

**Articles of Association of
Akfen Gayrimenkul Yatırım Ortaklığı Anonim Şirketi**

Incorporation:

Article 1-

A joint stock company was incorporated by and between the founders of whose names, surnames, titles, places of residence and nationalities are written below pursuant to the provisions of the Turkish Commercial Code governing the immediate incorporation of joint stock companies.

Rang no	Name and Surname of the Founder (Title)	Place of Residence	Nationality
1	Yüksel İnşaat A.Ş.	Denizciler Cad. No:18 Ulus/Ankara	Turkish Republic
2	Hamdi Akin	Koza Sokak No:22 GOP Ankara	Turkish Republic
3	Mehmet Sert	Moda Ferit Tek Sokak No: 20/7 Kadıköy/İstanbul	Turkish Republic
4	Güven Sazak	Kalamış Fener Caddesi 71/31	Turkish Republic
5	Süleyman Servet Sazak	Pembe Köşk Sitesi C2/4 Çankaya/Ankara	Turkish Republic
6	Yılmaz Dursun Sazak	Kanlıca Cad, Çubuklu İskelesi Karşısı No:2 Beykoz-İstanbul	Turkish Republic
7	Emin Sazak	Mahatma Gandhi Cad. 39/1 GOP Ankara	Turkish Republic
8	Mustafa Keten	Ayten Sokak No:35/7 Mebusevleri/Ankara	Turkish Republic

By virtue of the resolution no 31/894 of 14/07/2006 of the Capital market board, the Company has been transformed into a Real Estate Investment Trust.

Trade name of the Company

Article 2-

The trade name of the Company is “AKFEN GAYRIMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ”. This shall be referred hereinafter to be as “Company”.

Headquarter and Branch Offices of the Company

Article 3-

The headquarter of the Company is situated in the province of Istanbul. Its address is Levent Loft Büyükdere Cad. No:201, C Blok, Kat: 8, 34394 Levent, Istanbul. In the event of address change, the new address is caused to be registered with the Trade Registry and announced in the Turkish Trade Register Journal and further notified to the Capital Market Board and the Ministry of Industry and Trade. Not registering its new address within the delay, although it had moved from its registered and announced address, shall be deemed as a reason for the cancellation of the company. The company can open branches and representation offices under the conditions of having informed the Capital Market Board and the Ministry of Industry and Trade.

Term

Article 4-

The legal entity of the Company is not restricted with a particular timeframe.

Object and Scope of the Company

Article 5-

The Company is in the nature of an incorporated partnership with authorized capital set up for engagement in affairs and operations specified in the regulations of the Capital Market Board on Real Estate Investment Trusts and primarily in making investments in real properties, real property-based capital market instruments, real estate projects and real property-based rights.

Scope of Activities, Operating Prohibitions, Investment Restrictions:

Article 6-

The regulations of the Capital Market Board and pertinent legislation are observed in Company's operating principles, portfolio investment policies and administration registrations.

The regulations of the Capital Market Board and pertinent legislation are observed in Company's operating scope, operating prohibitions, investment activities, investment prohibitions, administration restrictions, portfolio restrictions and portfolio diversification, and institution of absolute interests and title deed formalities.

- a. The Company may purchase and sell capital market instruments, perform money market operations and reverse repo, open term deposit and drawing accounts in Turkish Lira or foreign currencies, can lend capital market instruments,
- b. The company can purchase and sell offices, houses, work places, shopping malls, hospitals, hotels, commercial warehouses, commercial parks and similar real estates to obtain purchase – sell profit or rent income. The company can also furnish before renting, real estate needing certain minimum equipment to operate such as hotels, hospitals or places with similar activities,
- c. The company can purchase and sell lands and landed properties to earn purchase-sell profit by owning the property or by signing preliminary real estate sales contract annotated on land registry or to develop projects by constitution of servitude.
- d. The company can sell, once acquired the property, real estates, on which right of construction is established as independent and permanent right with the purpose of developing projects on them in the name of partnership by public or private legal entities or real persons or sell the real estates for which a preliminary real estate sales contract is signed once annotated on land registry.
- e. The company can, invest by acquiring their property or by establishing a construction right in order to earn profit from each phase of real estate development projects or from rent fees, of the projects based on real estates, including the projects with profit share which are approved by independent real estate evaluation companies that all the documents which are required by the law to commence the construction are correct and exact, that the project is ready and approved, that all the necessary licenses are obtained as per the relevant legislation.
- f. The company can constitute right of usufruct on the real estates and can use this right, it can constitute servitudes on time share real estates, it can be obligator of right of construction for obtaining commercial profit on the lands it owns.
- g. Reserving special regulations, the company can realize projects to be developed by built, operate, transfer model, under the condition that the terms cited in the paragraph (e) of this article, by constituting right of construction on itself or on others,
- h. Under the condition that it shall be bound in a manner deemed proper by the Committee, the company can establish under the frame of the dispositions of an agreement, to the projects based on the real estates meeting the conditions mentioned in the paragraph (e) on this article, without having an aim of owning the property to have in the future share from the rent which could occur in the future or constituting construction servitude,
- i. The company can invest jointly on the projects based on real estate, bearing the conditions mentioned in the paragraph (e) on this article, by constitution of construction servitude, under the condition that there is no restriction on the

agreement signed between the joint owners, on the savings of the partnership shares,

- j. The company can purchase and sell real estates located abroad, under the condition to own their property, can invest to the companies founded abroad under the condition that the scope of activity is only real estate and it can invest on foreign securities under the condition that they are based on real estates,
- k. Under the condition that the dispositions of the private agreement are convenient, the company can rent real estate by third parties in order to earn rent income and can re-rent these real estates.
- l. In order to be protected against risks, the company can realize swap and forward transactions, can write options, can obtain futures contracts except the ones depending on commodities,
- m. The company, can receive every kind of real and personal guarantee for the collection and acquisition of its rights and receivables, and accordingly conduct registration, conveyance and all other formalities before land registry office, tax offices and similar public and private institutions,
- n. For the projects which are for flat received for landownership and for the projects which of revenue sharing model, and in case the land is transferred or right of construction is constituted in favor of the partnership in exchange of a low remuneration or free of charge for the partnership by the owners of the land where the project shall be realized, a mortgage or limited real rights can be constituted in favor of the land owner as the guarantee of the project, on the real estates which are in its own portfolio; during the purchase of the real estates, real estate projects and rights based on real estates, concerning solely the financing of these procedures or for obtaining credits concerning the investments, under the conditions of making necessary explanations in the scope of special cases in order to enlighten the public concerning the assets of the portfolio, mortgages, securities and other limited real rights can be constituted in their or third parties' favor. Any savings can be realized on the assets of the portfolio, in favor of third parties except the aforesaid purposes.
- o. Limited only by the cases mentioned on the Capital Market Legislation; the company can constitute any kind of mortgages, other al estate security and other real and personal rights in favor and in opposition, limited by the cases permitted by the legislation on the real estates which belong to others or which it owns as a result of its debits and credits, can release, perpetuate, purchase, constitute construction rights on or under the land, can release, constitute any kind of real and personal rights on the obtained constructions rights, can sell partially or totally the construction rights he obtained under the frame of construction right, can rent to local and foreign real persons and institutions, can constitute mortgage, security, encumbrance on real estate, pledge on commercial enterprise, rights of advantage, sharing and habitation and any kind of real and personal rights for realizing the purposes of the company or to procure debts of the company within the frame of the capital market legislation, can accept the aforesaid rights constituted on the movable and real estates of the third parties in order to collect the receivables from them or to realize the purposes of the company. But it can accept, for the purposes provided by Capital Market Legislation, bill of guarantees and securities in favor of the third parties, can receive and give real and personal guarantees for any kind of rights and receivables, can give a mortgage of its real estates for the debts of the third parties, can secure their movables with a pledge, can give guarantees and securities in favor of third parties, can sign guarantee and security agreements. Limited by the cases provided in the dispositions of Capital Market legislation; it can effect promissory and dispositionary transactions of any kind concerning the real and nonmaterial rights as per the dispositions of Civil Law to procure the debts and receivables of the company, under the conditions of making necessary explanations in the scope of special cases in order to enlighten the public, can make savings of any kind, either with or without liability, on real estates, it can perform any kind of transfer and assignment, necessary for these subjects, it can

- accept the transfers and assignments, it can annotate in the land registry offices, it can accept annotations and can execute and conclude other title deed operations.
- p. The company can, separately from its own portfolio, purchase or lease or sell movable and immovable properties at amount and value required by its internal requirements.
 - q. The company can establish unincorporated association with one or several partners in order to fulfill the civil works of a project which it will realize to perform a project exclusively,
 - r. The company cannot provide any interest, except for operating payments such as attendance fee, typical remuneration, interest share, to its partners, members of the board of directors and supervisory board, personnel or managers out of its property holdings.
 - s. Under the condition of respecting the dispositions of the Capital Market Law, the company can donate to local and international institutions and establishments, organizations, foundations and associations and can help them out.
 - t. The company may, under the condition of respecting the dispositions of the Capital Market Law and within the scope of the dispositions of the legislation in force, donate or help out the Bureaus within the scope of the general budget, to annexed budget administrations, Special Provincial administrations, foundation exempted of tax by the ministries' council, associations deemed to work for public profit, institutions and establishments working in scientific research and development area, universities, educational institutions and to similar persons and institutions,
 - u. The company may constitute foundations, join already constituted foundations, create staff support funds and can help them out, within the scope of Company's Capital Market Legislation.

In case of any discrepancy between the matters specified in this article and subsequent regulations to be issued by the Capital Market Board, the regulations of the Capital Market Board shall apply.

Borrowing Limit and Issuance of Securities

Article 7-

The Company may utilize loans and issue debentures, commercial papers, asset-backed securities and other borrowing instruments subject to the limits prescribed in the capital market legislation with a view to satisfying its short-term fund requirement or portfolio-related costs. The provisions of the Capital Market Law and other pertinent legislation are observed for limits in the issuance of borrowing bonds.

The Company's board of directors is empowered to issue debentures, commercial papers and other borrowing bonds in accordance with the 13th Article of the Capital Market Law. The 423rd article of the Turkish Commercial Code does not apply to this case.

Capital and Share Certificates

Article 8-

The Company has switched to the authorized capital system pursuant to the provisions of the Capital Market Law and by virtue of the resolution no 31/894 of 14.07.2006 of the Capital Market Board.

The ceiling of the Company's authorized capital is TL 1.000.000.000 (one billion Turkish Liras) divided into 1.000.000.000 (one billion) shares each with a par value of TL 1 (one).

The registered limited capital license granted by Capital Market Board, is valid for the years 2011-2012 (five years). Even though the licensed registered limited capital is not reached at the end of the year 2015, to enable the board of directors to resolve for a capital increase after the year 2015; it is mandatory to receive authorization from the general assembly for a

new delay, by receiving a permit from Capital Market Board for a new maximum amount or for the previously permitted maximum amount. In case the aforesaid authorization is not received, the company shall be deemed as excluded from the registered capital system.

It is established by the report dated 30.09.2010 and with number YMM:2207-82/2010-70 of Mr. Yavuz Öner, being certified public accountant, that the total authorized capital of the Company is , being TL 138.000.000 (hundred and thirty eight million Turkish Lira) is fully paid-in.

Shares representing the issued capital, being each with a par value of [1.- TL]; Group A subscribing to a capital of TL 1.000 made up of 1.000 registered share certificates; Group B subscribing to a capital of TL 137.997.000 made up of 137.997.000 bearer share certificates; Group C subscribing to a capital of TL 1.000 made up of 1.000 registered share certificates; and Group D subscribing to a capital of TL 1.000 made up of 1.000 registered share certificates. The transfer of the bearer share certificates cannot be limited.

The shareholding structure of the Company is as follows:

	Shares per groups				
Partners	Group A	Group B	Group C	Group D	Total shares
Akfen Holding A.Ş.	1,00	103,271,884		1,000	103,273,884
Hamdi Akın		33,990,839	999		33,991,838
İbrahim Süha Güçsav		345,380			345,380
Mustafa Ceyhan		345,380			345,380
Akınısı Mak. San. Ve Tic. A.Ş.		43,512	1		43,513
Akfen İnşaat Turizm ve Tic. A.Ş.		2			2
Mehmet Semih Çiçek		1			1
Mustafa Dursun Akın		1			1
Ahmet Seyfi Usluoğlu		1			1

In capital increases, Group A shares shall be issued for Group A stocks, Group B shares for Group B stocks, Group C shares for Group C stocks and Group D stocks for Group D shares. However, in case the Board of Directors restricts the shareholders' right to acquire new shares, all shares to be issued shall be in the form of Group B bearer stocks.

The Board of Directors is authorized, between the years of 2011-2015, in compliance with the provisions of the Capital Market Law, when it deems it is necessary, not being limited by the dispositions of the Turkish Trade Code on increasing registered capital, to resolve for issuing new shares up to the ceiling of the authorized capital and increasing the registered capital, to the maximum capital level which is mentioned here above.

The board of directors is also authorized to resolve for issuing shares and shares/stocks over nominal value, limiting shareholders to have new shares.

Transfer of partnership interests before public offer is subject to the permit of the Board regardless of the rate. In share transfers under this article, the qualifications sought in founders are also sought for new shareholders that will acquire new shares. Shares remaining after the utilization of the pre-emptive right in capital increases and all newly issued shares where the utilization of pre-emptive right is restricted are offered to public at market value which will not be less than the par value.

Shares representing the capital are tracked by record in accordance with the principles of dematerialization.

Privileged Marketable Securities

Article 9-

No security granted any privilege other than the shares conferring right of privilege in proposing candidates in the election of Board members. After public offer, no privilege including the privilege of proposing candidate for Board membership may in no way whatsoever be created.

Portfolio Management

Article 10-

The regulations of the Capital Market Board are observed in the management of the partnership's portfolio.

General-purpose real estate investment trusts should diversify their portfolio by sector, region and real estate, and should adopt a long-term management plan.

Portfolio Restrictions

Article 11-

Restrictions laid down in the regulations of the Capital Market Board are observed in creating and managing the partnership's portfolio.

Custody and Insurance of Assets within the Portfolio

Article 12-

Capital market instruments or certificates representing such instruments included under the Company's portfolio are retained before Istanbul Stock Exchange's Clearing and Custody Bank Inc. by virtue of the custody contract to be concluded within the framework of the Capital Market Legislation.

Lands, terrains, rights and all assets excluding the capital market instruments and projects not inaugurated yet included under the Company's portfolio should be insured at their market values against any kind of potential risk.

Valuation of Assets within the Portfolio

Article 13-

In cases specified in capital market legislation, the Company is liable to contract with a real estate valuation company operating within the framework of the regulations of the Capital Market Board, listed by such Board and meeting the qualifications laid down in the Capital Market Board's regulations on real estate investment trusts to appraise the values and market rental rates of assets and rights in operation within timeframes prescribed in the capital market legislation. The Company observes the principles established by the Board in the valuation of the funds and capital market instruments included in its portfolio and its affiliates.

Composition and Term of Office of Board of Directors

Article 14-

The Company shall be managed, be represented to third parties and be engaged by a board of nine directors, who shall be appointed by the shareholders' assembly under the provisions of Turkish Code of Commerce, fulfill the requirements set out by Turkish Code of Commerce and the Capital Market Legislations, and the majority of which shall not have executive positions.

Minimum 2 (two) independent members shall be appointed by the shareholders' assembly in accordance with the principles regarding the independent status of the members of the board of directors as per the Corporate Governance Principles of the Capital Markets Board.

The number of and the qualification requirements to be sought with the independent members of the board of directors shall be determined with respect to the provisions regarding corporate governance of the Capital Markets Board. The Directors' Report shall include a statement about the independent status of the Members of the Board of Directors.

The board of directors shall appoint a chairman and a deputy chairman, who shall chair the board in the absence of the chairman, during the initial meeting thereof.

Group A, C and D shares entitle the holders thereof to the privilege of nominating directors to be appointed for the board. 2 of the directors shall be appointed amongst those nominated by the holders of Group A shares while 2 shall be appointed amongst those nominated by the holders of Group C shares, and 2 by the holders of Group D shares by the shareholders' assembly.

The members of the Board of Directors shall be elected for a maximum term of office of three years. Any member of the Board of Directors, whose term of office expires, shall be eligible for re-appointment. In the event the seat of any member becomes vacant for any reason whatsoever, the Board shall appoint a person, who fulfills the requirements as per Turkish Code of Commerce and the Capital Market Legislations, for such seat temporarily and submit the matter to the next immediate shareholders' assembly for approval. Any member so appointed shall hold such seat until the expiration of the term of office of the former member.

Any member of the Board of Directors may be dismissed by the shareholders' assembly at any time.

Qualifications for Board Membership:

Article 15-

The members of the Board of Directors should meet the qualifications laid down in the Turkish Commercial Code, Capital Market Legislation and other pertinent regulations, and should be Turkish citizens in majority.

Meetings of the Board of Directors

Article 16-

The board of directors shall convene upon the summoning by the chairman or the deputy chairman whenever the business of the Company so requires. Any member of the Board may also request the Board to be summoned for meeting through a written application to the chairman or the deputy chairman. In the event the chairman or the deputy chairman fails to summon the Board for meeting in spite of such application, then any members shall be entitled *ex officio* to summon the Board for meeting.

Each members shall have one vote at the meetings. The votes shall be cast in person. Unless any members files a request for meeting; resolutions may be adopted by the written consent of other members to a proposal raised by a member.

The agenda of the Board meetings shall be determined by the chairman of the Board. The agenda may be amended by a resolution on the matter of the Board.

The meeting venue of the Board shall be the principal office of the Company. However, the board of directors may also convene at another location upon the adoption of a resolution on the matter.

The minimum meeting quorum for the board of directors shall be 5 members; and the resolutions shall be adopted by the majority of the members present.

Each vote shall be cast either for or against the matter discussed at the board of directors. Any member, who casts his/her vote against the matter, shall annotate the reason of his/her vote and undersign such annotation.

In the event the board of directors is notified of the termination the relation of any member, who represents a legal entity shareholder, with such legal entity; then such member shall be considered to have resigned, and the board of directors shall appoint the person determined by such legal entity shareholder as the new member in substitution of such former member.

Any member, who fails to attend to the meeting, may not cast vote either in writing or by any other means whatsoever unless such absence is due to a just and excusable reason.

Resolutions of Material Nature and Compliance with Corporate Governance Principals

Article 17-

In the event any resolution of the board of directors on the matters as per paragraph (B) between the Company and the parties as per paragraph (A) below is not adopted unanimously, then such resolution and the justification thereof should be disclosed to public in accordance with the regulations of the Capital Markets Board regarding material disclosure, and the matter should be included to the agenda of the next immediate shareholders' assembly meeting, where the shareholders should be informed on the matter.

A- Parties

- a) Any shareholder, who holds minimum 10 % of the Company's shares or voting rights,
- b) Any shareholder of the company, holding such shares entitling it to the privilege to nominate a potential director,
- c) Any company, from which the Company receives consultancy services,
- d) Any other company, which holds minimum 10 % of the shares or the voting rights of those mentioned within sub-paragraphs (a) and (b),
- e) Any subsidiary of the Company.

B- Resolutions of material nature

- a) The resolutions regarding the acquisition, disposal, leasing or putting out to lease of assets within the Company's portfolio,
- b) The resolutions regarding the determination of the companies, to which the marketing of the assets within the Company's portfolio is to be contracted,
- c) The resolutions regarding the establishment of loan relations,
- d) In the cases of the public offering of the Company's shares, the resolutions regarding the determination of the intermediary institution/ brokerage house with a purchase commitment,
- e) Resolutions regarding co-investment,
- f) The resolutions regarding the determination of natural or legal persons, who are to provide financial, legal or technical consultancy services to the Company,
- g) The resolutions regarding the determination of natural or legal persons, who are to provide project development, control or contracting services to the Company,
- h) The resolutions regarding the acquisition to the Company's portfolio of the securities issued by the legal entities mentioned within paragraph (A),
- i) The resolutions apart from those above, which would lead to favorable consequences for the benefit of any party mentioned within paragraph (A).

The corporate governance principles of the Capital Markets Board shall be duly followed in respect of any transaction, which is considered to be of material nature in terms of the enforcement of the Corporate Governance Principles, which is conducted between the Company and any related party, and which is related to the creation of guarantees, pledges and mortgages for the benefit of third parties.

In that regards, the Corporate Governance Principles, which are provided by the Capital Markets Board to be mandatory, shall be duly followed. Any transaction conducted and any resolution of the board of directors adopted without adherence to the mandatory principles shall be invalid and ineffective and be considered in breach of the articles of association.

Remuneration of Directors

Article 18-

The remuneration payable to the chairman and the members of the board of directors shall be determined by the shareholders' assembly.

The Independent Members of the Board of Directors shall not be compensated through stock options or on the basis of performance – based compensation schemes as required by the Capital Market regulations. The remuneration payable to the Independent Members of the Board of Directors should be satisfactory for such members to preserve such independence status.

Administering and Binding the Company:

Article 19-

The Company is administered and represented and bound towards other parties by the board of directors. The Board of Directors performs the tasks and functions entrusted to it by the Turkish Commercial Code, Capital Market Law, other pertinent legislation and the general assembly.

The Board of Directors may conclude agreements and contracts that go beyond the term of its term of office.

All instruments to be delivered by the Company and any kind of contract, debenture, check and similar instrument that will bind the Company should bear the signature of person or persons authorized to bind the Company affixed under the company title to be binding and valid.

The Board of Directors may fully or partially delegate its authorities to executive members to be appointed from among its own members or externally, or to directors that should not necessarily be shareholders. However, at least one member of the Board of Directors is delegated with authority to represent the company.

General Manager and Directors:

Article 20-

The Board of Directors appoints a general manager and sufficient number of directors to implement the Company's operations. The person to be appointed as general manager should meet the qualifications set forth in the Capital Market legislation. It is mandatory to appoint the General Manager exclusively for this position in full time. The general manager is liable to administer the Company in line with the resolutions of the Board of Directors and in accordance with the provisions of the Turkish Commercial Code, Capital Market Board, communiqués of the Capital Market Board and other pertinent legislation.

Prohibitions imposed on the Directors

Article 21-

In case any direct or indirect relationship has been established over the last two years between Board members and parties to the resolutions to be adopted by the Board on employment, capital or commercial basis or any blood relation and affinity relationship up to third rank including spouse relationship is present between them, respective member of the board should advise the Board of this fact accompanied with the justification and arrange for the enrollment of such fact in meeting minutes. Board members may not participate in the discussion of matters regarding his/her personal benefits or the benefits of his/her relatives with whom he/she has blood relation or affinity relationship up to third rank including spouse relationship. Any member violating this provision is liable to indemnify the loss incurred by the Company arising out of the relevant act.

Board members may in no way whatsoever perform directly or indirectly any commercial transaction with the Company that falls within the latter's scope on its own or others' behalf even through acquiring permit from the general assembly, and execute any commercial transaction falling within the Company's scope for their own or others' account, and may not join any other company that is engaged in transactions of same nature as an associated partner.

Auditors and their Term of Office

Article 22-

Auditors to take function in the Company should meet the qualifications set forth in the Turkish Commercial Code and the Capital Market law.

The general assembly elects 2 auditors from among the shareholders or third parties for a service period of three years.

Auditors should be Turkish citizen. Any auditor whose term of office expires may be elected again.

Auditors cannot be elected as board members and appointed as Company's officers.

Auditors are liable to performs the tasks specified in the Articles no 353-357 of the Turkish Commercial Code.

Remuneration of Auditors

Article 23-

The remuneration of auditors is resolved by the general assembly.

Executive Committees

Article 24-

An Audit Committee, a Corporate Governance Committee, a Nomination Committee, an Early Risk Identification Committee and a Compensation Committee shall be constituted in accordance with the applicable regulations of the Capital Markets Board with a view to ensure the sound performance and fulfillment of the duties and responsibilities of the Board of Directors.

However; in the event of the failure to constitute an individual Nomination Committee, Early Risk Identification Committee and Compensation Committee due to the organization of the board of directors; then the Corporate Governance Committee shall also fulfill the duties of such committees.

The fields functioning, the principles of operation and the constituents of the committees shall be determined and disclosed to the public by the board of directors.

All members of the Audit Committee as well as the chairmen of the other committees shall be appointed amongst the independent members of the board of directors. The managing director and the general manager may not be appointed to any committee.

Both two members of the Corporate Governance Committee, which is to be constituted to monitor the compliance of the Company with the corporate governance principles, to carry out improvement activities on the matter and to offer suggestions to the board of directors on the matter, if the said committee consists of two members, and the majority of the members if it consists of more than two members shall be such members of the board of directors without executive positions.

The Corporate Governance Committee shall

- a) determine whether or not the corporate governance principles are enforced at the Company, the reasons of failure if they fail to be enforced and the conflicts of interests that arise due to failure of full compliance with such principles, and make improvement recommendations for corporate governance practices to the board of directors,
- b) oversee the activities of the shareholder relations division.

The Nomination Committee shall

- a) carry out activities to establish a transparent system for the determination the appropriate and suitable nominees for the board of directors and the assessment and training of such nominees, and to identify policies and strategies on the matter,
- b) conduct regular assessments of the structure and the efficiency of the board of directors, and make recommendations to the board of directors on the potential changes on the said issues,
- c) determine and oversee the approaches for, the principles regarding and the practices to be applied in the performance assessments and career planning of the members of the board of directors and the senior executives.

4. The Early Risk Identification Committee shall

- a) carry out activities to identify the risks, which may jeopardize the presence, the growth and the sustenance of the Company, to take the necessary measures against the identified risks and to manage such risks as appropriate.
- b) review the risk management systems for at least once a year.

The Compensation Committee shall

- a) **determine the suggestions of the members of the board of directors and the senior executives on the principles regarding the compensation thereof with due consideration of the long term goals of the company,**
- b) **identify the criteria applicable to compensation in connection with the performance of the Company and of the senior executive or the director, and**
- c) **submit its recommendations on the compensations to be payable to the members of the board of directors and the senior executives with due consideration of the attainment of the criteria to the board of directors.**

The Board of Directors may constitute as many committees or commissions as it may require of its members on such miscellaneous matters as the monitoring of the progress of works, the preparation of the matters to be submitted thereto, the decision for the preparation of the balance sheet in respect of all material issues and the oversight of the enforcement of the resolutions adopted.

Independent Audit**Article 25-**

Provisions of the Capital Market Law and other pertinent legislation are observed in independent audits on the accounts and operations of the Company.

Shareholders' Assembly Meetings**Article 26-**

The Shareholders' Assembly Meetings shall be held in accordance with the following principles.

1) Summoning, Declaration and Announcement:

The declarations and the announcements related to the Ordinary and Extraordinary Shareholders' Assembly Meetings shall be made minimum three weeks in advance of the scheduled date of meeting through any means of communication, including the electronic means, that would most conveniently ensure access to the maximum number of shareholders practicable as well as the formal procedures as provided by the applicable statutory provisions.

2) Notification: The Ordinary and Extraordinary Shareholders' Assembly meetings shall be notified to the Ministry of Science, Industry and Technology of the Republic of Turkey, Istanbul Stock Exchange and the Capital Market Board at least three weeks in advance of the date of the meeting. Any such notification shall be attached with the agenda and the other documents related to the meeting. The applicable regulations of the Capital Markets Board shall be duly followed in respect of any such notification.

3) Meeting Frequency: The Ordinary Shareholders' Assembly shall meet for minimum once a year within the immediate three months from the ending of the related accounting year. The Extraordinary Shareholders' Assembly, on the other hand, shall meet and adopt resolutions in any case and at any time the business of the Company may necessitate and the these articles of association provides.

4) Venue: The Shareholders' Assembly may meet at the Company's principal office or, where the Board of Directors may so consider necessary, at another appropriate location of the city, where the Company's principal office is situated. In the event the Board of Directors resolves for the Shareholders' Assembly meeting to be held at any other location than the Company's principal office, then such location should essentially be stated within the summoning. The shareholders shall be enabled to attend to the meeting through electronic means to the extent Turkish Code of Commerce and the applicable legislations allow.

5) Appointment of Proxy: Any shareholder may appoint others, who may but are not necessarily required to be shareholders, as proxy to represent and act for it at the Shareholders' Assembly meetings. Any proxy, who is also a shareholder, shall be entitled to cast the votes of the shareholders they represent in addition to its own votes. The form of the power of attorney on the matter shall be determined by the Board of Directors in accordance with the regulations of the Capital Markets Board. The power of attorney should essentially be issued in writing. Any proxy should cast the votes of the respective principal in line with the will and instructions thereof on the condition that it is provided within the power of attorney. Casting votes in proxy shall be governed by the applicable regulations and provisions of the Capital Markets Board.

6) Voting Right: Each shareholder shall be entitled to 1 vote per each share held at the Ordinary and Extraordinary Shareholders' meetings.

7) Form of Voting: At Shareholders' assembly meetings, the votes shall be cast by raising hands, and the respective powers of attorney shall also be presented in the cases of voting in proxy under the applicable regulations of the Capital Markets Board. However; secret ballot shall be applied upon and in the event of the request on the matter of the shareholders holding one tenth of the capital represented by those then present at the meeting.

8) Discussions and Quorum for Resolution:

All ordinary and extraordinary shareholders' assembly meetings and the quorums thereof shall be governed by the provisions of Turkish Code of Commerce. However; the provisions of the Capital Market Law amending the meeting quorums as provided by the applicable articles of Turkish Code of Commerce are reserved.

Any and all matters related to the Shareholders' Assembly shall be governed in compliance with the Capital Market Legislations and the applicable Corporate Governance Principles announced Capital Markets Board.

Any transactions or any form of competition, which may lead to conflict of interest, by the controlling shareholders, the members of the board of directors and the senior executives of the Company and the spouses and the relatives in blood and by marriage up to the second degree thereof with or against the Company shall be subject to the prior consent and information of the shareholders' assembly on the matter.

The applicable provisions regarding corporate governance of the Capital Markets Board shall be duly followed in respect of the voting rights and resolution quorums in the cases where shareholders' assembly resolutions should be adopted in respect of the transactions of material nature in terms of the enforcement of the Corporate Governance Principles, any transactions of the Company with related parties and of the creation of guarantees, pledges and mortgages for the benefit of third parties.

Presence of Meeting Observer in Meetings:**Article 27-**

Presence of a meeting observer to be appointed by the Ministry of Industry and Commerce in both the ordinary and the extraordinary general assembly meetings is statutory. The resolutions rendered in General Assembly meetings held in absentia of the meeting observer and the reports of the minutes not bearing his/her signature are null and void.

Announcements**Article 28-**

The announcements of the Company shall be made through the Trade Registry Gazette and a newspaper disseminated in the locality, where the Company's principal office is situated, and in the periods provided by the Capital Market Legislations. The announcements of the shareholders' assembly meetings shall be made minimum three weeks in advance of the scheduled date of meeting through any means of communication, including the electronic means, that would most conveniently ensure access to the maximum number of shareholders practicable as well as the formal procedures as provided by the applicable statutory provisions.

Publicity clause:**Article 29-**

The Company fulfills its liability to furnish information to the Capital Market Board in accordance with the principles and procedures sought in Capital Market Board's arrangements and further to submit financial statements and reports and independent auditing reports, should the Company undergo an independent auditing, to the Capital Market Board and to publicize the same.

Fiscal Period**Article 30-**

The fiscal period of the company commences at the first day of January and ends in the last date of December of that calendar year. Notwithstanding the foregoing, the first fiscal period commences on the date when the company was registered with the Trade Registry and ends in the last day of December of that calendar year.

Distribution of the Profit:**Article 31-**

The Company follows the regulations of the Turkish Commercial Code and Capital Market Legislation regarding the distribution of profit.

The net profit of the company is the balance remaining after deducting the overheads of the Company together with every sort of expenditures required to be fulfilled or reserved by the Company such as various depreciation costs in accordance with the accounting principles and reserves put aside for other taxes and financial liabilities payable by the Company's legal entity from the revenues established at the end of the fiscal period. Out of the net profit so-established and shown in the annual balance sheet, accumulated losses, if any, are deducted and the remaining amount is distributed as per the following order and principles:

First Legal Reserve Fund:

- a) 5% of the balance is put aside as first legal reserve fund in accordance with the Article no 466 of the Turkish Commercial Code until 20% of the Company's paid-in capital is reached.

First Dividend:

- b) Out of the remaining amount, first dividend is put aside at the rate and amount established by the Capital Market Board.

Second Dividend:

- c) After deducting the items specified in paragraph (a) and (b) above from the net profit, the general assembly is authorized to distribute the remaining portion as second dividend, to convey it as second dividend to the balance sheet, to supplement it to legal or discretionary reserve funds or put it aside as extraordinary reserve fund.

Second Legal Reserve Fund:

- d) In accordance with the 3rd paragraph of the 2nd clause of the Article no 466 of the Turkish Commercial Code, one tenth of the portion remaining after deducting a profit share in amount of 5% of the issued capital from the amount resolved to be distributed to shareholders and other persons participating in the profit is put aside as second legal reserve fund.
- e) 0.6% of the remaining distributable net profit is primarily paid to trusts as specified in the 5th article of the hereby Articles of Association.
- f) Unless legal reserve funds are put aside, unless first dividend appropriated for shareholders in the articles of association is distributed in cash and/or in the form of share certificate/stock, it is not permitted to reserve any other reserve fund, carry over profit to the following year and distribute any dividend to privileged shareholders, holders of participating certificates, founder certificates and ordinary bonus certificates, to board members, officers, servants and employees, and to trusts set up for various purposes and such entities and/or institutions.
- g) Dividend advances may be distributed to shareholders in accordance with the regulations set forth in the 15th article of the Capital Market Law.

Timing of Profit Distribution

Article 32-

Mode and date of distributing annual profit to shareholders is resolved by the general assembly upon the proposal of the board of directors in consideration of the pertinent regulations of the Capital Market Board. Profits distributed hereunder may not be withdrawn.

Termination and Liquidation of the Company

Article 33-

The pertinent provisions of the Turkish Commercial Code and Capital Market Legislation and other regulations apply in the termination and liquidation of the Company and the conduct of formalities in this respect. In case Board of Directors do not appoint any officer in charge of liquidation, general assembly elects three liquidators.

Automatic Termination

Article 34-

Automatic termination of the Company is governed by the pertinent legislation of the Capital Market Board and provisions of the Turkish Commercial Code.

Legal Provisions:

Article 35-

The articles of the present articles of association that conflict with the provisions of law, legislation, regulation and communiqué that will be put into effect in the future are not enforced.

The pertinent provisions of the Turkish Commercial Code, Capital Market Law, Capital Market Board's communiqués and other provisions of the pertinent legislation shall apply to the matters not stipulated or governed in the hereby Articles of Association.

Resolutions and Amendment requiring Raised Quorum:

Article 36-

1. The positive vote of 4/5 of meeting participants is required in the General Assembly for modifying and canceling privileges granted to share groups in connection with proposing candidates for Board membership. Unless the resolution adopted in the General Assembly is not unanimously accepted in the general assembly of privileged shareholders to be held in conformity with the provisions of the Article no 389 of the Turkish Commercial Code, such resolution cannot be enforced.
2. To modify the ceiling for the authorized capital;
Shareholders possessing at least half of the company's stock capital or their representatives should be present in the first general assembly meetings.

In case this quorum cannot be established at the first meeting, a second meeting may be held within one month at the latest subject to the Article no 368 of the Turkish Commercial Code. To conduct negotiations at the second meeting, shareholders possessing at least one third of the company's capital or their representatives should be present.

In General Assembly held in conformity with the abovementioned regulations, vote quorum for a resolution to take effect is 65%.

Dividend payment:

Article 37-

The Board of Directors, under the condition of being authorized by the General Assembly and by the article 15 of Capital Market Code and respecting the communiqués provided by Capital Market Board, being limited by the pertinent year, can distribute dividend payments on the profits showed on financial boards prepared for the periods of 3, 6 and 9 months, having passed independent limited audit. The authorization of distributing dividend payments given to the Board of Directors by General Assembly is limited with the year it is granted for. An additional dividend payment and distribution of dividends are not authorized unless the dividend payments of the previous year are totally entered into account.