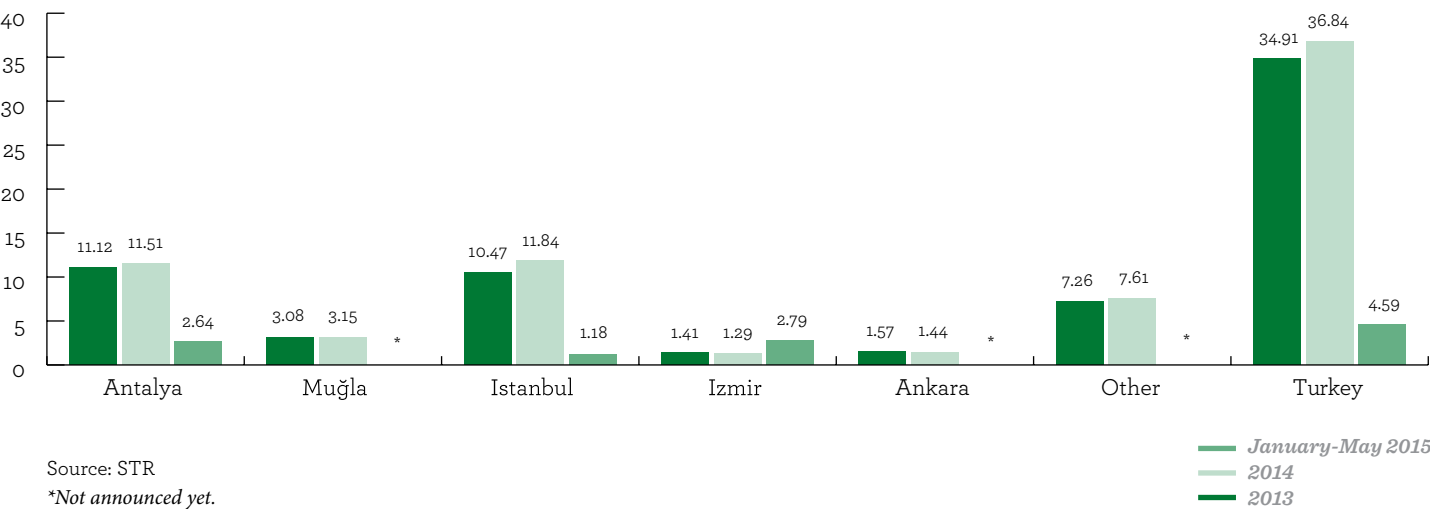
Examining the breakdown of the facilities with operation certificates based on cities, Antalya remains on top of the list with 733 facilities and 179 thousand room capacity and İstanbul follows Antalya with 472 facilities and room capacity of 45 thousand. Muğla has 380 facilities with operation certificates and 48 thousand room capacity.

Taking into consideration the facilities with investment certificates, İstanbul takes the greatest share with 186 facilities and 22 thousand room capacity within the 1.117 facilities which will soon be included in the existing hotel supply. İstanbul is followed by Antalya with 165 facilities and 39 thousand room capacity and Muğla is the third on the list with 128 facilities and 16 thousand room capacity.

The occupancy rate of the facilities with operation certificates around Turkey was identified as 52% in 2014. With 59% Antalya was the city with greatest occupancy rate and was followed by Muğla with 53%. The occupancy rates of İstanbul, İzmir and Ankara was in sequence 50%, 47% and 35%. According to the data provided by the STR, the general rate of occupancy of the hotels around Turkey was 62%. The Average Daily Room Rate (ADR) of the hotels was identified as 105.9 EUR ●

Tourism and Hotel Performance

Total Number of Foreign Visitors (million people)

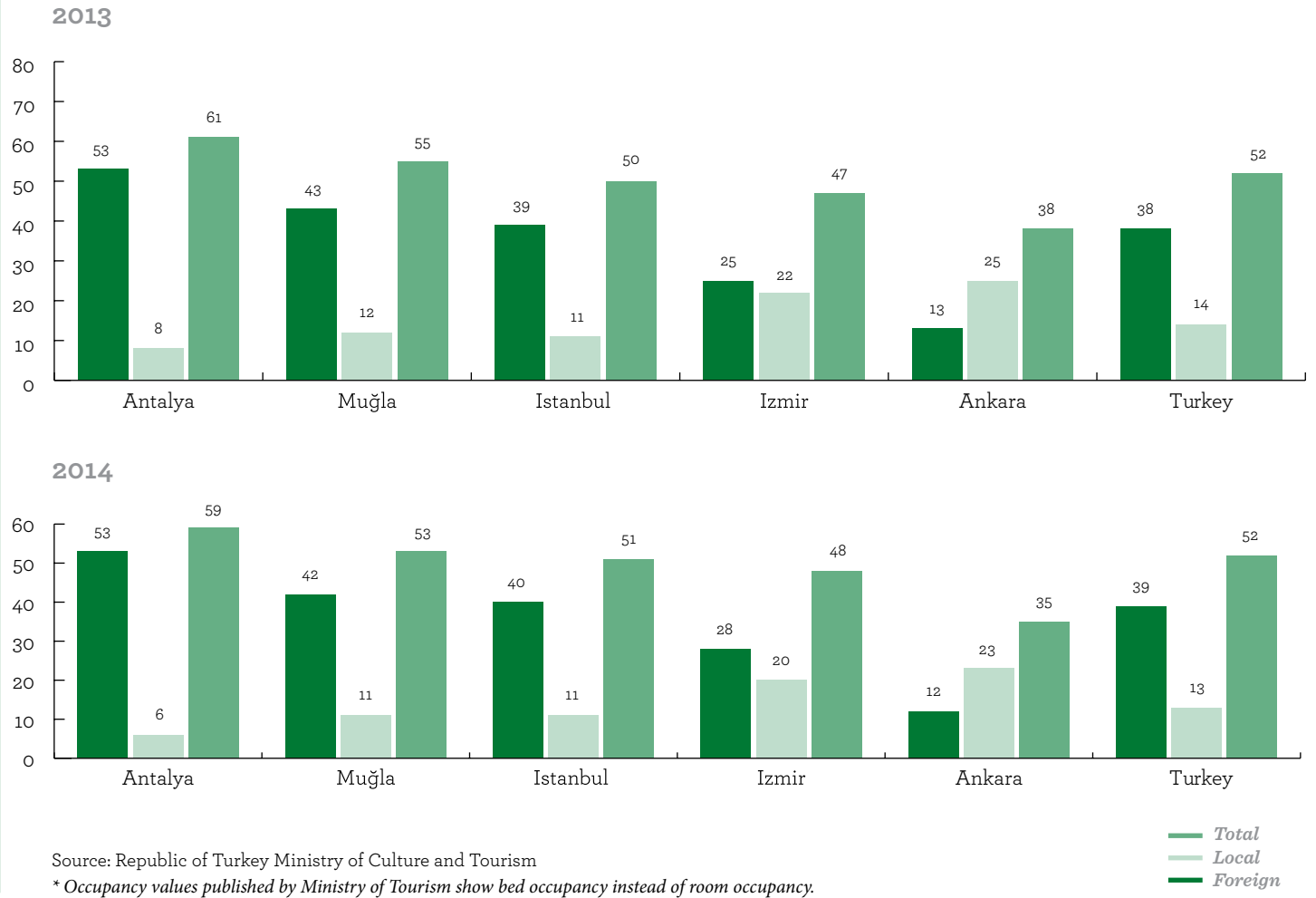


Number of Facilities with Investment and Operating Permits 2014

	With Operating Permit		With Investment Permit	
	Facility	Room (thousand)	Facility	Room (thousand)
Antalya	747	183.6	164	34.3
Muğla	371	42.0	141	15.0
Istanbul	431	40.0	170	23.8
Izmir	171	16.0	66	6.1
Ankara	158	10.7	35	4.7
Other	1,104	65.1	480	56.0
Turkey	2,982	357.4	1,056	139.9

Source: Republic of Turkey Ministry of Culture and Tourism

Hotel Occupancy Rate (%)*



With the Contributions of



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