



YEŞİL REAL ESTATE INVESTMENT TRUST INC.

ANNUAL REPORT

2013

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Projects that add value to today and the future...

As Yeşil REIT, we are leading the real estate industry with our professional staff and different vision.

We are investing to the future of Turkey by spreading the risk through our diversified real estate portfolio with our high quality principle.



Part 1

*Message of the Chairman
of the Board of Directors*



**Dear Shareholders,
Business Partners and Stakeholders,**

2013 has been a year where more optimistic steps were taken against the global uncertainty.

We left behind a period where the crisis that had an impact on global economy in the last few years eased relatively. The fact that 2013 has been a year where more positive steps were taken globally compared to the previous years and the entire world experienced a recovery in the big picture -although at a slow pace- can be considered as the dynamics behind this. Even though some comments are made time to time about the upcoming days being the final phase before the end of the crisis, the facts like the recession that is still continuing in the Eurozone, the slowdown in China and the digressing of USA from monetary expansion policy indicate that it is still early to make such comments. On the other side, stabilization efforts in global politics also strengthen the view that it is early for such judgment.

Turkey' s economic growth has continued to rise in 2013.

Within the general uncertainty the crisis created, the driving force of the global economy had been the developing countries such as our country. After its growth rate of 11% in 2011, Turkey continued to grow at a slower pace in 2012. The growth in 2013 is estimated to be around 3.8%. We highly believe that the exchange and interest rate movements which started at the end of 2013 and will have an impact on the first quarter of 2014 will offset by the sound fiscal policies.

2013 has been a very bright year for the real estate sector compared to the previous year.

Our sector which grew fairly slow in 2012 had positive numbers at the end of 2013 with the impact of the overall economic recovery. It is estimated that the real estate sector which is one of the locomotive sectors of the economy will grow by 5-6% in 2013. Housing sales amounting 1,114,989 also proves the dynamism of the year. With the contribution of the issues such as

VAT rate in real estate, urban transformation and reciprocity law, quite positive numbers are expected to be seen in 2014 as well.

YEŞİL REIT is continuing to progress rapidly as being a “pioneer” in its sector.

As Yeşil REIT, our aim is to develop modern, technological and safe residential areas with unique projects. With the business models that we created, we are called as the “first” and the “innovative” in our sector. Stability, trust and transparency are certainly the values behind our perspective that changed the conventional standards. Among our targets, increasing the value of our company is an important one. We are continuing to reap the fruits of the steps we took in this respect. Last year, Yeşil REIT rated as an investable company at the national scale by JCR Eurasia Rating, and its long term and short term national ratings were declared as A- and A-1, respectively. Also the company’ s long term credit rating was determined as TR BBB and short-term credit rating was determined as TR A2 by Turkrating. Moreover, I proudly would like to underline that our Corporate Governance Rating was updated as 9.02 in 2013 by SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş., which has a permit to carry out rating activities in compliance with the Capital Markets Board.

We will continue to add “branded” projects to our sector.

As being one of the main players of the sector, our project process begins with the selection of the right land and continues with the construction of residential, commercial and educational units, social facilities, infrastructure and all kind of landscaping within a perfect entirety. As a company that is aware of its corporate responsibility, we respect and care for the nature and the laws, and we aim our projects to add value first to the area and then to the city they are at. With this vision and awareness, we undertake the task to add branded projects to the sector.

We proved our strength once more with the 8100 apartments we delivered.

We made a significant progress on our on-going and planned projects in 2013. With the delivery of 3,293 apartments at Stage 3 of Innovia Project which is the largest branded residential project of Europe, Innovia has become a project where 25 thousand individuals live in 8,100 delivered apartments. With the completion of the Stage 4, Innovia will become a residential area with 14,000 apartments and 40,000 residents. Our main target this year will be

the construction and sales of the final stage of Innovia which is one of the important projects in the real estate sector for both its region and our country.

As YEŞİL REIT, we move forward in line with our constantly increasing targets.

We determined our road map for 2014 with the happiness of leaving 2013 behind in line with our targets. Constructing accessible and comfortable living spaces is our main target. In 2014, we aim to take Innovia brand to new locations and will start the sales and construction processes of our Innovia Arifiye Project in Arifiye.

As Yeşil REIT, we will continue to move forward on our path this year with the projects that protects the interest of all our stakeholders and society with a sense of responsibility through the power we take from our achievements and the trust of our investors have in us.

Sincerely yours,

Işık Gökaya

Chairman of the Board of Directors

MEMBERS OF THE BOARD OF DIRECTORS

As of 31.12.2013 Board of Directors consists of 7 members. The term of duty of members of the Board of Directors elected in the Ordinary General Assembly Meeting for 2012 held on 26 March 2013 is 3 years. The list of the members of the Board of Directors, Board of Auditors and Board of Directors Committees and their terms of duty are as follows.

Name-Surname	Duty	Beginning and Ending Date of Term of Duty	Profession	Duties Undertaken Outside the Company
Işık Gökkaya	Chairman of the Board of Directors / General Manager	3 years as of 26.03.2013	Business Administrator	Independent Member of Board of Directors at Bimeks Bilgi İşlem ve Dış Tic. A.Ş.
Namık Bahri Uğraş	Deputy Chairman of the Board of Directors	3 years as of 26.03.2013	Businessman	Founder and Owner of Actus Gayrimenkul Yatırım Hizmetleri A.Ş
Prof. Dr. Derin Orhon	Member of the Board of Directors	3 years as of 26.03.2013	Civil Engineer	Lecturer
Bekir Yüksekdağ	Member of the Board of Directors	3 years as of 26.03.2013	Businessman	Consultant
				Lecturer
Prof. Dr. H. Fehim Üçışık	Member of the Board of Directors	3 years as of 26.03.2013	Legal Counsel	
Günay Yavaş	Member of the Board of Directors	3 years as of 26.03.2013	Lawyer	Lawyer
Neşecan Çekici	Member of the Board of Directors	3 years as of 26.03.2013	Senior Manager	Founder and Owner of Epos Gayrimenkul Danışmanlık ve Değerleme A.Ş.

Changes to the Board of Directors within the Fiscal Year

At the meeting of the Board of Directors on 01.03.2013; due to his workload, the resignation of Adnan Başkır who was assigned as a member of the Board of Directors in the Ordinary General Assembly Meeting held on 16.03.2012 was accepted and he was assigned as the deputy chairman of the board of directors with the decision of the board of directors dated 16.03.2012. It was decided to assign Namık Bahri Uğraş whose documentation was viewed by our Corporate Governance Committee as a member of the board of directors and the deputy chairman of the board of directors pursuant to article 363 of Turkish Commercial Code and to submit it to the approval of the General Assembly.

Number of Meetings of the Board of Directors within the Year and Attendance of Board of Directors Members

Our Board of Directors convenes whenever Company business requires, being no less than once a month. In 2013, the Board of Directors convened 22 times. The quorum of the Board of Directors Meeting was reached through full and active participation by all members.

Statements of Independent Members of the Board of Directors

Our independent members of the Board of Directors, Neşecan Çekici and Günay Yavaş have submitted their statements, a sample of which is given below, declaring that they are independent within the framework of the legislation and Company articles of association to the Board of Directors at the time they are appointed.

"I hereby declare that

- I have not served as a member of the Board of Directors in Yeşil REIT for more than 6 years in total in the last 10 years,
- No direct or indirect employment, capital or commercial relationship of a significant nature has been established between me, my spouse, my relatives by blood or by marriage up to the third degree and the Company, any related parties of the Company or legal entities where shareholders which have direct or indirect 5% or higher shareholding in the company are related parties with regard to management or capital,
- I have not worked or served as a member of the Board of Directors in companies, primarily which undertake auditing, rating or consulting of the Company and companies

which undertake the entire or a certain part of the activities or organization of the Company under agreements signed in the past five years,

- I have not worked as a partner, employee or member of the Board of Directors in any of the firms that provide a significant level of service or products to the Company, in the past five years,
- Even if I' m a shareholder, my shareholding is less than 1% and these shares are not privileged, since I will have a duty at the Board of Directors,
- I have the professional education, knowledge and experience to fulfill the duties I will undertake as an independent member of the Board of Directors.
- As of the date of nomination and throughout my term of duty I will not be working full-time in another job in public entities and institutions.
- I am considered a resident of Turkey, pursuant to the Income Tax Code,
- I have strong ethical standards, professional respectability and experience to make positive contributions to company operations, keep my objectivity on conflicts of interest of company shareholders, decide freely by taking into consideration the rights of stakeholders,

And therefore, I will fulfill my duties as a member of the company Board of Directors as an independent member."

Résumés of the Members of the Board of Directors and Committee

IŞIK GÖKKAYA

13.06.1962 – Chairman of the Board of Directors / General Manager

After graduating from Tevfik Fikret High School, he obtained his graduate degree from Hacettepe University, Department of Business Management. He later completed the Strategic Management programme given by Boğaziçi University.

Gökkaya, who started working in the Marketing Department of Dokap Yapı Elemanları A.Ş. in 1986, became the Head of Sourcing Department in the same company in 1987. He worked as the Managing Partner in Mint Mühendislik Company in 1989. In 1993 he joined İhlas and became Assistant General Manager at İhlas Bilgi İşlem ve Ticaret A.Ş. In 1998 he became the founding partner of İhlas Gayrimenkul Yatırım Ortaklığı and assumed the position of Assistant

General Manager until the end of 2006. In the meantime, he assumed the positions of Deputy Chairman and member in the Boards of Directors of both the Association for Real Estate Investment Companies and "Urban Land Institute – Department of Turkey" . In 2006, he became a member of the Board of Directors of Forum Istanbul 2023 and is still a member.

İhlas Gayrimenkul Yatırım Ortaklığı was sold in the last months of 2006 and the title of the company was changed to Yeşil Gayrimenkul Yatırım Ortaklığı A.Ş. as of 24 March 2011. During reorganization phase Gökkaya, who became the General Manager continues to serve in this capacity. He became the chairman of the board of directors in 2013. Işık Gökkaya has also assumed the position of Deputy Chairman of the Board of Directors of GYODER for 2002 and 2009-2010 period. He was elected as the Chairman of the Board of Directors of GYODER for two years in the 2011 and 2013, and currently he is the deputy chairman of the board of directors of GYODER. He is fluent in French and married with two children.

NAMIK BAHİRİ UĞRAŞ

17.08.1958 – Deputy Chairman of the Board of Directors

Bahri Uğraş, who is graduated from Ege University, Department of Economics, has also attended to seminars at Citibank in Athens, Harvard Business School and Bank of America-Retail Banking.

Uğraş, who started working at Interbank as a Management Trainee, became the Account Officer and Senior Marketing Officer later. In 1989, he joined Körfezbank as the member of the core team to establish the bank and until 1997, he worked there as Marketing Manager, Branch Manager and Executive Vice President (EVP)-Head of Corporate Banking. He took the responsibility as the EVP in charge of Retail Banking-Individual Banking in Ottoman Bank in 1997-1999, in charge of Corporate Banking in İktisat Bankası in 1999-2001, in charge of Commercial and Retail Banking in Halk Bankası in 2001-2003. He worked as an executive member of the core team responsible for the establishment of Ak Emeklilik in 2003-2004. In 2004-2007, he took the responsibility as the EVP in charge of Corporate and Commercial Banking.

Since 2007, he is working at Actus Investment UK Ltd. where he is the founder and owner of. He is a member of Turkish-Qatari Businessman Association, Turkish-Turkmen Businessman Association and Turkish-Kazakh Businessman Association. He is also a board member of Deniz Yatırım, Kiler REIT, Birlik Mensucat Ticaret ve Sanayi İşletmesi A.Ş.

PROF. DR. DERİN ORHON

26.03.1942 - Member of the Board of Directors, Member of the Corporate Governance Committee

He went to Saint Joseph High School in Istanbul between 1953 and 1960. He later graduated from ITU Faculty of Civil Engineering in 1965 as a Certified Engineer, continued his postgraduate education in USA and received his M.Sc in 1969 and PhD in 1971 from University of California, Berkeley on Environmental Engineering.

Prof. Dr. Orhon, who has been a professor in ITU since 1965, was first promoted to the title of assistant professor in 1978 and professor in 1988. He also assumed the positions of President of the Environmental Engineering Department and Head of the Environmental Sciences Department in Faculty of Engineering. He has been the Dean of Faculty of Engineering between 1997 and 2007. He has been retired by his will in 2007.

Prof. Dr. Orhon also was merited TUBITAK Science Award in the field of Engineering in 1998 for his scientific work in Environmental Biotechnology. He was also granted the Samuel H. Jenkins award in 2000 by International Water Association. Same year he became the founding member of Turkish Academy of Sciences and later in 2001 was appointed as a member to TÜBİTAK Science Committee.

BEKİR YÜKSEKDAĞ

01.01.1962 – Member of the Board of Directors / Member of the Early Detection of Risk Committee

He established a family business in Sultanhamam market in 1982 and represented the company as Chairman of the Board of Directors until 2006. Later he founded a company which operates in the fields housing and contracting. He is currently working at this company.

Prof. Dr. H. FEHİM ÜÇİŞİK

06.11.1943 – Member of the Board of Directors / Chairman of the Early Detection of Risk Committee

He graduated from Istanbul University, Faculty of Law in 1964. He obtained the title of doctor in 1982, the title of assistant professor in 1983, associate professor in 1986 and professor in 1992. He assumed the positions of Vice Chancellor, Dean of Faculty of Law and Principal of the Academy of Physical Education and Sports during the term he worked in Marmara University, Department of Business and Social Security Law. He retired in 2011. In the 1992-1993 and 2003-2005 periods he had worked as a consultant with partial status in Health Project Coordination Department. He is currently the Dean of Faculty of Law in Doğuş University.

GÜNAY YAVAŞ

18.04.1943 – Member of the Board of Directors / Chairman of the Audit Committee

He graduated from Istanbul University, Faculty of Law in 1969. Between 1971 and 2006, he worked as a freelancing attorney at law under Istanbul Bar, received and plaquet for successful 35 years in the profession and is still a member of Bar of Istanbul.

NEŞECAN ÇEKİCİ

20.01.1967 Member of the Board of Directors / Member of the Audit Committee / Chairman of the Corporate Governance Committee

She graduated from Marmara University, Faculty of Economic and Administrative Sciences, Department of Economics. After completing her postgraduate education in Istanbul University at the Department of Money / Banking, she completed her academic carrier by taking a specialization course in business management at the Institute of Economic and Administrative Sciences, Faculty of Business Management at Istanbul University.

She worked as a director for the leading holding companies of Turkey for seven years and carried out many different projects since her involvement in the real estate sector in 1995. Neşecan Çekici is the founder and manager partner of Epos Gayrimenkul Danışmanlık ve Değerleme A.Ş. She served as the 2nd Chairman of Turkey Division of the International Association of Real Estate Agents (FIABCI). She plays active role in the occupational NGO' s

and additionally she is a sector lecturer at undergraduate and post graduate programmes of several universities. She holds the License of Valuation Expert granted by the Capital Market Board (CMB). Additionally she has a certificate granted by American Appraisal Institute upon her completion of their educational modules on real estate appraisal expertise.

In January 2009, taken into consideration the occupational and academic studies, her ethical and sophisticated views and her ability to represent the real estate sector in the best way, Neşecan Çekici was deemed worthy of “Real Estate Consultant of the Year” one of the “Traditional Service Awards” of Ekonometri, monthly magazine about Business World and Economics. .

Neşecan Çekici was the Chairman of LideBİR (The Association of Licenced Appraisal Companies) between 2011 and 2013. Neşecan Çekici is currently the Board Member of GYODER.

Information on Executive Committees, Board of Auditors and Risk Committee

Auditor

Auditor of the Company is Engin Bağımsız Denetim ve Serbest Muhasebecilik Mali Müşavirlik A.Ş. for 1 year as of 26.03.2013.

Duties and Authorities of the Members of the Board of Directors and Board of Auditors

The Chairman and Members of the Board of Directors, and the Auditors have the duties and authorities assigned to them in the relevant articles of the Turkish Commercial Code and the Company Articles of Association.

Members of the Committees of the Board of Directors, Frequency of Meeting, Working Principles including Activities Undertaken and Evaluation of the Board of Directors on Activities of the Committees

Name-Surname	Committee Duty	Beginning and Ending Date of Term of Duty
Neşecan Çekici	Chairman of the Corporate Governance Committee / Member of Audit Committee	3 years as of 26.03.2013
Günay Yavaş	Chairman of the Audit Committee	3 years as of 26.03.2013
Prof. Dr. Derin Orhon	Member of the Corporate Governance Committee	3 years as of 26.03.2013
Bekir Yüksekdağ	Member of the Early Detection of Risk Committee	3 years as of 26.03.2013
Prof. Dr. H. Fehim Üçışık	Chairman of the Early Detection of Risk Committee	3 years as of 26.03.2013

Hence it was not possible to form a separate nomination committee and fees committee due to the structure of the Board of Directors, corporate governance committee has been authorized to carry out the tasks of these committees as of 26.03.2013. In compliance with the Corporate Governance Communique, the committees can fulfill their duties fully and properly when they have only independent members, and our Board of Directors has only two independent members due to its structure, therefore Neşecan Çekici is assigned to be both the Chairman of Corporate Governance Committee and the member of the Audit Committee.

The purpose of the corporate governance committee is to determine whether or not corporate governance principles are implemented in the Company, if not, reasons thereof, identify the conflicts of interest arising from failure to fully comply with these principles and engage in efforts to improve this issue; to submit recommendations to the Board of Directors and oversee the Shareholder Relations Department. Corporate Governance Committee convenes at least once every three months. Corporate Governance Committee is authorized to;

- a) Ensure the corporate governance principles are adopted and implemented, determine the reasons if they are not adopted or implemented and engage in efforts to improve this issue,
- b) Develop more transparent methods to determine the candidate members of the Board of Directors,
- c) Improve the social rights and vocational training of employees,
- d) Make recommendations about the principles and application of the evaluation and awarding of the performance of the members of the Board of Directors and managers and monitor the applications,
- e) Examine the operations of Investor Relations Department and ensure the shareholders can exercise their right to demand information,
- f) Carry out the tasks of nomination committee and fees committee if it is not possible to form these committees due to the structure of the Board of Directors.

Nomination committee has been established to identify the appropriate candidates for the Board of Directors, to assess and train them. Nomination Committee convenes at least once every 6 months and submits the results of the meeting to the Board of Directors. The nomination committee is authorized to:

- a) Undertake to create a transparent system to assess and train candidates to the Board of Directors and establish policies and strategies to this end,
- b) Make regular assessments about the structure and efficiency of the Board of Directors and present recommendations to the Board of Directors about the changes that can be made related to these issues,
- c) Determine and supervise the approaches, principles and procedures about performance evaluation and career planning of the members of the Board of Directors and senior managers,
- d) Periodically review the working principles of the committee and present recommendations for change, if it deems necessary, to the approval of the Board of Directors.

The audit committee is responsible to ensure that any kind of internal and independent audit can be made in a sufficient and transparent way. The Audit Committee is authorized to:

- a) Audit and approve the compliance of the publicly disclosed financial statements and footnotes with the legislation and international accounting standards,
- b) Supervise the operation and efficiency of the Company' s accounting system, public disclosure, independent audit and internal audit systems,
- c) Supervise the selection of the independent audit firm, preparation of the audit agreements and commencement of the independent audit process,
- d) Review internal and external complaints that are received by the Company regarding Company accounting, internal audit system and independent audit system, solve them and review the notices of Company employees regarding these subjects within the framework of the principle of confidentiality.
- e) Prevent the conflict of interest that may occur between the Board of Directors, managers and other employees of the company and determine the regulations that can prevent the misusing of the trade secrets of the company.

Audit Committee convenes at least once every 3 months with the invitation of the Chairman. If appropriate, it can invite internal and independent auditors to the meetings and demand information. Audit Committee can give information to the General Assembly of the Company.

Committee for early detection of risk has been established for early detection of risks that may endanger the existence, development and continuance of the Company, ensuring implementation of measures to be taken against risks detected and management of the risk, and reviewing the risk management systems at least once annually. Committee for Early Detection of Risks;

- a) Establishes effective internal control systems to define, evaluate, monitor and manage risk elements that may prevent the Company from reaching its goals, based on the principles of the effectiveness and probability,
- b) Monitors integration of risk management and internal control systems in the corporate structure and their activity,
- c) Carries out required work to measure and report on risk elements by risk management and internal control systems of the Company, as well as using them in decision mechanisms,

d) Periodically reviews the working principles of the committee and present its recommendations for change, if it deems necessary, to the approval of the Board of Directors.

Fees committee has been established to determine principles regarding remuneration of the members of the Board of Directors and senior manager. Fees Committee convenes at least once every 6 months and submits the results of the meeting to the Board of Directors. The Fees Committee;

a) Determines the remuneration of the members of the Board of Directors and senior managers, by taking into account opinions of the aforementioned people and the long-term targets of the company,

b) Determines the criteria that can be used in remuneration, to be correlated with the performance of the Company and the member,

c) Presents its recommendations on the remuneration of the members of the Board of Directors and senior management based on the rate of fulfillment of criteria to the attention of the Board of Directors,

d) Periodically reviews the working principles of the committee and present its recommendations for change, if it deems necessary, to the approval of the Board of Directors.

Working principles of committees are publicly declared in detail on our website: www.yesilgyo.com.

Committees act within their own fields of authority and responsibility and advise the Board of Directors; however, the final decisions are taken by the Board of Directors.

In 2013, Audit Committee has been convened 14 times and submitted 14 reports to the Board of Directors. Corporate Governance Committee has ben convened 7 times and submitted 7 reports to the Board of Directors. Committee for Early Detection of Risk has been convened 8 times and submitted 8 reports to the Board of Directors.

Part 2

General Information



VISION, MISSION, VALUES AND STRATEGY OF YEŞİL REIT

VISION

As Yeşil REIT, with our professional organizational structure and understanding of transparency and corporate governance, we continue to invest in stable and sustainable pioneer projects that change the conventional standards.

MISSION

Yeşil REIT' s primary mission is to increase profitability by developing innovative and unique projects, build new residential areas with a cutting edge technology using earthquake-resistant materials and systems and maintain a balanced portfolio structure to reduce the risks of investors.

VALUES

We act with a transparent and independent management understanding and respect to the principles of trust, consistency and respect within the framework of ethical rules in our relationship with all institutions and investors. We prioritize the principle of social benefit and sustainability with our people and environment oriented view when we make business plans.

STRATEGY

We aim to sustain the value we create for our shareholders with our sustainable growth and high profitability principle by efficiently making use of our resources backed with our synergy and responsibility awareness.



GENERAL INFORMATION, ORGANIZATIONAL STRUCTURE, LEGAL FRAMEWORK AND REGULATIONS THAT THE COMPANY IS SUBJECT TO, MANAGEMENT ORGANIZATION AND IMPORTANT BUSINESS UNITS

OUR HISTORY

Yeşil Gayrimenkul Yatırım Ortaklığı A.Ş. is a portfolio management company established for the purposes of investing in real estate, real estate projects, real estate backed securities, capital market instruments and capital markets, within the framework of principles and procedures set forth through regulations of the Capital Markets Board relating to real estate investment trusts.

The Company changed its former title “İhlas Gayrimenkul Yatırım Ortaklığı A.Ş.” to “Y ve Y Gayrimenkul Yatırım Ortaklığı A.Ş.”, after being purchased by the Yeşil İnşaat Gayrimenkul Yatırım Hizmetleri Ticaret A.Ş. and Rudolph Younes joint venture in 2006. This decision was registered in the trade registry on 29.01.2007.

Through the Extraordinary General Assembly Meeting decision dated 30.12.2010, it was resolved to merge the company with “Yeşil İnşaat Yapı Düzenleme ve Pazarlama Ticaret A.Ş.” The decision in question was registered on 31.12.2010 and promulgated in the Turkish Trade Registry Gazette dated 06.01.2011. The company’ s issued capital was raised from TRY 24,151,319.01 to TRY 235,115,706.01 due to the merger and the merger ratio and conversion ratio were respectively determined as 10.27210% and 8483.57548%. Our company title was changed from “Y ve Y Gayrimenkul Yatırım Ortaklığı A.Ş.” to “Yeşil Gayrimenkul Yatırım Ortaklığı A.Ş.” following the merger.

Yeşil REIT is one of the group companies under the Yeşil Holding A.S. structure that was established when the scope of activity of Info Menkul Kıymetler Yatırım Ortaklığı A.Ş. was amended and registered with the decision of CMB on 10.04.2012, finalizing the transformation of the company in question into an “Investment Holding” .

Company Info

Trade Registry No.	303536
Date of Establishment	23.12.1997
Authorized Capital	TRY 1,000,000,000
Issued Capital	TRY 235,115,706
Company Head Office	İstanbul
Initial Listing at ISE	14.12.1999
Free Float Rate	23.93%
Head Office Address	Yılanlı Ayazma Yolu No:15 Yeşil Plaza K:18 Cevizlibağ, Zeytinburnu 34020 İstanbul
Telephone Number	+90 (212) 709 37 45
Fax Number	+90 (212) 353 09 09
Web Address	www.yesilgyo.com
E-mail Address	bilgi@yesilgyo.com

Capital Structure

Date	Previous Capital (TRY)	Increase / Decrease		New Capital (TRY)
		Details	Amount (TRY)	
December 1999	2,000,000	Rights issue 49%	1,922,000	3,922,000
April 2000	3,922,000	Free issue 50%	1,961,000	5,883,000
June 2002	5,883,000	Free issue 50%	2,941,500	8,824,500
June-August 2003	8,824,500	Rights issue 100.5%	8,871,603	22,108,353
		Free issue 50%	4,412,250	
October- November 2005	22,108,353	Rights issue 55%	11,054,177	33,162,530
April 2010(*)	33,162,530	Capital decrease 58.60%	-19,431,827	13,730,702
August 2010	13,730,702	Free issue 75.89%	10,420,617	24,151,319
December 2010 (**)	24,151,319	Merger increase	210,964,387	235,115,706

(*)On 21.10.2009, the Company Board of Directors resolved to decrease the issued capital of the Company by the amount of the deficit at the amount of TRY 19,432,827.89 indicated on the 31.12.2008 balance sheet to cover the deficit in question, from TRY 33,162,529.95 to TRY 13,730,702.06. Consequent to the capital decrease realized, the number of share certificates in our shareholders' portfolio was decreased, however, there has been no change in the total investment amount, since the unit value of the share certificates were raised during this process.

(**)As of 31.12.2011, due to the merger with "Yeşil Yapı Düzenleme ve Pazarlama Tic.A.Ş." , the capital of the Company was raised to TRY 235,115,706.01 from TRY 24,151,319.01. No dividend distribution was realized in the past three years.

Shareholder Structure

AS OF 31.12.2013		
Name-Surname / Title	Nominal amount (TRY)	Percentage (%)
Kamil Engin Yeşil	137,862,811	58.64
Rudolph Younes	4,070,672	1.73
Yeşil İnşaat Gayrimenkul Yat. Hiz. Tic. A.Ş.	27,748,809	11.80
Publicly Held	56,427,641	23.93
Emel Yeşil Küçükçolak	782,000	0.33
Yeşil Yatırım Holding	5,455,000	2.32
Yeşil Yapı Endüstrisi A.Ş.	1,944,445	0.83
Other	1,006,328	0.42
TOTAL	235,115,706	100.00

As of 31.12.2013, the share of Engin Yeşil in Yeşil Gayrimenkul Yatırım Ortaklığı is 58.64%, Rudolph Younes 1.73%, Yeşil İnşaat Gayrimenkul Yatırım Hizmetleri Ticaret A.Ş. 11.80%, Yeşil Yatırım Holding 2.32%, Yeşil Yapı Endüstrisi A.Ş. 0.83%, Emel Yeşil Küçükçolak 0.33%, other shareholders is 0.42% and the publicly held portion is 23.93%.

Pursuant to article 4.4.f of the ISE Circular No. 370, dated 23.06.2011, in calculation of the ISE Share Certificate indexes as of 01.02.2012, shares of YGYO in active circulation has reached 24% as of 31.12.2013.

Privileged Shares and Voting Right

Pursuant to Article 6 titled "Capital and Share Certificates" of the company articles of association, the Group A shareholders have the privilege to nominate candidates to become members of the Board of Directors. 5 members of the Board of Directors are elected by the General Assembly from among the candidates nominated by Group A shareholders.

Pursuant to article 29 of the articles of association titled "Privileged Securities" ,

Other than the share certificates granting the privilege of making nominations to the Board of Directors, securities granting privileges may not be issued. After offering of the Company shares to public, no privilege, including but not limited to the privilege of making nominations to the Board of Directors, may be granted or created.

Senior Management

Name Surname	Title	Date of Commencement of Duty	Education	Professional Experience
Işık Gökkaya	General Manager	3 years as of 26.03.2013	University	27 Years
Arda Tugay	Deputy General Manager Responsible for Financial Affairs	3 years as of 26.03.2013	Master' s Degree	30 Years
Mesut Huriel	Deputy General Manager Responsible for Project Development	3 years as of 26.03.2013	University	21 Years

Arda Tugay

After graduating from University of New York, Arda Tugay obtained a master' s degree on finance from the University of Texas. He started his career in Merrill Lynch' s International Wall Street Stock Exchange department. He later assumed positions in Citibank New York' s Treasury and Corporate Finance department. He also assumed responsibilities in financial restructuring of Enka Construction as its Financial Director and as CFO during Bařer Holding' s restructuring into a holding company and purchasing Colgate & Palmolive. He has 30 years of senior-level finance and management experience. He has served as the CFO of Hayat Kimya within the Hayat Holding Group and later as again the CFO of Assan Aluminum within the structure of Kibar Holding, engaging in heavy industry manufacturing. He has undertaken duties in privatization of electricity distribution companies within the structure of Yıldızlar Holding operating in Mining and Energy sector as the CFO of the company.

Mesut Huriel

He graduated from METU Faculty of Engineering, Department of Civil Engineering in 1993. He assumed the position of Project Coordinator in building and road projects in Libya, having an approximate estimated cost of around US\$ 215,000,000, the position of Technical Manager in road projects with total estimated cost around US \$ 65,000,000 in Afghanistan and as Project Manager and Technical Manager in building and infrastructure projects with total estimated cost around US \$ 145,000,000 in Turkey. He has been awarded the Project Management Professional (PMP) certificate from Project Management Institute (PMI).

Activities of the Members of the Board of Directors Carried Out on Their Own Behalf or on Another Party' s Behalf within the Scope of Rules of Non-Competition within the Framework of the Permission Granted by the Company General Assembly

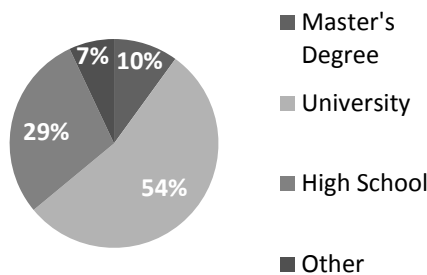
At the Ordinary General Assembly Meeting on 05.11.2012, the issue about giving the required permission to the members of the Board of Directors pursuant to article 395 titled "Prohibition on transacting with the Company, becoming indebted to the company" and Article 396 titled "Non-Competition" of Turkish Commercial Code was discussed. As a result of the voting, it was unanimously decided that members of the Board of Directors are permitted to fulfill the activities mentioned in the articles in question.

There is no approval given by the General Assembly, allowing members of the Board of Directors, senior managers and shareholders who held the management control in 2013 and their kin up to second degree and spouses to engage in transactions that would lead to conflict of interest and competition.

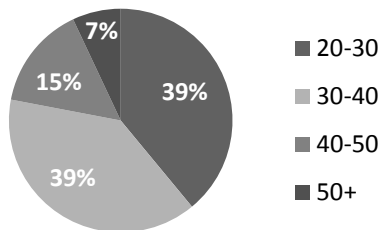
Organizational Structure

A qualified labor force was established in line with the objectives and strategies of our Company and an efficient work environment has been set up for them. Our objective is to help all employees to focus on common goals of the company, bring out the potential of employees and establish synergy within the company.

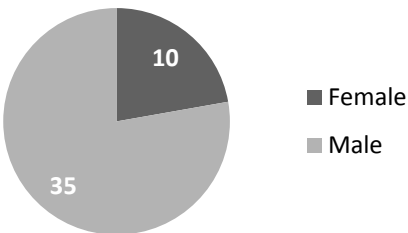
Education Level Profile



Age Profile

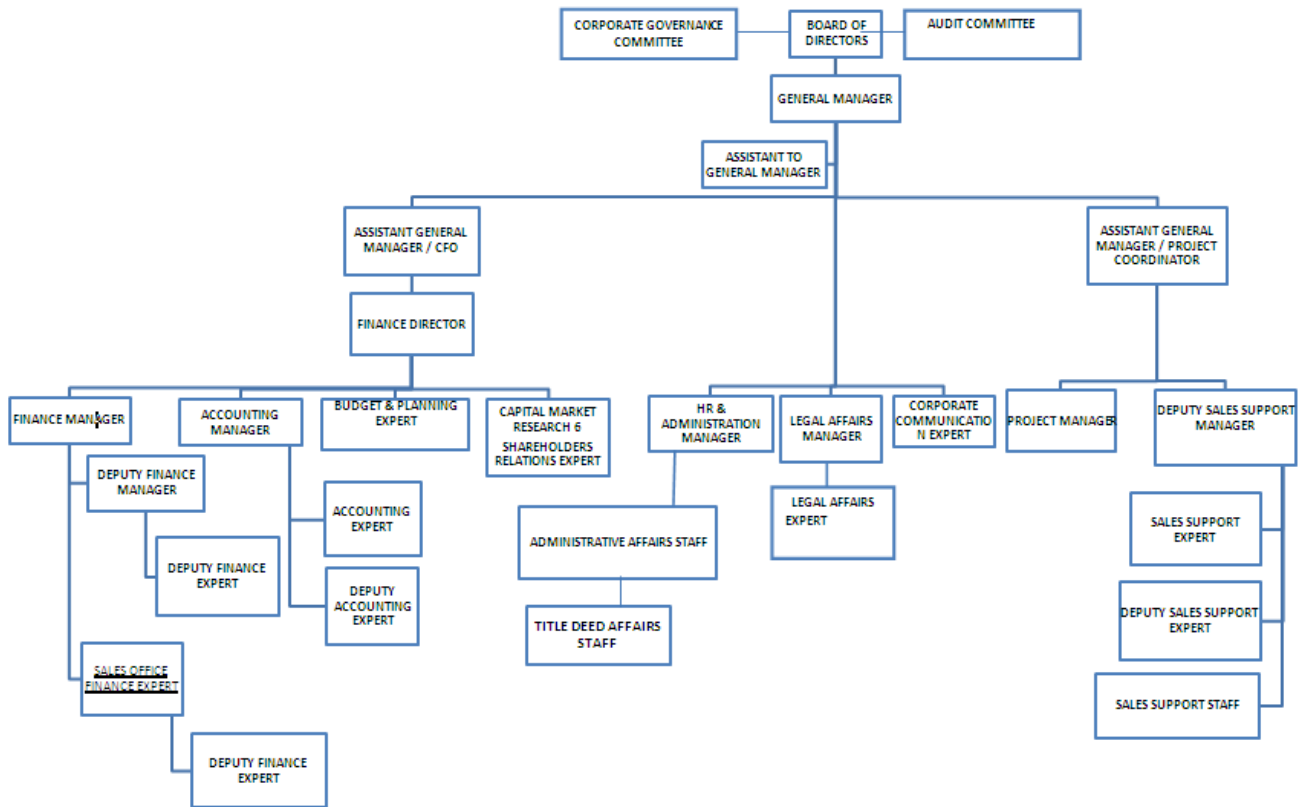


Human Resources Profile



ORGANIZATIONAL CHART

As of 31.12.2013, the number of employees of Yeşil REIT is 45.



Compensation Policy

Pursuant to the applicable Labor Law, those employees, whose employment contracts have ended in a way entitling them to a seniority pay, have to be paid their legal seniority pay that they have become entitled to. Furthermore, pursuant to article 60 of the currently applicable Social Security Law No. 506 that was amended through Law No. 2422 dated 06.03.1981 and Law No. 4447 dated 25.08.1999, it is obligatory to pay a seniority pay to those who are entitled to leave the company with entitlement to seniority pay.

Seniority pay is calculated over 30-days gross wages for each year of service.

Seniority pay liability is not legally subject to any kind of funding.

The seniority pay liability is calculated over the estimated current value of a possible future liability to arise from retirement of Company employees. Turkish Accounting Standards 19 ("Benefits to Employees") stipulates that the company should calculate its liabilities using actuarial assumption methods within the scope of defined benefit plans. Accordingly, the estimates used in computing the total liabilities in the financial statements of our company are calculated by estimating the current value of reserves in the financial statements over the possible future liability arising from retirement of employees.

Seniority Pay is paid to the Employee, who has a seniority matching the periods stipulated in the Labor Law No. 4857 and whose employment contract ended due to any one of the reasons stipulated in the Law, by taking into account the monetary limits stipulated in the Law, or in the event of his demise, to his legal heirs.

Termination Pay is paid by either notifying the Employee that his employment contract will be terminated and allowing this Employee to search for a job within the periods stipulated in the law based on the seniority of the Employee or by paying the wages corresponding to the period to lapse until the end of the notification term in cash, pursuant to article 17 of the Labor Law No. 4857.

Legal Environment and Arrangements Yeşil REIT is Subject to – Government Incentives and Subsidies

REITs are capital market institutions, which can invest in real estate, real estate backed capital market instruments, real estate projects, real estate backed rights and capital market instruments, establish joint ventures to realize certain projects and engage in other activities that are allowed in the Capital Markets Board Communiqué Series (III-48.1) within the framework of principles and procedures set forth in the communiqué in question.

• Taxation of Portfolio Income

Pursuant to clause (d) of paragraph 1 of article 5 of the Corporation Tax Code No. 5520, income acquired by real estate investment trusts are exempt from corporation tax.

In article 15/3 of the CTC it was stipulated that 15% tax withholding shall be applied on real estate investment trust income within the company, regardless of whether such income is distributed or not. Nevertheless, pursuant to the Council of Ministers Decree No. 2009/14594,

the rate of withholding to be applied on such income (whether they are distributed or not) has been stipulated as 0%.

- Taxation of Security Transaction Income of Real Estate Investment Trusts

Pursuant to the decision of the Council of Ministers No. 2006/10731, 10% tax withholding is applied on income acquired by real estate investment trusts from security transactions.

- Stock Trading Income Acquired by Real Estate Investment Trusts

Upon amendment of the Income Tax Code through Law No.5527, stock trading income of real estate investment trusts are subjected to tax withholding and the withholding rate is determined as 10%.



THE SECTOR IN WHICH THE COMPANY OPERATES AND THE PLACE OF THE COMPANY WITHIN THIS SECTOR, SIGNIFICANT SERVICES AND PRODUCTS, SIGNIFICANT SEASONAL FACTORS, COMPANY QUALITY DOCUMENTATION AND DATA, PRODUCT OR SERVICE QUALITY MANAGEMENT, POLICIES REGARDING CUSTOMER SATISFACTION AND RESTRUCTURING ACTIVITES

Sector in which the Company Operates

Yeşil REIT operates in the real estate investment trusts sector. Real Estate Investment Trusts were established in Turkey for the first time in 1995. In 1997 they offered their shares to public and got quoted in ISE, pursuant to Capital Markets Board regulations.

The primary objectives of a real estate investment trust are

- To invest in real estate with high return potential,
- To invest in real estate backed projects,
- Acquire lease income from real estate in their portfolios,
- To acquire trading income over real estate.

In our country, where real estate funding is realized to a great extent using personal means, the most important corporate funding resource of the sector is the REITs. The obligation to offer a certain percentage of their shares to the public, pursuant to the law, provides an investment tool that allows sharing of the income with large masses.

Information on Developments in the Sector

Turkish Economy

In the first nine months of 2013, Turkey's economy has grown by 4%. In January-November 2013, the current account deficit increased by 28.3% compared to the previous year and realized as \$ 56 billion. 12-month cumulative current account deficit rose to \$ 60.8 billion. In the first 11 months of 2013, export volume compared to the same period of the previous year

decreased by 0.8%, while import volume has expanded by 5.4%. Thus, the trade deficit increased by 16.8% and reached 89.8 billion dollars.

At the meeting of Monetary Policy Committee on March 26, the overnight borrowing rate and the overnight lending rate are determined as 4.5% and 7.5%, respectively. In July and August, the upper band of the interest rate corridor is increased and the tight monetary policy is kept. Consumer Price Index (CPI) as 6.13% in April has been it lowest since April 2011. In December, CPI increased to 7.40%, Producer Price Index (PPI) increased to 6.79%. The unemployment rate increased in the first quarter of 2013 and rose to 10.1% in March, realized as 8.8% in June and 9.9% in September. As of the end of the first quarter of the year Euro/Dollar parity was 1.2818, rose to 1.3010 in June 28 and to 1.3524 by December 31.

Construction Sector

The construction sector grew by 5.9 percent in the first quarter of 2013, 7.6 percent in the second quarter and 8.7 percent in the third quarter. Thus, the first nine-month growth rate has been 7.4 percent. Public investment has no significant effect on growth. There was no significant change at the sector's share in the country's economy which was realized as 5.8 per cent.

Housing Sector

In 2013, both the supply and demand sides in the housing sector have increased. The number of residential building permits taken in the first nine months of 2013 had an increase of 31.2 percent compared to the same period of the previous year and reached to 490,990 units. Housing sales increased by 63 percent compared to the previous year and realized as 1,144,989.

Housing loans in the first ten months of the year showed an increase of 25 percent in November and reached TRY 108.5 billion.

The average monthly housing credit interest rates ranging around 0.90 percent in the first quarter of 2013, dropped to 0.62 in June. In September it rose to 0.91 per cent and realized as 0.89 percent as of December.

The current housing prices throughout Turkey continued to rise and increased by 13.64 percent compared to the previous year. New housing prices increased by 13.62 percent. Housing rents increased by 8.10 percent compared to the previous year. The highest growth rates have been realized in cities such as Istanbul, Adana, Ankara and Izmir.

Office Sector

The office building construction permits taken in the first nine months of 2013, increased by 1.9 percent compared to the same period of the previous year and realized as 4,617,496 m².

The rents of the main office areas in Istanbul did not have a significant change in the first quarter, while in the second quarter the rents of the lower segment offices increased by 3.6 percent and the upper segment increased by 5.8 per cent. In the third quarter, the rents of class A offices in Central Business Area (CBA) increased about 30 dollars, while there was not a significant change at the rents of class B offices in CBA.

As of the third quarter, vacancy rates of class A and class B office buildings in CBA realized as 16.1 and 7.5 per cent, respectively. Vacany rates of class A offices in the Outside CBA Europe were realized as 12.5 percent, while B class were realized as 28.2 percent. Vacancy rates of class A offices in the Outside CBA Asia were realized as 16 percent and B class were realized as 10.4 percent.

Shopping Malls

In the first nine months of 2013, a total of 422,500 m² of new space have been added. As of November, there are 333 shopping malls in Turkey.

Total turnover index of shoppig malls in November increased by 10.6% compared to November 2012.

Real Estate Investment Trust Sector

As of the third quarter of 2013, total market value and total asset value of 29 REITs that are traded in BIST reached TRY 16,945,351,000 and TRY 32,196,883,000, respectively.

Changes in the Legislation Regarding Real Estate Investment Trusts

Communiqué on Principles Regarding Real Estate Investment Trusts (Series: VI, No: 11) that came into effect after being promulgated in the Official Gazette No. 23517 dated 8 November 1998 has been abolished. Communiqué on Principles Regarding Real Estate Investment Trusts (III-48.1) promulgated in the Official Gazette No.28660 dated 28 May 2013 and entered in the force.

The Place of the Company within the Sector and Quality Certifications of the Company

Yeşil REIT has taken its place in the real estate sector backed by the unique vision that the joint venture of Yeşil İnşaat and Rudolph Younes provides. This synergy generated from merger of these two powers that have the required international financial potential and project experience, has opened a new era in real estate investments in Turkey with projects that changed the conventional standards and raised the quality of life.

Our Company launches new projects in the other developing major cities, along with the current projects in İstanbul.

In line with its commitment to its transparency principles, our Company is the first company that has applied for a corporate governance rating among Real Estate Investment Trusts. The Corporate Governance Rating of our Company which was initially determined as 7.88 in 2007 and raised to 9.02 in 2013. This rate shows that our company has reached stability in applying corporate governance as an uninterrupted and dynamic process and successfully complied with the corporate governance principles to a great extent and also complies with the required policies and measures.

Yeşil REIT, once more leading the way, has also been the first REIT to apply for credit rating among other REITs. Our Company' s long-term national credit rating has been determined as A- and short-term national credit rating has been determined as A-1 by JCR Eurasia Rating, while Turkrating has been determined our long term credit rating as BBB and short term national credit rating as A2. These rating marks show that our Company is "Investable" . Yeşil REIT being a strong player in the housing market, the strength and strategies of its management, its current structure and financial strength have been among the factors that increased the credit rating.

Corporate Governance Principles Compliance Report

"Corporate Governance Principles" published by the Capital Markets Board (CMB) were implemented as an uninterrupted and dynamic process in the 01.01.2013-31.12.2013 period as well and required improvements were made to this end. The Company's "Corporate Governance Principles Compliance Report" is in Appendix 1.

Information on Fields of Activity, Important Services and Products

Real Estate Investment Trusts generally operate in the following scope:

- To form the company's portfolio, to make changes in the portfolio when necessary, to minimize the investment risk by diversifying the company's portfolio, to monitor developments related with real estates and transactions based on real estates and securities, take necessary precautions for portfolio management, to conduct research for preserving and increasing the portfolio value and to have such research done,
- To investigate if the necessary legal conditions mentioned in this Communiqué about the assets in company's portfolio or assets planned to be included in the portfolio are met, to provide necessary reports,
- To provide related necessary reports for the determination of the value of assets in the portfolio,
- To monitor the compliance of operations of the relevant companies, if the portfolio is being managed by receiving a consultancy service from outside,
- To undertake other duties and permitted activities assigned by the Communiqué on REITs.

Real Estate Investment Trusts, without prejudice to the limits stipulated in the Communiqué on REITs;

- Can purchase, sell, rent, lease, pledge, release pledge, take mortgage, release mortgage of securities permitted by the Capital Markets Regulation, lands, terrains, offices, residentials, business centers, shopping malls, hospitals, hotels, warehouses, commercial parks and real estate suchlike (on condition of taking possession) and real estate abroad, give mortgage or pledge through the assets in its portfolio in favour of third parties within the limits determined in Capital Markets Communiqué, make savings in favour of third parties on special situations and on condition of making essential explanations required by Capital

Markets Board, establish servitude, usufruct, construction servitude, right of construction, assign and transfer, execute and perform all transactions the law allows, establish these rights and cancel the established rights.

- Can purchase and sell real estate certificates, asset backed securities issued against housing loans and securities that are acknowledged by the Board that they are of similar nature,
- Can supervise the real estates before they are rented out such as hotels, hospitals or suchlike which require certain equipment to operate,
- Can purchase land and building lot in order to develop projects through apartment servitude or to make profits from sale and purchase through possessing them or making a real estate preliminary sales agreement that recorded to the register of title deeds,
- Can sell the real estate which has a right of construction that has been given with an aim of project development after having possession of it or the real estate which is annotated to the title deed with a real estate preliminary sales agreement on behalf of the trust with an aim to make profit,
- Can invest on projects of real estate, for which all required permits have been obtained pursuant to the relevant legislation, project is ready and approved, and all of whose legally required documents to start construction have been determined by independent real estate appraisal companies to be fully and correctly existent, by acquiring ownership thereof or establishing construction rights thereupon to generate real estate development profit or rental revenues at each and every stage of the project,
- Can establish usufruct on real estates and exercise this right, can establish periodic property servitude, and can be liable for right for construction on the land for making commercial profit,
- Without prejudice to special regulations, can realize Build-Operate-Transfer projects if and only if the aforementioned conditions are fulfilled or can realize such projects by establishing the right for construction for others or itself,
- Can invest in real estate based projects meeting the required conditions without ownership or apartment servitude, in accordance with the conditions of the contract, if and only if these are secured in accordance with the Board' s conditions,

- Can invest jointly through establishment of apartment servitude in real estate based projects meeting the aforementioned conditions, if there exists no restriction on the utilization of the company' s share in the agreement concluded between the joint owners,
- Can buy and sell real estates abroad, provided that they acquire their possession rights and can invest in foreign securities based on real estates,
- Can rent real estates from third parties and sublease them for earning rent abiding by the special provisions of the contract,
- Can make swap and forward transactions, write options, receive futures contracts except for the commodity futures in order to protect itself from risks,
- Can take any kind of real and private securities for the collection of rights and receivables, can register, cancel and make all other operations about these securities at title deed offices, tax offices and similar public and private institutions,
- Can purchase, sell and rent brands, licences, know-how and any other intellectual property rights if they are not investment instruments and associated with the company activities,
- Can purchase or rent movable and immovable properties separately from the company portfolio at a quantity and value according to its needs.

Quality Management Systems

We operate with the awareness that in our current world, which rapidly changes and develops, the precondition to have a competitive edge, our company culture that is at the center of our company culture has to be adopted and implemented by our staff, within the framework of the determined quality policies. Therefore we aim;

- To comply with the conditions of the Quality Management System,
- To keep customer satisfaction at its highest level by giving priority to the needs and expectations of our customers and meeting them in a timely manner,
- To analyze processes and the relationship between processes, to constantly improve our system,
- To provide highest quality of services,
- To increase our competitive power by providing cost efficiency and productivity,

- To adopt training as the staple of quality,
- To ensure that required measures are taken and responsibilities are fulfilled in compliance with the legislations regarding worker health, occupational safety and environment, during the operations,

The Company employs personnel that have received Internal Audit and Basic ISO 9001:2000 training in relation with the quality management system.

Policies Regarding Customer Satisfaction

Our company takes any and all measures to ensure customer satisfaction in marketing and sale of goods and services. Among the duties of our sales support unit established for this purpose are;

- To provide every kind of information to the customers relating to the independent unit purchased,
- Act as a guidance center in all transactions up until the delivery,
- To plan and realize the delivery, identify deficiencies and inform the relevant departments of such deficiencies,
- Return to our customers regarding their requests and complaints,
- Keep our forum page up-to-date, respond to the queries of our customers,
- Carry out planning and disclosure on commercial transactions and deliveries,
- Guide and follow up our sales office' s entire purchasing processes.

Our sales support team can be reached from 0212 414 08 80. On financial issues, our Sales Office Financial Team provides support regarding all queries and requests of our customers, including the weekend, from 0212 414 08 22.

A Shareholders Relations Department was formed, based on the decision of our Board of Directors dated 19.12.2003, to ensure compliance with the legislation on use of shareholding

rights, company Articles of Association and regulations. The duties of the Shareholders Relations Department are as follows:

- Ensuring that the records relating to shareholders are kept in a healthy, safe and updated manner,
- Responding to the queries of the shareholders requesting written information on the Company, excluding information that has the nature of confidential information and trade secrets,
- Ensuring that the general assembly meeting is held in compliance with the applicable legislation, articles of association and other company by-laws,
- Preparing the documents that might be used by shareholders in the General Assembly meeting,
- Ensuring that the records of voting results are maintained and the reports relating to results are sent to shareholders,
- Supervising and following any issue related with public disclosure, including the legislation and company public disclosure policy,

Customer Satisfaction and Customer Complaints Policy

Our Company reviews every kind of proposal, complaint, request and objections relating to the goods and services purchased by our customers and returns to the customer with a solution proposal. The Company complies with quality standards for goods and services and ensures that the standard is maintained. Within the framework of the customer satisfaction and customer complaints policy, our customers are first considered right and the reason for the complaint is investigated in this light.

Each issue reported by the customers is meticulously investigated and finalized. We act objectively in order to reinforce the trust of our customers and shareholders; we determine and take measures in advance for situations that may be detrimental to our objectivity.

Within the period, the Shareholders Relations Department has worked to comply with the corporate governance principles in line with the Corporate Governance Committee and accordingly monitored the records relating to shareholders are kept in a healthy, safe and updated manner and met the written demands of the shareholders regarding the information

about company in compliance with the Capital Markets Board legislation. For shareholders to be able to use their rights effectively and establish an adequate level of communication and interaction with the company management, active efforts were undertaken.

Restructuring Activities

Our Company has adopted the principle of achieving long-term success by periodically reviewing company activities as a whole. In this context, the company activities are reviewed within the year through reports of and meetings with company employees. The Company's business strategy, financial status and organizational structure are reviewed. A recommendation plan is devised to improve performance, strengthen capital structure and generate resources for the company, develop operations and services and to increase competitive power within the company. Within the scope of such works, it is ensured that the company generates liquidity by way of finding a new market, finding and implementing cost-cutting measures, evaluating passive non-current assets and whenever required, restructuring the organization.



THE FUTURE OF THE COMPANY AND THE EXPECTATIONS

Expectations Regarding the General Economic Situation

The global economy in recent years, especially in the U.S. and the Eurozone has entered a period of economic recovery. Both the public and private sectors have a share in this recovery. The improvement in developed countries is thought to have a positive impact on the countries that are growing through export by affecting the growth of global demand conditions positively. It is expected the developed countries to grow by 2.2 per cent, developing countries by 5.3 per cent and the global economy by 3.2 percent in 2014. However, FED reducing the asset purchases causes central banks of developing countries to increase the interest rates and this leads to volatility in capital flows to these countries.

In Turkey, the economy has a positive outlook in terms of the industrial production and confidence index in the last quarter of 2013. Turkish economy is expected to grow by 3.5 percent. However, the disruption of the risk perception caused by the corruption investigation started on December 17 affected the financial market adversely and this situation may cause fluctuations in portfolio investments. On the other hand; balance of payment is expected to have a recovery with the decreased consumption expenditures caused by Central Bank of Turkey (CBT)' s contractionary monetary policy and increased measures taken for personal loans. Moreover, export volume is expected to grow with the changes in the real effective exchange rate and the economy recovery in EU which is the most important export market of Turkey. In 2014, the budget deficit is expected to be TRY 33.2 billion. Furthermore; CBT' s declaration of maintaining the contractionary monetary policy until the inflation outlook improved is considered to be positive condition in terms of the balancing of macroeconomic risks.

Expectations Regarding the Future of the Sector in which the Company Operates

2013 has been a quite dynamic year for the construction sector with the impact of the subjects such as urban transformation and reciprocity law. This dynamism is expected continue in the upcoming year with the young population, the sheer number of houses with an earthquake risk and supply-demand balance of the sector.

The sector which grew by more than 7 percent in 2013 is the locomotive sector of the national economy. It is estimated the sector to protect its position in 2014 with the mega projects that are being developed, urban transformation and major infrastructure works and grow by at least 5 percent.

Turkey faces some risks such as a change in the direction of capital because of FED-induced developments and political instability. In spite of this, it is expected the construction sector to remain buoyant with the efforts to make Istanbul a financial center, projects such as the third bridge, third airport and public investment. Change in exchange rates and the depreciation of the TRY created an opportunity for foreign investors. However, this also increased the cost of materials. Therefore, house prices are expected to grow by 10-15 percent in the medium term.

Projections and Expectations of the Company Management for the Future

Under such circumstances, as being the first foreign capital real estate investment trust in the sector, our main brand Innovia, which is the biggest residential project realized in the private sector in Turkey, is a great advantage for our company. Our company, which has decided to create diversity in real estate projects in order to differentiate; has developed new strategies about the architecture, offered lifestyle, landscaping, construction speed or construction quality of the projects. Our company will continue to maintain its investment risk low through the method of portfolio diversification.

The sector needs cost-effective projects which provide social facilities and high standards. Therefore, along with the current projects in İstanbul, our Company launches new projects in other major developing cities.

Our company, which has an investment strategy of developing projects on lands with a development potential that would add value to its region will continue to provide high-quality living spaces and profitable investments by developing unique projects. Our Company will continue to give priority to engage in activities providing maximum benefit to its customers and investors and profit maximization in 2014 with its portfolio in which project profitability, time weighed rate of return and project risks are taken into consideration as primary criteria in the long term. In 2014, the Company will engage in projects that will please its investors with satisfactory results in terms of turnover and profitability.

Part 3

Financial Benefits Provided to Members of the Board of Directors and Senior Management

III. FINANCIAL BENEFITS PROVIDED TO MEMBERS OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Pursuant to the Company Articles of Association, remuneration of the chairman and members of the Board of Directors is determined by the General Assembly. In the General Assembly meeting dated 26.03.2013, it was decided to pay a monthly gross attendance fee of TRY 1,700 to members of the Board of Directors.

For the 1 January-31 December 2013 period, the monetary benefits provided to senior management is TRY 1,183,193. TRY 1,021,351 of this amount is paid as wages and TRY 10,642 of it is paid as health insurance to senior management. TRY 151,200 of it consists of attendance fees paid to members of the Board of Directors.

For the 1 January-31 December 2012 period, the monetary compensation provided to senior management was TRY 1,115,240. TRY 1,106,033 of this amount was paid as wages and TRY 9,207 of it was paid as health insurance to senior management. TRY 130,900 of it consists of attendance fees paid to members of the Board of Directors.

Part 4

*Significant Research &
Development Activities
Planned and Investment Plans*

Research and Development Activities

R&D works are one of the significant points that will lead and improve the sector, increase competitive power and productivity of the sector. Therefore, innovation is encouraged to keep up with the developments of the day, discover novelties and keep a competitive edge, as well as to deploy these innovations in the sector.

Renco Kompozit Teknolojileri San. ve Tic. Ltd. Şti (www.renco.com.tr) based in USA has assumed a leading role in developing next generation technologies based on new ideas in many areas including production and especially construction sector with the “Renewable Composite Products” Renco has developed itself consequent to the R&D works carried out within Yeşil REIT structure. As Yeşil REIT, we provide moral support to increase use of this product especially in the construction sector and carry out required tests.

To measure the applicability of composite products in our projects, an R&D department was established. R&D success is owed to a great extent to the fact that the engineers working in R&D are also actively working in the construction site. Therefore, owing to the results acquired from research activities carried out at this point, we have observed that use of composite products enable any architectural design and eliminated the need for traditional construction materials.

We are of the opinion that composite materials that set themselves apart with their low cost and environment-friendly characteristics will play a significant role in creating sturdy and safe living spaces. Yeşil REIT does not make use of a government subsidy in carrying out R&D works.

Investment Policy

Taking investment decisions or choosing investment projects is carried out by taking into consideration the financial status and future objectives of the Company. Our investment policy is devised and implemented pursuant to the requirements of new projects. To invest in new projects and complete ongoing projects in relation with assets within the portfolio a total investment expense of TRY 920 million has been made. The investment expense amount corresponding to the 01.01-31.12.2013 period occurred at TRY 167 million level. Within the framework of the investment planning, our Company will be developing new projects on lands

in Tekirdağ-Barbaros and Sakarya-Arifiye, and will continue investing in the Innovia Körfez Project and Innovia 4th Stage projects, construction of which is still going on.

Significant Asset Purchase and Sale Transactions

At the Board of Directors meeting on 13.09.2013; it was decided to sell the 37,948 m² area of Block D of the project registered as "INNOVIA 4" in Istanbul Province, Esenyurt District, Yeşilkent Locality, Parcel 2945, No.36 and appraised as TRY 42,578,000 by Lotus Gayrimenkul Değerleme ve Danışmanlık A.Ş. at their assessment report dated 23.01.2013 to Yeşil Global İnşaat Turizm Otelcilik A.Ş. at a price of TRY 160,000,000 (Onehundredandsixtyturkishlira) including VAT, and to reflect the increase of the peer price to the sale price with a minimum increase of TRY 3,400/m², and to make a real estate preliminary sales agreement/agreements between Yeşil Global İnşaat Turizm Otelcilik A.Ş. and our Company, and to start the process to invest in Innovia World Resort Termal Otel Project in Tuzla that is being developed within Yeşil İçmeler İnşaat Turizm Otelcilik Ticaret A.Ş.

Lands and Projects within our Portfolio as of 31.12.2013 within the Scope of the Operations of the Company:

Assets	Location & Specifications	Appraisal Date	Appraised Value (TRY)
Land in Tekirdağ Barbaros	The land located in Tekirdağ Province, Merkez District, Barbaros Locality, on parcels No. 8103 and 8104, and block 201 parcel No.1 with a total surface area of 8,166 m ²	25.12.2013	1,225,000
Land in Sakarya Arifiye	The land located in Sakarya Province, Arifiye District, block 256 parcel No. 2,3 and 4, block 257 parcel No.1, block 258 parcel No.1, block 262 parcel No.1 ve block 264 parcel No.1 with a total surface area of 59,900.02 m ²	23.12.2013	13,695,000

Projects Completed	Location & Specifications	Appraisal Date	Appraised Value (TRY)
Güzelşehir Project Shopping Mall – 12 workplaces	12 workplaces in Güzelşehir Shopping Mall in İstanbul Province, Büyükçekmece District, Güzelce Locality, with a total surface area of 3,731.63 m ²	27.12.2013	6,810,000
Innovia 1 st Stage Apartments	3 apartments divided into shares in Innovia Project 1 st Stage, consisting of 1,073 apartments	30.12.2013	386,820
Innovia 1 st Stage Kindergarten Building	70% share in the kindergarten building that is a part of the Innovia Project 1 st Stage	25.12.2013	2,575,000
Innovia 1 st Stage Commercial Units	6 commercial units in Innovia Project 1 st Stage	30.12.2013	2,230,000
Innovia 2 nd Stage 1 st Phase Apartments	9 apartments divided into shares in Innovia Project 2 nd Stage 1 st Phase, consisting of 2,664 apartments	24.12.2013	277,326
Innovia 2 nd Stage 2 nd Phase Commercial Units	7 commercial units out of completed 43 commercial units in Innovia Project 2 nd Stage 2 nd Phase	25.12.2013	3,450,000
Innovia 3 rd Stage Apartments	104 apartments and 16 divided into shares apartments out of 3,293 in Innovia 3 rd Stage	28.12.2013	12,130,000

Ongoing Projects	Location & Specifications	Appraisal Date	Appraised Value (TRY)
Innovia Körfez Project	Innovia Körfez Project in Kocaeli Province Körfez District, Belen Village consisting of 20 parcels with a total surface area of 121,014 m ² and construction area of 65,534.51 m ²	31.12.2013	56,025,000
Innovia Project 4 th Stage	Innovia 4 th Stage in İstanbul, Esenyurt District, Yeşilkent Locality with a construction area of 652,810 m ² and saleable area of 479,326.20 m ²	27.12.2013	701.650.000

TEKİRDAĞ BARBAROS LAND

Location :Tekirdağ Province
Merkez District, Barbaros Locality

Surface Area : 8,166.05 m²

Added in the Portfolio : 2004



Thrace is becoming closer to İstanbul and residential demand in Turkey of the Turks living in Balkans increases every day. It is also expected that the Asiaport that is undergoing construction in Barbaros will accelerate the region' s growth.

Due to the development works carried out, the land is divided by roads and green areas into 3 parcels; block 201 parcel No.1, parcel No. 8103 and 8104. Parcels with an attribute of land have a total surface area of 8,166.05 m²; comprising three plots of 4,058.40 m², 624.71 m² and 3,482.94 m².

The lands are 100 m away from Barbaros D-110 connection road, 300 m away from Tekirdağ-Kumbağ motorway, 600 m away from the Sea, 1,200 m away from Barbaros Preliminary School, and 1,500 m away from Barbaros Municipality. Traveling back and forth is easy. The infrastructure of the surrounding area is completed.

Considering the location, zoning status and development potential of the region of the parcels, the company decided that the most appropriate strategy is to use land as a residential area.

SAKARYA ARİFİYE LAND

Location : Sakarya Province,
Arifiye District

Surface Area : 60,200.22 m²

Added in the Portfolio : 2012



The important industrial entities and sub-industry premises provide the region with employment opportunities, as well as social and economic development. Arifiye started to receive rapid immigration, owing to multitude of transportation means and increase of employment opportunities because of its proximity to Adapazarı. Small-sized industrial premises that provide services to large-sized industrial entities as sub-industries significantly contribute to the region and country economy.

The parcels are surrounded by sites that have 2 or 4 storey buildings, detached houses and uncultivated and planted land. The parcels are 1.5 km away from D-100 Highway and around 2.5 km away from TEM highway. The topographical structure of the land is low pitched and flat.

The land located on block No. 256, parcels No.2, 3 and 4, block No. 257 parcel No. 1, block No. 258 parcel No. 1, block No. 262 parcel No. 1, block No. 264 parcel No. 1 enjoys a city view and have a completed infrastructure. The area where centrally located parcels are found was

planned as a residential zone. The total size of the parcels enables development of a multi-functioned project.

INNOVIA KÖRFEZ PROJECT

Location : Kocaeli Province, Körfez District, Belen Village

Surface Area : 121,014 m² (Yeşil REIT' s share 90,754.09 m²)

Total Construction Area : 65,534.51 m²

Added in the Portfolio : 2011



In addition to increase in residential use of the region after 1999 Earthquake, the development and improvement potential of the region is non-negligible. The distance of the immovables to Belen Village is 3.5 km, to E-5 (D-100) Motorway Körfez Crossroads is 14 km and to Anadolu Highway Körfez Crossroads is 15 km. Close to the immovables, there are 2-4-storey buildings, villa complexes and empty or agricultural estates.

Innovia Körfez Project has been launched on 20 parcels with a surface area of 12,014 m². A major portion of the parcels have a view of Marmara Sea. The project shall comprise 204 2-storey independent villas (108 of them are semi-detached), 206 apartments (52 of them duplex), making a total of 410 independent units in total. It is planned to deliver the project at the end of 2015. When the project is completed, it will comprise the following social facilities:

- Indoors and outdoors pools,
- 24-hour private security
- Lounging and sun-bathing decks,
- Walking, jogging and bicycle routes,
- Recreational areas and commercial units
- Fitness center,
- Outdoor parking lots,

GÜZELŞEHİR SHOPPING MALL IN ISTANBUL BÜYÜKÇEKMECE

Location : İstanbul Province,
Büyükçekmece District, Güzelce Locality

Surface Area : 8,259.76 m²

Added in the Portfolio : 2005



The parcel with a surface area of 555,210.38 m² where Güzelşehir Shopping Mall is located also has Güzelşehir Villas and recreational areas on it. The project includes 721 villas. The

Güzelşehir Shopping Mall that is outside the compound, but next to the entrance of it, is 2 km away from TEM motorway Kumburgaz toll booths link road, 8 km away from Büyükçekmece district center, 30 km away from Atatürk airport, around 50 km away from Istanbul city center (Taksim).

The Shopping Mall has superior qualities such as a unique architectural style and construction characteristics, strong transportation connection, a big commercial potential, and high advertisement capability owing to the fact that it faces E-5 motorway. The facility of transportation, completed infrastructure, adequate outdoors parking space and lack of business centers of similar features (design, parking lot, building age) in the neighborhood all contribute to the significance of this shopping mall important in the region.

It is constructed in three floors: the basement, entrance floor and 1st floor. The utilization area of 12 workplaces is 3,731.62 m². The building has a Building Use Permit (occupancy permit) issued on 30.11.2009 with no. 2009/163.

The rough construction of the building has been completed, window profiles are fixed, exterior final rendering and painting works have been completed. Currently, physical actualization ratio according to the standard of delivery to lessees is around 65%.

INNOVIA PROJECT IN ISTANBUL ESENYURT CONSISTING OF 4 STAGES

Innovia Project provides a lifestyle center beyond standards with extensive social facilities in Esenyurt. İstanbul has a rapidly growing population, does not have too many big vacant lands, suffers from illegal housing, which together create a tendency to get away from city center; therefore Esenyurt district has become one of the most important collective housing sites. The project' s commercial value is positively affected by being located in an area that is being developed in accordance with modern urban development understanding, where urban rents rapidly increase, as well as being a location of preference as an alternative residential area due its position, location, accessibility, completed infrastructure, social and sports facilities. The approximate distance of the project to certain points is as follows: 500 m to E-5 (D100) Motorway, 6.5 km to Avclar, 7 km to Büyükçekmece, 17 km to Atatürk Airport.

Upon take over of Yeşil İnşaat Yapı Düzenleme ve Paz. Tic. A.Ş. on 31.12.2010 by Yeşil REIT, the Innovia Project under the ownership of Yeşil A.Ş., was included in our portfolio.

When the project, which involves 4 stages to be built on different parcels, is completed it will contain around 14,000 houses and commercial units. The blocks and load bearing systems have been designed in compliance with the earthquake regulation and have a high-quality architectural design. Furthermore, the quality standards for material and labor applied in interior spaces are above the average.

The total number of apartments for each stage of Innovia Project, those which are owned by Yeşil REIT and apartments are listed in the table below.

	Project Totals	Apartments Owned by Yeşil REIT
1 st Stage Apartments	1,073	890
2 nd Stage 1 st Phase Apartments	2,664	2,202
2 nd Stage 2 nd Phase Apartments	1,018	830
3 rd Stage Apartments	3,293	2,845
4 th Stage Apartments	4,624	4,164

Currently,

- All construction works of the 1st Stage are completed and the life has begun in the complex.
- All construction works of 2nd Stage 1st Phase and 2nd Phase are completed and the life has begun in the complex.
- All construction works of the 3rd Stage are completed. The delivery of the apartments started on 27.08.2013, completed on 31.12.2013 and the life has begun in the complex.
- Design stage of 4th Stage is completed. Excavation, bored pile, shoring and foundation works are ongoing.

INNOVIA PROJECT 1ST STAGE APARTMENTS

Location : İstanbul Province, Esenyurt
District, Yeşilkent Locality

Surface Area : 58,240.13 m²

Added in the Portfolio : 2007

7 residential blocks are found in 1st Stage Innovia Project. These residential blocks comprise 1,073 apartments of 18 different types, social facilities, recreational areas and 6 commercial units. Residents have moved in and started living in Innovia 1, construction of which had started in August 2007 and was entirely completed in 2009.



Within the structure of the 1st stage of Innovia Project there are outdoor swimming pool, scenery watching and sunbathing terraces, a grove, walking, running and cycling tracks, a fitness center, outdoor and indoor sports centers, tennis, basketball and volleyball courts, mini soccer field, a bowling hall, a sauna and a Turkish bath, recreational facilities and commercial units, indoors and outdoors parking lots, 24 hour security and a technical service team. As of 31.12.2013, 3 apartments are left in our portfolio from 1st Stage.

INNOVIA PROJECT- 1ST STAGE KINDERGARTEN BUILDING

Location : İstanbul Province,
Esenyurt District, Yeşilkent Locality

Surface Area : 5,349.30 m²

Total Utilization Area : 1,155 m²

Added in the Portfolio : 2010



The kindergarten building located in 1st Stage of the Innovia Project is currently used as the Bahçeşehir High School Kindergarten.

Completed infrastructure, the fact that materials and workmanship standards used indoors sections of the building are over the general quality standards, proximity to transportation facilities and existence of indoor and outdoor parking lots contribute to the value of the immovable property.

Upon take over of Yeşil İnşaat Yapı Düzenleme ve Paz. Tic. A.Ş. on 31.12.2010 by Yeşil REIT, the Innovia Project under the ownership of Yeşil A.Ş., 70% shares of the kindergarten was included in our portfolio. The land area corresponding to shares of Yeşil Gayrimenkul Yatırım Ortaklığı A.Ş. is 3,740.48 m².

INNOVIA PROJECT- 1ST STAGE COMMERCIAL UNITS

Location : İstanbul Province, Esenyurt District, Yeşilkent Locality

Gross Utilization Area : 771 m²

Added in the Portfolio : 2010

It is planned to keep 6 workplaces, which are found in various locations of the 1st Stage of Innovia Project, within the portfolio to acquire rental income.

Workplace No. 1 has an approximate gross utilization area of 98 m². It is designed as kitchen and lounge. It serves as the common “Living Room” of the compound. It also has a terrace. The residents of the compound can use the immovable property through appointment on special days and evenings.

Office No. 2 has been built as an open terrace and a buffet. The immovable property that has an approximate utilization area of 98 m² has been designed in the shape of an octagon. It has a terrace next to block No.1

Workplace No. 3 comprises an outdoor terrace. This unit has a gross utilization area of approximately 201 m².

Workplace No. 4, which is situated over the fitness hall, has been built as an open terrace and a buffet. The immovable property that has an approximate utilization area of 98 m² has been designed in the shape of an octagon. It also has a terrace.



Workplace No. 5 has an approximate gross utilization are of 50 m². It is called the art studio of the compound and serves as a common facility. The immovable property designed in a circular form and is surrounded with aluminum joinery and glass.

Workplace No. 6, which has an approximate gross utilization area of 226 m² is used for office, café and social events purposes. The building is in front of block No.5 that is in the same stage.

INNOVIA PROJECT – 2ND STAGE APARTMENTS

Location : İstanbul Province, Esenyurt District Yeşilkent Locality

Surface Area : 114,030.45 m²

Total Construction Area : 522,167.56 m²

Added in the Portfolio : 2010

Innovia 2 consists of extensive social and sports facilities, a grove, an outdoor pool, fitness and sauna facilities, tennis, basketball and volleyball courts, play gardens for children, and parks. Technological innovations used in the apartments of the special residence building and an array of social facilities provided to all apartments in Innovia 2, which provides 24-hour security services, easy transportation facilities and privileges, raising the standard of living, open the doors of a privileged world.



The project, which has been constructed in 2 phases consist of 19 apartment blocks and 3,682 apartments. The blocks rise as an extensive mass on 2-storeys that incorporate a basement and an indoor parking lot.

The 2nd Stage 1st Phase apartments of the project, consisting of 2,664 apartments were delivered in the last quarter of 2011. The 2nd Stage 2nd Phase of the Project consists of 1,018

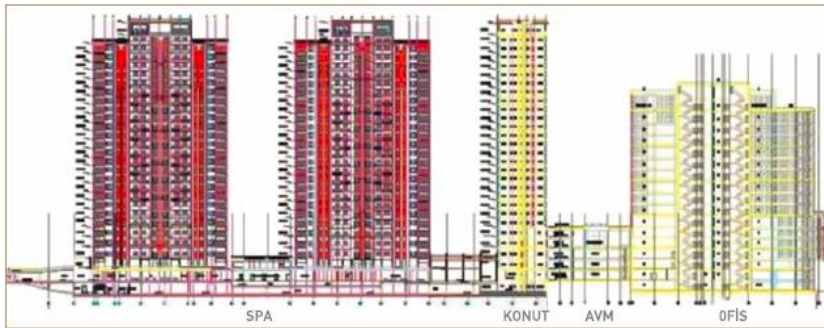
apartments and a Shopping Mall/Office block. 1,018 apartments in 2nd Stage 2nd Phase have been delivered as of December 2013.

INNOVIA PROJECT – 2ND STAGE COMMERCIAL UNITS

Location : İstanbul Province, Esenyurt District, Yeşilkent Locality

Total Utilization Area : 47,682.57 m²

Added in the Portfolio : 2010



267 commercial units are located on the basement and ground floors of blocks in the 2nd Stage Innovia Project. The units used as stores and storage etc. are located in various sections of the

residential blocks. 226 workplaces are found in the Shopping Mall within the complex and another 41 are located in the various sections of the residential blocks. The project, which comprises 267 commercial units, also includes a social facilities area.

A Mall facing Nazım Hikmet Boulevard comprises 4 workplaces that have a total utilization area of 544.91 m². 3-storey B Mall facing Nazım Hikmet Boulevard comprises 4 workplaces that have a total utilization area of 916.89 m². Single-storey C Mall, built as an independent unit overlooking the complex interior has a utilization area of 786.80 m². D Mall and F Mall are built as 1 single-storey, independent unit. The utilization area of D Mall and F Mall are respectively, 546.63 m² and 398.75 m². 3-storey E Mall that has a utilization area of 2,180.91 m² comprises 27 workplaces.

The Shopping Mall consists of 34 stores, the office block consists of 183 offices/workplaces and 1 social facilities/SPA center, and together with G Mall facing the road that has a utilization area of 930.38 m² with 8 workplaces includes 226 commercial units in total.

The Shopping Mall block has been designed to have 6-storeys, consisting of one basement, a ground floor and 4 regular floors. According to its architectural design, the basement will

contain storage area, ground floor will contain the block entrance and retail units and regular floors will contain retail units.

The Office block has been designed to have 17-storeys, consisting of 2 basements, a ground floor and 14 regular floors. Pursuant to the architectural plan, the block has 183 offices/workplaces with a total construction area of 26,182.34 m². The 2nd basement floor is used as a parking lot, 1st basement floor is used as storage area, ground floor has workplaces and the block entrance, and floors 1th to 13th floors are comprised of offices and 14th floor has lounge/terrace restaurant.

The Social Facilities/SPA center shall be located in the 1st and 2nd basements of 2nd block constructed as a part of the 2nd Stage project. The facilities that will have a gross utilization area of 3,972.98 m² will have a reception area, cafeteria, therapy rooms, a fitness center, study rooms, a café, men' s and women' s restrooms and an indoor swimming pool.

INNOVIA PROJECT- 3RD STAGE

Location : İstanbul Province,
Esenyurt District, Yeşilkent Locality

Total Construction Area: 382,660.87 m²

Added in the Portfolio : 2010

3rd Stage of Innovia provides a unique lifestyle with its impressive landscaping and various outdoors facilities. 3rd Stage, which has the same social facilities as 1st Stage and 2nd Stage, offers a new opportunity for those who have missed the chance of buying an apartment from 1st Stage and 2nd Stage.



The project that has a significant green area comprises outdoor swimming pool, scenery watching and sunbathing terraces, a grove, walking, running and cycling tracks, a fitness center, outdoor and indoor sports centers, tennis, basketball and volleyball courts, a bowling hall, a sauna and a Turkish bath, social facilities and 24 hour private security and a technical service team.

The stage comprises 3,293 apartments of 15 different types in 10 residential blocks and 77 commercial units. The blocks rise as an extensive mass on 3-storeys that incorporate a basement and an indoor parking lot.

There are 77 commercial units in 3 markets which are named as Market A, Market H and Market K. Market A and Market H are on the road side and Market A is in the style of a shopping center. Market K is in the site and next to the pool. There are 72 commercial units in Market A, 2 in Market H and 3 in Market K. Market A has an area of 6,388 m², Market H has an area of 1,833 m² and Market K has an area of 477 m².

All construction works of the 3rd Stage are completed. The delivery of the apartments started on 27.08.2013, completed on 31.12.2013 and the life has begun in the complex.

INNOVIA PROJECT – 4TH STAGE

Location : İstanbul Province, Esenyurt District, Yeşilkent Locality

Total Construction Area : 652,810 m²

Added in the Portfolio : 2010

Innovia Project 4th Stage, that is planned to consist of 4,624 apartments and a commercial area of 25,217.20 m² will also comprise outdoor swimming pools, scenery watching and sunbathing terraces, grove, walking, running and

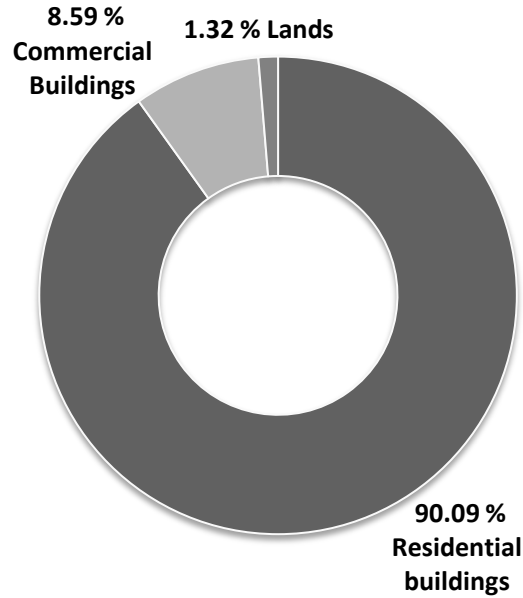


cycling tracks, fitness center, indoors and outdoor sports center, tennis, basketball and volleyball courts, mini football field, bowling saloon, sauna, Turkish bath, social facilities, 24 hour private security and technical service team.

The sale of Innovia Project 4th Stage consisting 19 blocks and different types of apartments such as studio, 1+1, 2+1, 3+1 is still ongoing. The blocks will rise as an extensive mass on 3-storeys that incorporate a basement and an indoor parking lot. There are commercial units (Shops + Offices) under Block D designed as a shopping mall and named as Block E by the road.

Design stage of 4th Stage is completed. Excavation, bored pile, shoring and foundation works are ongoing.

Portfolio Distribution Chart



Independent Expertise Company

For valuation of each asset within our portfolio that needs to be valued, our company has worked with Elit Gayrimenkul Değerleme A.Ş.

For the assets that were planned to be included in our portfolio in 2013 requiring valuation, we have obtained valuation services from Lotus Gayrimenkul Değerleme ve Danışmanlık A.Ş. or Elit Gayrimenkul Değerleme A.Ş.

Part 5

*Operational Activities and
Significant Developments
Regarding the Activities*



INFORMATION ON DIRECT AND INDIRECT SUBSIDIARIES OF THE COMPANY AND SHARE RATIOS

The company does not have direct or indirect subsidiaries. Yeşil İnşaat Gayrimenkul Yatırım Hizmetleri A.Ş., Yeşil Yatırım Holding A.Ş. and Yeşil Yapı Endüstrisi A.Ş. are the company' s affiliates.



INFORMATION ON THE SHARES OF THE COMPANY ACQUIRED BY THE COMPANY ITSELF

In 2013, the Company has not acquired its own shares.



AMENDMENTS TO THE ARTICLES OF ASSOCIATION

On 25.03.2013, the Board of Directors had decided to amend the articles 1, 3, 4, 5, 6, 7.4, 7.5, 7.6, 8, 8.1, 8.2, 8.3, 9, 10, 12, 14, 15, 17, 19, 20, 21, 22, 27, 28 and 29 of the Company Articles of Association which was approved by Capital Markets Board through approval letter No.270/2906 dated 22.03.2013 and by Customs and Trade Directorate of Ministry of Internal Trade No.2146 dated 25.03.2013. Detailed information on amendments to the articles of association and amended version of the Company Articles of Association can be reached from www.kap.gov.tr and our website at www.yesilgyo.com.



INFORMATION ON THE PRIVATE AND PUBLIC AUDITS CARRIED OUT WITHIN 01 JANUARY - 31 DECEMBER 2013 PERIOD

Real Estate Investment Trusts are obliged to comply with the provisions of the Capital Markets Board Communiqué No.II-14.1 on Principles Regarding Financial Reporting in the Capital Market while preparing financial statements and disclosing them to public.

Consequently, as of the ends of the 6th and 12th months, the financial statements of the company are audited by an independent audit company listed by the Board.

Pursuant to the regulation on capital market external auditing, in the Ordinary General Assembly meeting held in 2012 the independent audit firm “Engin Bağımsız Denetim ve Serbest Muhasebecilik Mali Müşavirlik A.Ş. (Grant Thornton International)” was appointed and this firm has audited our company’ s financial statements as of the ends of 6th and 12th months of 2013.



LAWSUITS FILED AGAINST THE COMPANY THAT MAY AFFECT THE FINANCIAL STATUS AND OPERATIONS OF THE COMPANY AND POSSIBLE OUTCOME THEREOF

As of 31.12.2013, there were lawsuits amounting to TRY 7,999,443 brought against the Company, furthermore three enforcement proceedings are on process by the Company amounting to TRY 82,610. Lawsuits with a value over TRY 100,000 filed against the Company that may affect the financial status and operations of the Company are as follows.

Lawsuits, total of which is below this monetary limit are not considered as significant lawsuits by Yeşil REIT.

NO	SUBJECT	AMOUNT	THE SUBJECT OF THE LAWSUIT AND DETAILS OF THE STAGE THE LAWSUIT HAS REACHED
1	Receivable from Cancellation of Title Deed	TRY-145,600	B.Çekmece 2 nd Civil Court. 2011/856 – Decision of non-jurisdiction was made. Appealed. Approved. Did not come to the trial day.
2	About Sales Contract	TRY-515,063	Istanbul 33 rd Civil Court. 2011/2463 - Trial on 21.01.2014.
3	Compensation	TRY-349,419	Silivri Execution Court 2012/ 252 – Went to the expert for the 4 th time. Trial on 10.01.2014.
4	Compensation	Rights to Surplus Reserved TRY- 101,000	Istanbul 8 th Labour Court 2012/571 – Trial on 01.04.2014.
5	Determination of Receivable	Rights to Surplus Reserved TRY- 300,000	Bakırköy 4 th Labour Court 2013/135 – Trial on 17.02.2014.
6	Cancellation of Note Receivable, Injunction	TRY-107,640	Istanbul 6 th Consumer Court 2013/1830. Response-Evidence was given. Trial on 13.05.2014.
7	Cancellation of Note Receivable, Injunction	TRY-103,500	Istanbul 2 nd Consumer Court 2013/1784. Response-Evidence was given. Trial on 20.02.2014.
8	Negative Declaratory, Cancellation of Note Receivable, Injunction	TRY-189,600	Bakırköy 2 nd Consumer Court 2013/1405. Response-Evidence was given. Trial on 19.02.2014.

Liabilities are indicated in financial statements. The lawsuits in question will not have an adverse effect on company activities. Our legal department follows the lawsuits.



ADMINISTRATIVE AND JUDICIAL SANCTIONS AGAINST THE COMPANY AND MEMBERS OF EXECUTIVE BODIES

There are no administrative and judicial sanctions applicable on the company and members of the executive bodies arising from non-compliance with the legislation.



INFORMATION ON DETERMINED GOALS AND DECISIONS TAKEN IN GENERAL ASSEMBLY MEETINGS

In the Ordinary General Assembly Meeting for 2012 held on 26 March 2013;

The annual report of the Board of Directors for 2012, the auditor' s report and financial reports were read and discussed and unanimously accepted.

Information on the Company' s Profit Distribution Policy, Disclosure Policy and Policy Regarding Remuneration of Members of the Company Board of Directors and Senior Managers within the framework of the Capital Markets Board regulations has been provided.

Consequent to the offer of the Board of Directors, it was unanimously decided to not to distribute the profit of TRY 15,030,749 generated with the operations in 2012 and deduct it from the previos years' losses amounting TRY 33,972,927.16 in order to reach a distrbuitable net profit within the scope of legislation.

To serve as the members of the Board of Directors for a term of 3 years, Işık Gökkaya, Günay Yavaş, Neşecan Çekici, Namık Bahri Uğraş, Derin Orhon, Hasan Fehim Üçışık and Bekir Yüksekdağ were unanimously elected and it was unanimously decided that if at the end of this term, the General Assembly meeting is delayed for any reason whatsoever, they would

continue to fulfill their duties and using their authorities until the General Assembly is held and new members of the Board of Directors are elected.

It was unanimously decided that a monthly attendance fee of gross TRY 1,700.00 should be paid to members of the Board of Directors. Işık Gökkaya who was elected as a member of the Board of Directors had renounced his right and demanded this renunciation to be recorded to the minute.

By considering the view of Audit Committee, the Board of Directors recommended Engin Bağımsız Denetim ve Serbest Muhasebecilik Mali Müşavirlik A.Ş. as an independent external auditor for one year pursuant to the regulation of the Capital Market Board on Capital Markets Independent External Auditor to the General Assembly and General Assembly unanimously approved it.

The Board of Directors unanimously decided to amend the articles 1, 3, 4, 5, 6, 7.4, 7.5, 7.6, 8, 8.1, 8.2, 8.3, 9, 10, 12, 14, 15, 17, 19, 20, 21, 22, 27, 28 and 29 of the Company Articles of Association which was approved by the Capital Markets Board through approval letter No.270/2906 dated 22.03.2013 and by Customs and Trade Directorate of Ministry of Internal Trade No.2146 dated 25.03.2013.

Detailed information on amendment of the articles of association approved through the letter of Capital Markets Board letter No. 12233903-330-99-270/2906 dated 22.03.2013 can be found on company website at www.yesilgyo.com in the amended articles of association among general assembly documents.

Information on the donation of TRY 54,200 within the year 2012 was presented to the General Assembly regarding the Company' s policy about grants and donations. The upper limit of the grants and donations was unanimously decided to be TRY 150,000.



INFORMATION ON THE EXTRAORDINARY GENERAL ASSEMBLY MEETING FOR 01 JANUARY - 31 DECEMBER 2013 PERIOD

No extraordinary general assembly meeting was held in this period.



GRANTS AND DONATIONS EXTENDED BY THE COMPANY WITHIN THE YEAR AND INFORMATION REGARDING EXPENDITURES MADE WITHIN THE FRAMEWORK OF SOCIAL RESPONSIBILITY

Yeşil REIT shows extra care to maintain its social responsibility awareness as required for an entity that invests in the future, while launching new residential projects with its experience and unique vision. Yeşil REIT, which has established social responsibility as a part of its corporate culture, emphasizes social benefits and sustainability, with a view to people and environment, while planning its work in this line.

Grants and Donations Extended in 2013;

Donations of TRY 7,500 to the Dinar SPK Boarding Primary School and TRY 17,500 to the Institute of Consumer Law were made.

Social Activities Sponsored by Yeşil REIT in 2013;

At the 13th Real Estate Summit organized by GYODER on 10 December 2013, global market, developments and trends in Turkish real estate sector have been evaluated. The summit which had Yeşil REIT as a main sponsor brought together the important representatives of the sector together in order to create new collaboration and investment opportunities.

At the Career Summit organized for 8th time on 18 June 2013 by İhlas Vakfı and sponsored by Yeşil REIT, 900 skilled young people from 20 different countries met “the masters” to learn

about the secrets of their “successful career” and keys of the professional lives of business and life from businessman, politicians and bureaucrats.

At the conference of Forum Istanbul organized in 7-8 May 2013 and sponsored by Yeşil REIT, Globalization and Developments with the vision of 2023 have been discussed.

20,000 visitors from more than 80 countries visited MIPIM that has been organized for 24th time in France on 12-15 March 2013 and sponsored by Yeşil REIT.

The “2nd Real Estate Leaders Summit” , which had Yeşil REIT as its sponsor, was organized to bring the leaders of the sector together on 28 March 2013 at Dedeman Istanbul. Many important speakers from the Real Estate and Construction sector attended to the summit. Developments affecting the real estate sector in 2013 were discussed and solutions were proposed to sector’ s problems.

Yeşil REIT also sponsored the guide for individual investors published by GYODER in September 2013. The booklet is an important source which has answers for all questions of individual foreign investors when buying a real estate in Turkey. The booklet comprising the whole procedure of buying a real estate in detail aims to be a reference guide that comprises basics of all processes such as the investment, assessment and sale of a real estate.



MEASURES TAKEN OR AVOIDED TO BE TAKEN AGAINST THE GROUP COMPANIES

The details of the affiliated party transactions of our Company are indicated in the financial statements. The conclusion section of the Affiliated Companies Report for 2013, prepared pursuant to article 199 of the Turkish Commercial Code No. 6102 is as follows:

“Between our Company and our majority shareholder Yeşil İnşaat Gayrimenkul Yatırım Hizmetleri A.Ş. and other group companies no transactions of the following nature exist,

- Transfer of receivables, payables or assets
- Encumbering legal transactions such as surety, guarantee or aval,

- Legal transactions that might lead to transfer of profits.

Commercial transactions that our company has carried out in 2013 with its majority shareholder and other group companies, details of which are provided in the report, have been realized at arm's length. There are no decisions against the company or transactions creating loss for the company."

If any of the Board decisions listed in paragraph (B) below with regard to the deals between the Company and any of the persons listed in paragraph (A) below is not taken in unanimity, the decision and its grounds will be publicly disclosed in accordance with the legislative acts of the Capital Markets Board and the Stock Exchange, and will further be included in the agenda of the next meeting of the General Assembly of Shareholders to inform the shareholders.

A- Parties

- a) Shareholders holding 10% or more of the capital shares or of voting rights in the Company
- b) Shareholders holding the privilege to nominate candidates to the Partnership Board of Directors,
- c) The firm providing consulting services to the Company
- d) Companies in which any of the persons referred to in clauses (a) and (b) hold 10% or more of the capital shares or of voting rights
- e) Subsidiaries of the Company.
- f) Companies providing business administration services to the Company

B- Special Decisions

- a) Decisions regarding purchasing, selling, leasing or renting out of assets from the Company portfolio,
- b) Decisions regarding determining which companies shall undertake marketing of the assets within the portfolio of the Company,
- c) Decisions regarding establishing of loan relations
- d) Decisions regarding determining of the intermediary institution, which is undertaking to purchase the shares of the Partnership that are offered to public,
- e) Decisions regarding joint investments,

- f) Decisions regarding appointment of real or legal persons that will provide financial, legal or technical consulting services to the Company,
- g) Decisions regarding appointment of real or legal persons that will provide project development, control or contractor services to the Company,
- h) Decisions regarding including of securities issued by legal persons mentioned in paragraph (A) in the Company portfolio,
- i) Decisions regarding appointment of real or legal persons to render business administration services to the Company,
- j) Notwithstanding the aforementioned, decisions that will result in favor of any of the parties listed in paragraph (A).

In transactions that are considered significant with regard to implementation of the Corporate Governance Principles and in every kind of related party transactions of the Company, as well as transactions that are related with establishing guarantees, pledges and mortgages in favor of third parties, regulations of the Capital Markets Board regarding corporate governance are complied with.

Part 6

Financial Status



ANALYSIS AND EVALUATION OF THE EXECUTIVE BODY ON THE FINANCIAL STATUS AND RESULTS OF OPERATIONS, ACTUALIZATION DEGREE OF PLANNED ACTIVITIES, THE STATUS OF THE COMPANY REGARDING STRATEGIC TARGETS DETERMINED

The sales revenue of the company, which was TRY 148,890,747 in 2012, rose by 202% in 2013 as a result of activities undertaken in 2013 and reached TRY 450,263,685.

The net period profit of the company, which was TRY 15,030,749 in 2012, rose by 160% in 2013 and reached TRY 39,001,995.

MAIN INDICATORS TRY (000)	31.12.2013	31.12.2012
Current Assets	725,058	899,870
Inventory	304,181	510,117
Fixed Assets	283,466	237,989
Total Assets	1,008,524	1,137,859
Short-Term Liabilities	237,829	549,161
Long-Term Liabilities	515,517	372,522
Equity	255,178	216,176
Net Period Profit	39,002	15,031
Sales Revenues	450,264	148,891
Sales Cost	-413,667	-119,161
Gross Profit / Loss	36,597	29,729
EBIT	39,897	15,624
EBIT Margin (%)	8.86%	10.30%
Net Profit Margin (%)	8.66%	10.10%
Gross Profit Margin (%)	8.13%	19.97%

The equity of the company, which was TRY 216,176,104, rose by 18.04% in 2013 and reached TRY 255,178,099.

Inventories, which were TRY 510,117,348 as of 31.12.2012 decreased to TRY 304,180,500 at the end of 2013. The decrease of 40% is related to the delivery of the Innovia 3rd Stage Project.

B **SALES, EFFICIENCY, INCOME GENERATION CAPACITY, PROFITABILITY AND DEBT / EQUITY RATIO OF THE COMPANY WITHIN THE YEAR COMPARED TO PREVIOUS YEARS, INFORMATION ON OTHER ISSUES THAT MAY GIVE AN IDEA ON THE RESULTS OF THE ACTIVITIES OF THE COMPANY AND FUTURE EXPECTATIONS**

Sales that were realized in 2013 and reflected in the income statement on comparative basis are as below.

	31.12.2013	31.12.2012
Residence and Commercial Space Sales	449,775,223	147,658,756
Land Sales	--	--
Other Income	--	112,537
Rent Income	488,462	1,119,454
Sales Revenue	450,263,685	148,890,747

The reflection of project sales by years to advance and income statements is detailed below:

	TOTAL TURNOVER	2010	2011	2012	2013
Innovia Project 1 st Stage	146,520,796	127,996,000	3,894,645	14,630,151	0
Innovia Project 2 nd Stage 1 st Phase	299,247,691	0	287,319,923	11,677,483	250,285
Innovia Project 2 nd Stage 2 nd Phase	205,699,303	0	0	122,156,636	83,542,667
Innovia Project 3 rd Stage	366,087,537	0	0	0	366,087,537
Innovia Project 4 th Stage	0	0	0	0	0
Total	1,017,555,327	127,996,000	291,214,568	148,464,270	449,880,489

Within the sales detailed above, since the start of the project, our Company has sold all 890 residential units belonging to the company out of 1,073 units in the 1st Stage, all 2,202 units belonging to the company out of 2,664 in the 2nd Stage 1st Phase, all 830 units belonging to the company out of 1,018 units in the 2nd Stage 2nd Phase and 2,741 of the 2,845 units belonging to the company out of 3,293 in 3rd Stage.

Moreover, since the start of the project our Company has sold 1 commercial unit of the 8 units belonging to the company in 1st Stage, all 37 units belonging to the company in 2nd Stage 1st

Phase, 29 units out of 36 units belonging to the company in 2nd Stage 2nd Phase and all 75 units belonging to the company in 3rd Stage.

Therefore, as of the end of 2013, targeted sales of residential and commercial units were achieved by 98%. It is targeted to sell that 2% portion and new projects in 2014.

LIQUIDITY RATIOS	31.12.2013
Current Rate	3.04
Acid-Test Rate	1.77
Net Current Assets	487,229,321

BORROWING RATIOS	31.12.2013
Leverage Rate	0.75
Financial Borrowing Rate	0.34

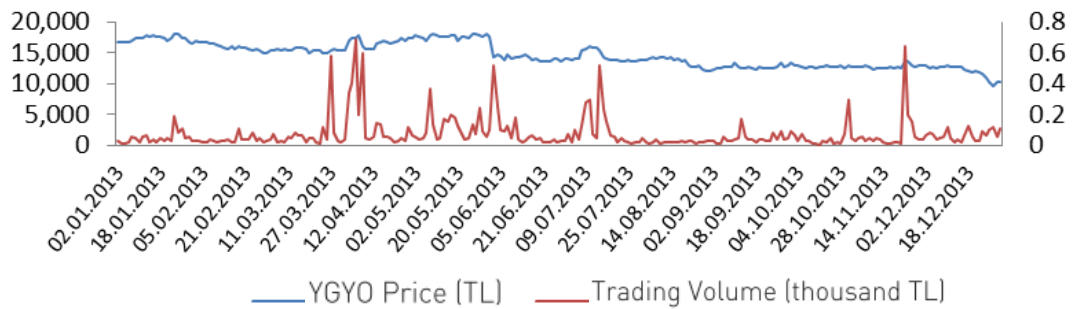
PROFITABILITY RATIOS	31.12.2013
Return on Assets	3.87%
Return on Equity	15.28%
Gross Profit Margin	8.13%
Net Profit Margin	8.66%
Operating Profitability	8.86%

According to the financial statements dated 31.12.2013, there is sufficient liquidity to cover current liabilities of our company. The current ratio thereof is 3.04; in other words, current assets cover current liabilities. Financially, the ratio of the liabilities of the company to the assets of the company is 0.75. Our company is at an advantageous position with its sufficient liquidity and low debt level. Net Profit Margin showing profitability of sales is 8.66% and operating profitability is 8.86% in 2013.

Stock Performance

In 2013, YGYO stocks were transacted over lowest TRY 0.38 and highest TRY 0.72. There are no material events that are not disclosed to public and would cause extraordinary amounts and price movements.

As of 31.12.2013, net market value of Yeşil REIT is TRY 96,397,439.46. As of the end of December, Yeşil REIT stocks are 59% discounted.



C

DETERMINATIONS AND EXECUTIVE BODY EVALUATIONS REGARDING WHETHER OR NOT THE CAPITAL IS WITHOUT A COUNTERPART OR DEEP IN DEPT

Consequent to the reporting by the Corporate Governance Committee, a detailed inspection was carried out by the Board of Directors. It has been determined that the capital is with a counterpart and is not deep in debt.

D

MEASURES PLANNED (IF ANY) TO BE TAKEN TO IMPROVE THE FINANCIAL STRUCTURE OF THE COMPANY

Our Company will continue to invest in 2014, keeping an eye on the equity-foreign resources balance. The company applies minimum expenditures principle regarding its cost and expense

structure. Payments of credits obtained are made in accordance with the cash flow of projects and planning is made to keep the financial burden at a minimum level.



PROFIT DISTRIBUTION POLICY

Company's distribution of profit and legal reserves complies with the Turkish Commercial Code and Capital Markets Legislation.

According to the Company' s Articles of Association Article 14;

Amount remaining after deduction of the previous years' losses, if any, from the net profit, as shown in the annual balance sheet, equal to the gross profit calculated as of the end of every fiscal year, minus overheads, various depreciation items and other amounts which the Company is liable to pay or reserve in accordance with the generally accepted accounting principles, and taxes and other legal liabilities payable by the Company, will be distributed in the order and in accordance with the principles stated below.

First Rank of Legal Reserves

a) The 5% of the remained is allocated up to 20% of the paid capital as First Rank of Legal Reserves pursuant to Article 519 of the Turkish Commercial Code.

First Dividend

b) First dividend which is a ratable value that is calculated by adding adding the donations made within the fiscal year to the remaned part and is not less than the amount and percentage Capital Markets Board determined is allocated by also considering the dividend policy of the company.

Second Dividend

c) After the deduction of the matters mentioned at clauses (a) and (b), the general assembly is authorized to allocate the remained amount completely or partially as second dividend, to leave as net profit at the balance sheet and to add to the legal or voluntary reserves.

Second Rank of Legal Reserves

d) Second legal reserves are ellogated pursuant to the second paragraph clause (c) of the Turkish Commercial Code.

e) Unless the reserve funds specified in the laws and the 1st dividends specified for the shareholders in these Articles of Association are set aside, it may not be decided to set aside other reserve funds, or to carry forward the profit to the next year, or to distribute profit shares to the directors, officers, employees and workers of the Company, including the General Manager and Assistant General Managers.

f) The company can pay dividend to the shareholders pursuant to the Article 20 of Capital Markets Code.

At our Ordinary General Assembly Meeting for 2012 which has held in 2013, it has been decided not to distribute the profit of TRY 15,030,749 generated with the operations in 2012 and deduct it from the previos years' losses amounting TRY 33,972,927.16 in order to reach a distrbuitable net profit within the scope of legislation.

Part 7

Risks and Evaluation of the Executive Body



FUTURE RISKS REGARDING SALES, EFFICIENCY, REVENUE GENERATING CAPACITY, PROFITABILITY, DEBT-RESOURCE RATIO AND SIMILAR ITEMS, AND RISK MANAGEMENT POLICIES OF THE COMPANY

Operational Risks

Customer Based Risks

When we look at the issue with regard to prices and payment conditions of construction companies, although we are producing projects targeting a high-income group that represents only 20% of Turkey, we are implementing projects that are of high quality and standards, at affordable prices, with easy payment conditions to meet everybody' s demand. Therefore by filling up a gap in the sector with projects of the same quality and standards, we are achieving our targets. Furthermore, through the campaigns we design we provide facilities in payment to our customers and at the same time boost our sales.

Even during the global crises felt throughout Turkey and the world, we succeed in designing popular projects and reaching high sales figures by blending a lot of components, such as the right land cost and location, devising the project design and feasibility with correct forecasting and evaluations, lowering purchase costs arising from the sheer size of the construction, construction schedule, short delivery terms, funding program of the construction and serving 25% of the project to foreigners for sale. Bringing all these components together helps us actualize our projects at more suitable conditions, increases customer participation with more advantageous prices and payment terms, and lowers product risk.

Furthermore, our company takes any and all measures to ensure customer satisfaction in marketing and sale of goods and services. We are fast in meeting demands of the customer relating to the good and service he has purchased and inform him of any possible delay, before deadline.

Product Based Risks

The project development process is implemented in compliance with investment performance criteria, such as financial costs, and sales-lease prices and rates. A comprehensive feasibility analysis is carried out.

Throughout the term of the construction of the project, coordination is established between architects, consultants, construction companies, building audit firms, etc. and a construction project management is carried out to complete the projects at the planned times, within the planned budget and at the desired quality. The Company develops real estate projects at high quality standards by identifying and purchasing correct lands, with primarily residential projects, including commercial units, educational units, infrastructure, road and all types of landscaping and controls construction implementation.

We choose the firms that we work with and engineers we employ within the company meticulously to ensure that are projects are at the targeted quality and meeting the standards we want. The company inspects its contractors and suppliers closely. The company takes necessary measures to ensure that good relations free of unfair advantages are established with contractors undertaking construction work and suppliers, and the conditions of agreements signed between parties are complied with. Through the marketing strategies determined consequent to market analyses carried out by the sales team sales figures are targeted and sales risk is tried to be minimized.

Human Resources Based Risks

Yeşil Gayrimenkul Yatırım Ortaklığı A.Ş. Human Resources Management is people-oriented, while structuring itself within the framework of general governance principles, concepts of leadership, reputability, full briefing, flexibility, generating value and authorizing based on common corporate values. Required atmosphere is created to ensure the human resources are used in the most effective and efficient manner, constantly developing quality improving processes and systems, and individual and team performance to ensure that management power is directed towards Company targets, providing employees with a professional work environment and career development opportunities.

To ensure a participatory management environment, regular informative meetings are held with employees on the financial means of the Company, wages, career, health etc, and information is shared with them.

Risks Arising From External Conditions

As of 31.12.2013, there are 29 real estate investment trusts in the real estate sector that we are operating in. 5 more REITs have entered the sector in 2013 through public offering. We continue our investments to keep our competitive edge in the developing REIT sector, where competition has increased.

Our company researches demographic trends, as well as development, transformation and renewal trends of cities. Projects deemed suitable to be developed are identified by taking into consideration the preferences of the customers and required lands are procured.

Yeşil REIT achieves results and successful projects with its extensive experience in all stages such as designing preferable living spaces using best use analyses, project financing, inspecting construction processes, investing and developing diverse real estate projects.

Real estate development activities are subject to comprehensive zoning, construction, settlement and landscaping regulations of municipalities. Before starting to acquire income from a project, it is required to obtain required permits and approvals. The Company obtains all required approvals, acceptances or licenses that need to be obtained from authorized regulatory bodies in relation with our ongoing or future projects.

Financial Risks

Nature and Level of Risks Arising from Financial Instruments

The Company due to its activities is focused on managing several financial risks including effects of debt and capital market price changes, and changes in exchange and interest rates.

The risk management program of our company focuses on the unpredictability of financial markets and it is aimed to minimize potential negative effects on the financial performance. Although management of financial risks financial affairs, finance, financial reporting are followed carefully under the control of Financial Affairs and Accounting departments, Audit Committee established to ensure that financial and operational activities are supervised in a sound manner, monitors the accounting system of the company, public disclosure of financial information, independent audit, and operation and activities of the Company internal control system.

You may reach detailed information regarding financial risks from our auditor' s report at www.kap.gov.tr or from our website www.yesilgyo.com.

Capital Risk Management

The company tries to sustain its operations and aims to increase its profitability by using the debt-equity balance in the most efficient manner, in management of the company.

The capital cost and risks associated with each capital category is evaluated by senior management. It is planned to keep the capital structure in balance by acquiring new loans or back payment of the existing loans, as well as through dividend payments, and issuance of new shares based on the evaluations of the senior management.

Liquidity Risk

The fundability risk of current and possible future debt requirements is managed by perpetuating accessibility of sufficient amount of high quality credit supplies and the Company tries to establish flexibility in funding by meeting its liquidity requirements by liquidating short-term financial instruments, for example by collecting its trade receivables.

Receivable Risk

The Company management transfers the amounts it believes to cover future risks relating to receivables that exist as of the date of the balance sheet and are uncollectible within the framework of current economic conditions to doubtful receivables reserves account. When the issue whether receivables have depreciated or not is evaluated, the past performance of debtors other than the related entity and key customers, their creditworthiness and their performances from the balance sheet date to the date the financial statements are approved, as well as renegotiated conditions should also be taken into consideration. Furthermore, when the reserve amounts are being determined, along with the collateral kept in hand as of the balance sheet date, the collateral acquired until the date financial statements are approved should be taken into consideration.

If there is any indication that the company cannot collect the amounts receivable, a risk reserve is set aside for the receivable risk for trade receivables. The amount of the reserve is the difference between the book value of the receivable and the amount that can be collected. The

amount that can be collected is the value of all cash flows, including amounts that can be collected from collateral and guarantees discounted by taking the original active interest rate of the trade receivable generated as basis.

As of 31.12.2013 no reserves was set aside, since there is no doubtful receivable risk.

Market Risk

Market risk includes exchange risk, fair interest rate risk and price risk. The financing department of the Company is responsible of ensuring regular access to financial markets and monitoring and managing financial risk related with the operations of the Company through internal risk reports showing analysis of financial risk exposure depending on its level and size.

Interest Rate Risk

The Company is exposed to interest rate risk arising from the effect of changes in interest rates on interest-generating liabilities. Our company manages the interest rate risk through natural measures by balancing its interest-sensitive assets and liabilities.

The financial instruments of the Company sensitive to interest rates are as follows:

	31.12.2013	31.12.2012
Financial Instruments with Fixed Interest Rates		
Financial Assets-Time Deposits		13,558,939
Financial Liabilities	243,278,093	214,922,390

Foreign Exchange Risk

The company supervises its foreign exchange risk generating from conversion of FX payables and receivables to the local currency, by analyzing the foreign exchange position.

The Company is exposed to foreign currency risk arising from currency differences generating from conversion of mainly US \$, GBP and EURO receivables and payables into Turkish Lira.

As of 31.12.2013, the FX assets and liabilities of the Company in foreign currency and their TRY equivalents are as follows:

	31.12.2013	31.12.2012
Assets	6,745,234	8,732,365
Liabilities	(927,101)	(4,730,493)
Net Foreign Currency Exposure	5,818,133	4,001,872

Credit Risk

Credit risk is defined as the risk of a financial loss to the company due to failure of one of the parties to the financial instrument to fulfill its contractual obligations. The Company intended to perform its operations only with parties which have creditworthiness and, if possible, to reduce credit risk by obtaining collateral. The Company's credit risks are monitored continuously.

Legal Risks

Lawsuits and Legal Proceedings Filed Against the Company

Since the lawsuits mentioned in the section "Lawsuits Filed Against the Company that may Affect the Financial Status and Operations of the Company and Possible Outcome Thereof" under the general title "Operational Activities and Significant Developments Relating to Activities" are expected to be concluded in favor of the Company, the Company has not set aside any reserves in its financial statements for them.

Tax Disputes

Pursuant to article 5/1-(d)/4 of the Corporation Tax Code No. 5520, revenues acquired by REITs are exempted from corporation tax, provided that they are established and operating in compliance with the Capital Market legislation.

Also the corporate withholding that needs to be applied pursuant to article 15/3 of the Corporation Tax Code over the corporate income of REITs within the company is applied as "0"

pursuant to the Council of Ministers Decree No. 2009/14594. In other words, there are no withholdings applying on revenues of REITs or tax burden arising from corporation tax.

In table no.2 relating to instruments exempted from Stamp Tax, purchase and sale agreements relating to real estate portfolio of Real Estate Investment Trusts and preliminary sales agreements concerning real estate are exempted from stamp duty.

Therefore, there are no Tax Disputes between our Company and the Fiscal Administration.

Unfair Competition

Unfair competition is engaging in misrepresentation about the competitors or business operations and financial situation of such competitors to gain an upper hand against them, leading to unfair competition. Under such circumstances, the competitor company or our company, which is faced with unfair competition, may demand discontinuance of unfair competition, compensation of material losses and damages, if any, and if misleading or inaccurate statements were made, may ask for rectification of these statements or claim non-pecuniary damages.

To avoid being exposed to such unwanted situations, misleading conduct that affects relations between competitors or with suppliers and customers are prevented and averted. The company avoids engaging in unfair and illegal commercial practices.

Conflicts of Interest with Entities from which the Company Obtains Services Such as Investment Consulting and Rating, and Measures Taken by the Company to Prevent Such Conflicts of Interest

The most important criteria sought in selecting companies from which investment consulting and rating services are purchased is independence. Within this scope,

- a) Shareholders holding 10% or more of the capital shares or of voting rights in the Company
- b) Shareholders holding the privilege to nominate candidates to the Partnership Board of Directors,
- c) Companies in which any of the persons referred to in clauses (a) and (b) hold 10% or more of the capital shares or of voting rights

e) Subsidiaries of the Company are outside the scope of real or legal persons from which services are purchased. This way, conflict of interest is minimized. Agreements regulating service conditions are carefully reviewed and/or prepared.

Risks and Losses Caused by the Company Affecting its Stakeholders or the Environment and Preventive Measures Adopted

Companies have to protect the interests of the society as well while engaging their business activities. In today' s business world, entities can exist only if they keep profiting. However, entities must also protect the interests of its social stakeholders such as its employees, shareholders and the society while fulfilling its economic purposes.

Within this scope, Yeşil REIT fulfills the obligations relating to transparency in its transactions and good governance by public disclosure of its investments and operations. Shareholders are regularly informed of the general status of the company in a transparent manner. The disclosure is made by the Investor Relations Unit. Furthermore, material events are regularly disclosed to public as well. Board of Directors Activity Report is issued at quarterly intervals and the Annual Report is issued annually. Furthermore, it is possible to reach these reports from the website of the company at www.yesilgyo.com.

Yeşil REIT makes a point of carrying out a comprehensive evaluation to determine the environmental and social effects, risks and opportunities of a project, disclose the information relating to the project to the public and discuss issues that have a direct effect on local communities with them ensuring active participation, and manage environmental and social performance throughout the term of its investment projects.

Pursuant to Company environmental policy and continuous improvement philosophy, an annual Environmental Program is prepared. We are working on reducing use of harmful chemicals, and all wastes, including hazardous wastes and reducing consumption of natural resources, as well as improving compliance to environmental legislation. Environmental projects to reduce consumption of electric power, water and nitrogen are carried out.

Information Technology Risks

Data that held in our serves are stored and operated in IBM Storage configured RAID 6. Virtual servers are being backed up with VEEAM Software to an external SANS Digital NAS

device on a daily basis. Data that is backed up with AES-256 encryption algorithm is taken to the Microsoft AZURE virtual cloud backup system found in 7 continents only for SQL servers instantly, while other server data is being backed up to an external disk weekly and kept in the company safebox physically. Since the data is being backed up with a password, turning back is possible with an encryption key.

Occupational Safety Risks

Our Company, which sees its employees as its most important resource, has established required measures and trainings, pursuant to occupational health and safety measures stipulated by the Ministry of Labor and Social Security. Occupational health and safety measures that must be taken in our workplaces were identified and infrastructure work was carried out for compliance purposes.

The risks that may occur are carefully identified and evaluated in detail and measures are adopted to minimize or entirely eliminate these risks. Offices are where most of the accidents happen, although they seem quite safe. Therefore primary concern was to establish an ergonomic and safe environment within the office to prevent slipping, tripping, falling and electric shocks and to obtain required equipment to this end. Furthermore, risks such as fire, earthquake, electrical damages and personal injuries are covered by workplace insurance.

In addition to that, all employees are provided a comprehensive health insurance. The health problems that the employees may face are covered by this insurance, depending on the coverage, limits and payment percentages indicated on the policies.

All projects undertaken by the Company are insured with All-Risk Insurance and the sub-contractors are obliged to work with a professional occupational safety company to take required occupational safety measures for the workers they employ.

Emergency Action Plan

Majority of residential areas in our country are subject to major risks arising from primarily earthquake. It should be kept in mind that natural, technological and man-induced disasters may lead to major loss of lives and property, damage living spaces, infra and supra structures. The purpose of the Emergency and Unforeseen Event Action Plan is to take immediate action within the framework of plans prepared to minimize losses in the event of an extraordinary

condition such as earthquakes, fires, floods, etc. and ensure distribution of authorities, responsibilities and resources to carry out an efficient “Crisis Management” .

Key managers are responsible for organizing existing personnel and preparing an action plan. To successfully implement a plan that would minimize chaos, the responsibilities each employee will undertake have been determined.

In the construction sites, the project manager is responsible for the entire emergency action plan. Security personnel are responsible for implementing the plan and directly report the results to the project manager.

Succession Plan of the Company

In cases which manager changes may lead to setbacks in company management, a succession plan is implemented to determine the succeeding managers.



THE INTERNAL AUDIT SYSTEM, INTERNAL AUDIT STRUCTURE AND EARLY DETECTION OF RISKS

Yeşil REIT senior management has set up an internal audit committee to ensure control of company activities, evaluation and improvement of the efficiency management processes and for risk management.

The duty of the internal audit committee is to evaluate suitability of the internal control system. The internal control system includes policies and procedures accepted by the management to execute business operations in an accurate and efficient manner, including to help to prepare financial information in a safe and timely manner, keep accounting records in an accurate and complete way, protect assets, ensure compliance with management policies, help to achieve targets determined by the company management.

The purpose of internal audit is to carry out required audits to confirm satisfactory operation of internal control mechanisms implemented. Internal audit is an independent inspection and evaluation activity to review the company’ s accounting, financial and other activities to help company management and provide information to the management.

Our Company is also subject to independent financial audit, apart from the audits realized by Capital Markets Board and the Stock Exchange.

The corporate governance committee was authorized as of 17.03.2012 to fulfill the duties of the early risk detection committee.

The purpose of the committee is to provide opinions and recommendations to the Board of Directors in determining the strategic, financial, operational, etc risks that might affect Company operations; calculating, prioritizing and monitoring effects and probabilities; managing, reporting and noting the risk exposure and opportunities to be used.

Committee for early detection of risks:

- Undertakes early detection of risks that may endanger the existence, growth and continuance of the Company, implementation of required measures with regard to risks identified, as well as management of the risk,
- Identifies opportunities that might increase the profitability and operations of the Company, ensures that required work is carried out in relation with opportunities identified and reports them to the Board of Directors,
- Determines risk management policies and implementation procedures in line with the opinions of the Board of Directors, ensures implementation thereof and monitors compliance therewith,
- Requests information, opinions and reports from relevant units, whenever deemed necessary to fulfill the risk monitoring function in an efficient manner.
- Reviews the risks announced in the financial statements and annual reports of the Company prepared in accordance with the financial reporting standards adopted by the Capital Markets Board.

Committee for Early Detection of Risks convenes at least 3 times annually with participation of at least two members and takes decisions unanimously. The committee submits the decisions it has taken to the Board of Directors. The committee reviews its risk management systems at least once every year within the scope of its activities. It informs the Board of Directors on issues under its authority and responsibility.

Part 8

Miscellaneous Issues

- At the Board of Directors meeting dated 30.01.2014; it has been decided to make a comprehensive explanation to our investors about the role and place of our Company at the Premium Real Estate System (shortly "PES") within the Sales and Marketing Agreement the Company has been signed with Yeşil Global İnşaat Turizm Otelcilik A.Ş. Our explanation within this scope is as following: We first would like to emphasize that PES is an investment, sales and marketing system that is been developed and being operated by Yeşil Global İnşaat Turizm Otelcilik A.Ş. which is developed for people who want to own real estate from the projects of Yeşil İnşaat Group. Our company uses the sales and marketing instruments that are created with PES within the Sales and Marketing Agreement signed with Yeşil Global İnşaat Turizm Otelcilik A.Ş. However, our company is not a side to any commitments within PES. The commitments regarding the campaigns are only the under obligation of Yeşil Global İnşaat Turizm Otelcilik A.Ş. For these reasons, our Company has no financial obligations and/or commitments within PES. Although it is perceived as the real estate in our portfolio is not being marketed with PES at our material disclosure dated 10.01.2014; the mentioned disclosure intended to explain our role and place within PES as mentioned above and the sales and marketing instruments developed by Yeşil Global İnşaat Turizm Otelcilik A.Ş. can only be used within the Sales and Marketing Agreement signed with Yeşil Global İnşaat Turizm Otelcilik A.Ş.
- At the Board of Directors meeting dated 31.01.2014, pursuant to the Article 35 titled as "Choosing a Real Estate Appraisal Company" of the Capital Markets Board Communiqué Series III-48.1 of Capital Markets Board, it has been decided to work with Lotus Gayrimenkul Değerleme ve Danışmanlık A.Ş. for the valuation of each asset within our portfolio that needs to be valued and to work with Lotus Gayrimenkul Değerleme and Danışmanlık A.Ş. and Eva Gayrimenkul Değerleme Danışmanlık A.Ş. for the valuation of the assets that were planned to be included in our portfolio in 2014.
- On 04.02.2013, it has been decided our Company to form an Ordinary Partnership which is titled as "Yeşil Reliance Yapı Adi Ortaklığı" with Öz ve Ay İnşaat Gıda Turizm San. ve Tic. Ltd. Şti. and participate in the mentioned partnership with a share of 70% in order to develop

projects on the Parcels No.6801, 6802, 6803, 6804, 6805, 7001, 7002, 7003 in Istanbul Province, Hamidiye District and other close by areas around these parcels.

- To renew our corporate governance rating, our Company signed a "Rating of Corporate Governance Principles Compliance Agreement" on 13.02.2014 with SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. which has a permit to carry out rating activities in compliance with the Capital Markets Board. The term of the agreement is one year. If it is decided to renew the agreement at the end of the term of the agreement, the renewed period starts from the first business day following the end of the previous period and lasts for a year.

B

UNCOMMON OR INCIDENTAL TRANSACTIONS:

No out of the ordinary transactions were realized within 2013 fiscal year.

C

SIGNIFICANT CHANGES THAT MAY HAVE A PERMANENT EFFECT ON THE PERFORMANCE OF THE COMPANY:

There were no changes occurring in 2013 fiscal year that might have affected the status or the future of the Company.

D

RATINGS OF RATING INSTITUTIONS:

CORPORATE GOVERNANCE RATING OF YEŞİL REIT

Yeşil REIT has pioneered as the first REIT to receive a "Corporate Governance Rating" in line with its dedication to principles of transparency. The Corporate Governance Index, which started to be calculated as of 31 August 2007 and includes companies that implement Corporate Governance Principles, includes 44 companies, whose corporate governance rating is at least 6 out of 10. Yeşil REIT is among the companies included in this index.

In view of the importance attached to corporate governance principles by Yeşil Gayrimenkul Yatırım Ortaklığı A.Ş., the willingness of the company in implementing this as a continued and dynamic process and improvements realized since 2007 in which the first rating was given were taken into consideration, the corporate governance rating of the company rose each year and realized as 9.02 over 10 in 2013.

The final rating was determined upon assessment under four main headings that have been weighted in different ways, within the framework of the resolution of Capital Markets Board. You may reach the corporate governance rating reports and “Corporate Governance Principles Compliance Report” from our website at www.yesilgyo.com.

MAIN SECTIONS	SHARE	RATING NOTE
Shareholders	0.25	89.74%
Public Disclosure and Transparency	0.35	94.05%
Stakeholders	0.15	92.75%
Board of Directors	0.25	83.91%
TOTAL	1.00	90.24%

CREDIT RATING OF YEŞİL REIT

Yeşil REIT has achieved another first among REITs by obtaining an Investable Credit Rating.

International credit rating agency JCR Eurasia Rating rated our Company as an investable company at the national scale, declared our long term and short term national ratings as “A- (Trk)” and “A-1 (Trk)” , respectively and outlook as “Stabil” . The main driving forces behind the Company’ s “Investable” credit rating are asset quality, cash position, profitability figures, risk management practices and consumer focused campaigns of the projects.

Turkrating (Uluslararası Derecelendirme Hizmetleri A.Ş.) determined Yeşil REIT’ s long term credit rating as TR BBB and short term credit rating as TR A2. YGYO’ s management strength, management strategies and expectations regarding strengthening of its financial structure are among important factors playing a role in receiving an “Investable” credit rating.

YGYO' s management strength, management strategies and expectations regarding strengthening of its financial structure are among important factors playing a role in receiving an "Investable" credit rating. The fact that Yeşil REIT is a powerful player in the housing market and the sales agreements made with customers who are mostly first home buyers constitute the grounds for the Company' s high revenue expectation.

The current structure and financial power of the Company are among factors that have raised the credit rating. Revenues from sales to generate within the framework of current sales contracts shall boost the financial performance of Yeşil REIT in 2014 and the subsequent years.

Yeşil REIT is managed by an experienced and competent professional team. It has a transparent structure as a consequence of compliance with the detailed rules of the Capital Markets Board. The Company, which has been the first and only REIT to apply for a corporate governance rating in Turkey, is dedicated to institutionalizing with its management showing strict adherence to corporate governance principles.

YEŞİL GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. ORDINARY GENERAL ASSEMBLY MEETING

Relevant Fiscal Year	01.01.-31.12.2012
Date	26.06.2013
Time	11:30
Address	Büyükdere Cad. No:185 Kanyon Ofis Bloğu Kat: 5 Levent/İstanbul

- 1) Opening of the meeting and forming the Meeting Committee.
- 2) Authorizing the Chairman of the Meeting Committee to sign the General Assembly Meeting Minutes,
- 3) Reading and discussing the Annual Report for 2012 prepared by the Board of Directors,
- 4) Reading Auditor' s Reports for 2012 fiscal year,
- 5) Reading, discussing and approval of Financial Statements relating to 2012 fiscal period,
- 6) Acquitting members of the Board of Directors and Board of Auditors,

- 7) Providing information on the Company' s Profit Distribution Policy, Disclosure Policy and Policy Regarding Remuneration of Members of the Company Board of Directors and Senior Managers within the framework of the Capital Markets Board regulations,
- 8) Discussing the proposal of the Board of Directors on 2012 profit,
- 9) Submitting changes to members to the Board of Directors within the year to approval pursuant to article 363 of Turkish Commercial Code,
- 10) Electing and determining the term of duty of the Independent Members of the Board of Directors and other new Members of the Board of Directors, providing information on duties undertaken by the members of the Board of Directors outside the Company,
- 11) Determining the remuneration of members of the Board of Directors,
- 12) Discussing the proposal on choosing the independent auditing company by the Board of Directors, pursuant to the Regulation on Independent External Auditing by the Capital Markets Board,
- 13) Submitting the proposal of the Board of Directors on "Internal Directive on General Assembly" including the rules regarding the principles and procedures of the General Assembly,
- 14) Informing the General Assembly that there is no non-commercial collateral, pledge or mortgage established in favor of 3rd parties by the Company and there is no income or benefit received from such,
- 15) Informing the General Assembly on transactions carried out with affiliated parties within 2012, within the framework of the Capital Markets Board regulations,
- 16) Discussing the proposal of Board of Directors to amend articles 1, 3, 4, 5, 6, 7.4, 7.5, 7.6, ,8, 8.1, 8.2, 8.3, 9, 10, 12, 14, 15, 17, 19, 20, 21, 22, 27, 28 and 29 of the company articles of association, provided that Capital Markets Board and Ministry of Customs and Commerce approvals are received,
- 17) Informing the General Assembly of donations made by the Company in 2012 within the scope of the Policy Regarding Grants and Donations,
- 18) Granting permission to members of the Board of Directors pursuant to articles 395 and 396,
- 19) Granting permission regarding transactions stipulated in article 1.3.7 of the Capital Markets Board Corporate Governance Principles,
- 20) Well wishes and Closing.

1. Corporate Governance Principles Compliance Statement

Yeşil REIT, which attaches utmost care to compliance with the Communiqué on Determining and Implementation of Corporate Governance Principles dated 30.12.2011 as amended on 03.02.2013, which was published in the light of the "Capital Markets Board Corporate Governance Principles" by the Capital Markets Board in July 2003 and revised in February 2005, has meticulously implemented the principles in 2012 as well. In this line, upon the proposal of our Board of Directors, our Company has signed an "Agreement for Rating of Compliance with Corporate Governance Principles" with Saha Kurumsal Yönetim ve Kredi Derecelendirme A.Ş. on 13.02.2013.

SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş., which has a permit to carry out rating activities in compliance with the Capital Markets Board (CMB) Corporate Governance Principles in Turkey, has determined our company's national Corporate Governance Rating as 7.88 out of 10 (78.83%) in 2007, later raised it to 8.16 (81.56%) in 2008, and confirmed it as 8.16 (81.55%) in 2009. In 2010, the rating of our company rose to 8.27, 8.56 in 2011, 8.66 in 2012 and it was revised as 9.02 in 2013. This rating determined for our Company by Saha is a proof of the importance the Company attaches to Corporate Governance Principles and the fact that it has achieved sustainable stability in operating it as a dynamic process.

Our Company is the first REIT to request a corporate governance rating and has the highest Corporate Governance Rating mark; it is possible to reach out corporate governance rating reports from our company website (www.yesilgyo.com).

The final rating was determined upon assessment under four main headings that have been conceptualized in different ways, within the framework of the resolution of Capital Markets Board (Shareholders, Public Disclosure and Transparency, Stakeholders, Board of Directors). The distribution of our corporate governance rating among the main headings is as follows:

SUB-CATEGORIES	WEIGHT	SCORE
Shareholders	0.25	89.74%
Public Disclosure and Transparency	0.35	94.05%
Stakeholders	0.15	92.75%
Board of Directors	0.25	83.91%
TOTAL	1.00	90.24%

Işık Gökkaya

Chairman of the Board of Directors

SECTION I - SHAREHOLDERS

2. Shareholder Relations Department

The Shareholder Relations Department was formed, based on the decision of our Board of Directors dated 19.12.2003, to ensure compliance with the legislation, the Articles of Association and company regulations and use of shareholding rights. Shareholder Relations Staff is Beyza Ünalán. She may be reached at +90 (212) 709 3551 (telephone), +90 (212) 353 0909 (fax) and beyza.unalan @yesilgyo.com. The unit worked within the period in parallel with the Corporate Governance Committee and accordingly has seen to it that the records relating to shareholders are kept in a healthy, safe and updated manner; meet the written demands of the shareholders regarding the company in compliance with the Capital Markets Board legislation. The duties of the Shareholder Relations Department, working actively to ensure that shareholders can effectively use their rights, interact and communicate effectively are as follows:

- Ensuring that the records relating to shareholders are kept in a healthy, safe and updated manner,
- Responding to the queries of the shareholders requesting written information on the Company, excluding information that has the nature of confidential information and trade secrets,

- c) Ensuring the general assembly meeting is held in compliance with the applicable legislation, articles of association and other company by-laws,
- d) Preparing the documents that might be used by shareholders in the General Assembly meeting,
- e) Ensuring that the records of voting results are maintained and the reports relating to results are sent to shareholders,
- f) Supervising and following any issue related with public disclosure, including the legislation and company public disclosure policy.

No discrimination is made between shareholders regarding the right to demand information or use the right of inspection. All information required for shareholders to use their shareholding rights in a healthy manner are provided to the use of shareholders. Information is provided in a timely and meticulous manner, so that they will fully and openly reflect the truth.

The obligation to disclose information covers all direct and indirect legal and commercial relations between real and legal persons and the company with regard to capital, management or audit. The right to demand information enjoyed by the shareholder, also covers information disclosure obligation by the Board of Directors and auditors. The General Assembly or the Board of Directors may refuse the demand for inspection and information only on the grounds that it involves a company interest or trade secrets worth protection. Our Company, which is also aware that requesting a private auditor is a part of the right to demand information, is working on the applicability of this advisory principle.

3. Use of the Right to Demand Information by Shareholders

Information demands of shareholders are met in a clear and open manner, keeping information that are not in public domain, confidential or have the nature of trade secrets out of this scope, pursuant to the Capital Market Law and Turkish Commercial Code legislation; meanwhile the developments regarding the Company are submitted to the information of shareholders in electronic media. No discrimination is made between shareholders regarding the right to demand information or use the right of inspection. The Company has designed its website in a manner that the shareholders may easily access the disclosures by the company.

Our Company issues “Quarterly Reports” that include the Activity Report prepared by the Board of Directors summarizing the developments for the last three months; information on assets in the portfolio; the current status of projects, if any, completion ratios and lead times thereof; information on problems; quarterly balance sheets and income statements prepared in comparison to the previous period.

A copy of the Quarterly Report submitted to the Board is kept at company headquarters and company website for the inspection of investors. It is also sent to shareholders, upon request.

Maximum care is exerted to comply with the relevant legislation and the company articles of association in meeting the demands of shareholders, and there are no written/verbal complaints received by our Company or any administrative/legal proceeding filed against our Company relating to utilization of shareholders' right to demand information in 2013. Any dispute between the Company and shareholders shall be immediately settled by the expert personnel, Corporate Governance Committee and the Board of Directors, upon application by the shareholder or when noted by the Company.

On 25.03.2013, appointing a private auditor was regulated as a personal right in the Company Articles of Association by amending it in parallel with the article 438 Turkish Commercial Code. There have been no demands to appoint a private auditor within the period.

4. General Assembly Meetings

Our Company held its Ordinary General Assembly Meeting for 2012 on 26 March 2013 at Company Headquarters, with the attendance of shareholders representing 72% of the capital and the invitation to the meeting was published in Turkish newspapers and the Turkish Trade Registry Gazette in compliance with the relevant procedure and timeframes. The media has not attended the meeting. People who are not shareholders and have not obtained an entrance card as a proxy have no voting rights or right to speak.

It was announced in the Turkish newspapers and the Turkish Trade Registry Gazettes that shareholders must obtain the entrance cards by the end of work hours by latest one day prior to the dates of the meetings (26.03.2013), the balance sheet, P/L statements and activity reports are kept open to be reviewed at the Company head office as of the announcement date, shareholders should attend the meeting in person or by proxy, through a power of

attorney, sample of which has been presented to the shareholders. The documents related with the announcement of the general assembly and agenda items (Annual Report, financial statements and reports, proposal for profit distribution, informative document prepared on the agenda items of the General Assembly and other documents that constitute the basis for agenda items, as well as the final version of the Articles of Association), have also been published on our company website at the address www.yesilgyo.com, in addition to fulfillment of procedures stipulated in the legislation. It is thus aimed to reach maximum number of shareholders in an easy manner.

Our Company does not have registered shares. The information presented to shareholders before the General Assembly meeting, has been arranged in a manner that would facilitate correlating it with the items of the agenda, providing sufficient information on the manner of invitation, content and timing, as well as agenda items of the General Assembly to the shareholders. Samples of power of attorney that the shareholders shall give to their proxies to be represented by proxy are announced and shared with shareholders via the website, prior to the General Assembly meeting.

The total number of votes that can be used in the General Assembly and the privileges owned are classified on shareholder basis and established by the Board of Directors, and submitted to the information of shareholders at the beginning of the General Assembly meeting. In the General Assembly, shareholders are given the chance to discuss the Annual Report and performance indicators of the company. Shareholders are provided with information on news and analyses regarding controversial issues as regards the Company in the media. The chairman of the meeting manages the company in a fair and efficient manner that would help the shareholders in using their rights. The chairman of the meeting committee ensures that each question asked by shareholders in the General Assembly meeting is directly answered in the course of the General Assembly meeting. If the question asked is not related with the agenda and is too comprehensive to be answered immediately, the response to the question is provided in written within maximum one week. Members of the Board of Directors, authorized personnel responsible for drawing up of financial statements and auditors shall be present at the meeting to provide elucidations on special issues of the agenda. The chairman of the meeting committee shall take required measures to implement voting methods that would reflect the will of the majority of shareholders attending the meeting. Each item of the agenda

is voted separately. To prevent any doubt relating to the results of voting, the votes are counted by the end of the meeting and the result of the voting is announced before the meeting ends.

Apparently, our Company does not have any significant management and activity changes realized in the past fiscal period or will be realized in the following periods. If such a change occurs, it will be disclosed to the public within the scope of the provisions of the related legislation.

There has been no demand in 2013 by shareholders to include an item to the agenda. The ordinary general assembly is held at the shortest time possible after the end of each fiscal period, being no later than three months.

Our General Assembly meetings are realized in the most cost-efficient and least complicated manner possible for our shareholders, not causing inequality between them. General Assembly meetings are held at Company headquarters or in places within the same city that are approved by the Board of Directors. Possible number of attendants is tried to be determined beforehand. Therefore, the venue where our General Assembly meetings are held has sufficient space to accommodate all shareholders.

The items of the agenda of General Assembly meetings are communicated in a clear and understandable manner; shareholders are given the opportunity to express their views and ask questions under equal conditions. The meeting minutes, attendance roster, sample power of attorney and agenda items are published on the website in a manner that is accessible at all times.

If any of the Board decisions listed in paragraph (B) below with regard to the deals between the Company and any of the persons listed in paragraph (A) below is not taken in unanimity, the decision and its grounds will be publicly disclosed in accordance with the legislative acts of the Capital Markets Board and the Stock Exchange, and will further be included in the agenda of the next meeting of the General Assembly of Shareholders to inform the shareholders.

A - Parties

a) Shareholders holding 10% or more of the capital shares or of voting rights in the Company,

- b) Shareholders that hold the privilege to nominate candidates to the Company board of directors,
- c) The company providing consulting services to the Company,
- d) Companies in which any of the persons referred to in clauses (a) and (b) hold 10% or more of the capital shares or of voting rights,
- e) Subsidiaries of the Company.

B - Special Decisions

- a) Decisions regarding purchasing, selling, leasing or renting out of assets from the Company portfolio,
- b) Decisions relating to appointment of the companies to undertake marketing of the assets in Company portfolio,
- c) Decisions relating to establishing a loan relationship,
- d) Decisions regarding determining an intermediary institution that subscribes to the stocks, in public offering of company shares,
- e) Decisions regarding joint investments,
- f) Decisions regarding appointing of real or legal persons that will render financial, legal or technical consulting services to the Company,
- g) Decisions regarding appointing of real or legal persons that will render project development, control or contractor services to the Company,
- h) Decisions regarding including of securities issued by legal persons mentioned in paragraph (A) in the Company portfolio,
- i) Notwithstanding the aforementioned, decisions that will result in favor of any of the parties listed in paragraph (A).

Announcement of the General Assembly meetings is realized in a manner that will enable the Company to reach as many shareholders as possible, minimum 3 weeks in advance prior to the date of the General Assembly meeting, via every means of communication, including electronic communication, apart from the procedures stipulated in the legislation.

On the Company website the announcement of the General Assembly meeting, announcements and disclosures that have to be made by the company pursuant to the

legislation, total number of shares and voting rights reflecting the company' s shareholding structure as of the date the disclosure is made, number of shares and voting rights reflecting the privileged share group within the company capital, information on acquittal, change or election of members of board of directors if this is an item on the general assembly agenda and ground for such acquittal, change or election, information, résumés of people who will be nominated to the board of directors, requests from shareholders, the Capital Markets Board and/or other public entities and institutions regarding including items in the agenda, if the agenda includes a change in the articles of association, previous and amended versions of articles of association, together with the relevant Board of Directors decision are published.

While the General Assembly agenda is being prepared, each proposal is put under a separate heading and items of the agenda are expressed in a clear manner, preventing different interpretations thereof. Special care is given to avoid using terms such as "other", "various" etc. Information to be provided before the General Assembly are given by referring to the relevant item of the agenda.

When the agenda is being prepared, the issues that are proposed to be included in the agenda by Shareholders in written to the Shareholder Relations Department are taken into consideration by the Board of Directors. In cases which the Board of Directors does not accept the items proposed for the agenda, unaccepted proposals and the grounds for rejection are explained in the general assembly meeting.

The committee chairman sees to it that the agenda items are explained in an unbiased and detailed manner, clear and understandable method in the General Assembly meeting. Shareholders are given the opportunity to express their views and ask questions under equal conditions. The president of the meeting ensures that each question asked by shareholders in the General Assembly meeting and are not within the scope of trade secrets are directly answered in the course of the General Assembly meeting. If the question asked is not related with the agenda and is too comprehensive to be answered immediately, the response to the question is provided in written within maximum 30 work days by the Investor Relations Unit.

A pre-approval should be given by the General Assembly, allowing members of the Board of Directors, senior managers and shareholders who held the management control and their kin up to second degree and spouses to engage in transactions that would lead to conflict of

interest and competition and information should be provided in the General Assembly about this.

To give the required information and answer the questions regarding material events in the agenda, the relevant Board of Directors members and other relevant people, authorized staff responsible for preparing the financial statements and auditors should be present in the General Assembly meeting.

Transfer of a part or whole of assets or establishing rights in rem over them or leasing them off, taking over or leasing an important asset, granting a privilege or changing the scope or subject of the existing privileges, delisting from the stock exchange are regarded material events with regard to implementation of Corporate Governance Principles. Unless a General Assembly decision is required in the relevant legislation relating to material events, to execute a Board of Directors decision related with material events, the majority of the votes of independent members is required. However, if the majority of the votes of independent members could not be obtained in material events, if the Company still wants to execute relevant transactions despite opposition of the majority of independent members, the transaction is submitted to the approval of the General Assembly. Under such circumstances, the grounds for objection of independent Board of Directors members are immediately disclosed to public, notified to Capital Markets Board and read in the General Assembly meeting to be held. If parties to material transactions are affiliated parties, the affiliated parties cannot vote in the General Assembly meetings. A quorum is not sought in General Assembly meetings to fulfill the liability mentioned in this article and the decisions are taken by the simple majority of those who have the right to vote. Provisions related with this issue are stipulated in the articles of association.

The company devises a policy regarding grants and donations and submits it to the approval of the General Assembly. The amounts of all grants and donations made within the period in line with the policy approved by the General Assembly and beneficiaries and amounts thereof, as well as changes to the policy are announced to the shareholders as a separate item of the agenda.

General Assembly meetings can be held open to stakeholders and the media, without the right to take the floor and this issue was regulated by an article in the articles of association.

5. Voting Rights and Minority Rights

Pursuant to the Communiqué on Principles Concerning Real Estate Investment Trusts article 16, real estate investment trusts cannot issue any security or bond for title that grants privileges other than share certificates that grant the privilege to nominate members to the Board of Directors.

Voting rights involve no privileges. Each shareholder has one vote in general assembly meetings. Voting in general assembly meetings are made according to the internal directive prepared by the regulations of Ministry of Customs and Trade. Shareholders that cannot attend to the meetings physically vote electronically pursuant to the legislation.

Any procedure that would complicate using of the voting right is avoided and shareholders are given the opportunity to use their rights in an easy and appropriate manner, including across borders. Maximum care is given to utilization of minority rights; there have been no criticisms or complaints within this scope in 2013. Owing to the principle of transparency underlying the Company policy, stakeholders and media can attend the meeting.

Our Company does not have a reciprocal shareholding relation with any other company.

6. The Profit Distribution Policy and the Time of Profit Distribution

Company's distribution of profit and legal reserves complies with the Turkish Commercial Code and Capital Markets Legislation.

According to the Company' s Articles of Association Article 14;

Amount remaining after deduction of the previous years' losses, if any, from the net profit, as shown in the annual balance sheet, equal to the gross profit calculated as of the end of every fiscal year, minus overheads, various depreciation items and other amounts which the Company is liable to pay or reserve in accordance with the generally accepted accounting principles, and taxes and other legal liabilities payable by the Company, will be distributed in the order and in accordance with the principles stated below.

First Rank of Legal Reserves

a) The 5% of the remained is allocated up to 20% of the paid capital as First Rank of Legal Reserves pursuant to Article 519 of the Turkish Commercial Code.

First Dividend

b) First dividend which is a ratable value that is calculated by adding adding the donations made within the fiscal year to the remaned part and is not less than the amount and percentage Capital Markets Board determined is allocated by also considering the dividend policy of the company.

Second Dividend

c) After the deduction of the matters mentioned at clauses (a) and (b), the general assembly is authorized to allocate the remained amount completely or partially as second dividend, to leave as net profit at the balance sheet and to add to the legal or voluntary reserves.

Second Rank of Legal Reserves

d) Second legal reserves are ellogated pursuant to the second paragraph clause (c) of the Turkish Commercial Code.

e) Unless the reserve funds specified in the laws and the 1st dividends specified for the shareholders in these Articles of Association are set aside, it may not be decided to set aside other reserve funds, or to carry forward the profit to the next year, or to distribute profit shares to the directors, officers, employees and workers of the Company, including the General Manager and Assistant General Managers.

f) The company can pay dividend to the shareholders pursuant to the Article 20 of Capital Markets Code.

The Company does not have a specific and consistent profit distribution policy. This policy is submitted to the attention of shareholders in the General Assembly meeting and announced in the annual report and the public on the company website.

Profit distribution policy includes minimum information clear enough to help investors see the procedures and principles regarding distribution of the profit the company will acquire in the future.

If the Board of Directors proposes the General Assembly not to distribute profit, the reasons for it and the manner the undistributed profit will be used are submitted to shareholders in the General Assembly meeting, included in the annual report and announced on company website.

The company follows a balanced profit distribution policy between the interests of the shareholders and the company.

7. Transfer of Shares

Company shares are categorized under two separate categories as Group A and Group B. The Board of Directors is authorized to increase capital that has been issued through issuance of new shares up to the upper limit of registered capital and restrict the right of shareholders to purchase new shares (right of first refusal) and issuance of premium shares, pursuant to the provisions of the Capital Markets Law.

Only Group B shares may be issued in capital increases. Again, all shareholders have the right of option on new shares, unless the Board of Directors resolves otherwise.

Pursuant to the legislation, transfer of privileged shares is subject to the permission of the Capital Markets Board. In our articles of association there is no provision making it hard to transfer shares quoted in the stock exchange.

SECTION II – PUBLIC DISCLOSURE AND TRANSPARENCY

8. Company Disclosure Policy

Shareholders have a managerial right to ensure use of their property ownership rights, as well as their property ownership rights, because, the shareholders is the most important constituent of the company assets in the economic sense, as the investor; they need regular and reliable information on the management and legal status of the Company. The objective of Yeşil Gayrimenkul Yatırım Ortaklığı A.Ş. Public Disclosure Management on our website, existence of which is also announced to the public is to ensure that shareholders, stakeholders and the relevant parties are kept informed, public disclosure and easy access are enabled providing

timely and sufficient information on the developments that might affect the value of the capital market instruments of the Company.

Information disclosed by the Company is disclosed in a timely, comprehensive, clear, interpretable and easily accessible manner through cost-effective means, which would equally benefit all parties involved, helping the real and legal persons to benefit from the disclosure in making their decisions. As the disclosure method, the Company uses its website, e-mails, press releases, media institutions, Central Depository of Securities, e-yonet and brochures, in addition to the means legally stipulated, as required by the nature of the occasion in question. Within the scope of the Disclosure Management, elucidations regarding the management and legal status of the Company, information on Company projects, remarks by executives and members of the Board of Directors are also presented, along with this information stipulated in the legislation. As a requirement of our transparent management understanding, we promptly reply to all written information requests by shareholders or relevant parties, unless the information involved is confidential or has the nature of a trade secret. In case of public disclosure of information relating to the future, the assumptions and data underlying these assumptions are disclosed as well. Such information cannot involve baseless, exaggerated forecasting or be misleading. Furthermore, these assumptions should be compliant with the financial situation of the company and compliant with the outcome of its activities. If, the assumptions and basis underlying the information regarding the future that is disclosed to public do not come to pass or it becomes evident that they will not come to pass, updated information is immediately disclosed to public, together with its grounds.

No discrimination is made between shareholders regarding right to demand information or use the right of inspection. The Shareholders Relations Department is set up and kept operational to ensure that shareholders can actively use their rights and can freely interact and communicate with the Company management. Beyza Ünalın as the personnel of the Unit, operate the Shareholder Relations Department, ensuring a means of communication between shareholders and the management and make certain that shareholders can use their shareholding rights. Integration of our company in Corporate Governance activities and convergence in the world and in our country are monitored by the Shareholders Relations Unit.

The Corporate Governance Committee supervises and follows any issue related with public disclosure. They direct the queries from investors and other people to the related parties, based on the content of the query, to ensure that the query is replied by experts.

As per the regulations of the Capital Markets Board, our Company made 39 (thirty nine) material event disclosures within 2013. Work relating to public disclosures is realized under the supervision of the Audit Committee and the Corporate Governance Committee. Developments that may affect the value of capital market instruments are disclosed to public without delay. If a significant change occurs or is expected to occur in the near future on the financial status and/or operations of the Company, this issue is disclosed to public, keeping provisions of relevant regulations reserved. Any further changes or developments relating to the issues disclosed to the Public by the Company are constantly updated and disclosed to public. Since company share certificates are not quoted abroad, there are no additional obligations. Since special occasion disclosures are made in time, meticulously and in compliance with the Capital Markets legislation and relevant principles, the company has not been imposed any sanctions by the Capital Markets Board.

9. Company Website and its Content

The company website is located at the address www.yesilgyo.com. In making public disclosures as stipulated by Capital Markets Board Principles, the website is used actively, in parallel with the Capital Markets Board principles, both in Turkish and in English for the benefit of foreign investors. The website contains information on trade registry information, shareholding and management structure, information on privileged shares, final version of the Company Articles of Association together with the dates and numbers of relevant Trade Registry Gazettes, material even disclosures, annual reports, periodical financial statements and reports, prospectuses, public offering circulars, agenda of General Assembly meetings, attendants roster and meeting minutes, power of attorney form for voting by proxy, compulsory informative forms prepared for takeover or proxy solicitation and similar forms, minutes of Board of Directors meeting decisions that might affect value of the capital market instruments, requests for information received by the company under the frequently asked questions heading, questions and denouncements and responses sent to them, as well as information on projects. Information disclosed to public by the Company can also be accessed via internet. On the letterhead stationary of the Company, the website of the Company is also indicated.

Announcements related with General Assembly meetings to be held; items of the agenda; informative document on agenda items and other information, documents and reports; information on the method of participating in the General Assembly are provided on the website in a manner that will be easily noticed.

10. Annual Report

Our Company prepares its annual report in as much detail as required to provide the public with complete and accurate information on the company' s operations.

In the annual reports, in addition to the issues stipulated in the Legislation and Corporate Governance Principles;

- a) Information on the duties of the members of the Board of Directors and officers carry out outside the company and statement on independence of the members of the Board of Directors,
- b) Evaluation of the Board of Directors on working principles of the Board of Directors committees, including the members of the committees, frequency of meeting and operations carried out, as well as their activities,
- c) The number of meetings of the Board of Directors within the year and attendance of members of the board to these meetings,
- d) Disclosures relating to administrative sanctions and penalties, if any, against the Company and the members of the Board of Directors due to practices in breach of provisions of the legislation,
- e) Information on changes to the legislation that may have a significant effect on Company activities,
- f) Information on significant lawsuits filed against the Company and their possible outcome,
- g) Information on conflicts of interest with entities from which it obtains services such as investment consulting and rating, and measures taken by the company to prevent such conflicts of interest,
- h) Information on reciprocal participations exceeding 5%,

i) Information on social benefits, professional training of employees and Company's other activities related with social responsibility generating an environmental impact,

j) Information on article 1.3.7 of corporate governance principles.

SECTION III – STAKEHOLDERS

11. Disclosure to Stakeholders

Stakeholders are real and legal persons and interest groups that are related with company' s activities or play a role in achievement of company goals such as employees, creditors, customers, suppliers, unions and various non-governmental organizations. The Company protects the rights of stakeholders regulated in the legislation and under mutual contracts in transactions and activities of the Company. In cases which the rights of stakeholders are not protected by the legislation and mutual contracts, the rights of stakeholders are protected within the framework of rules of goodwill and to the extent of the Company' s resources. Stakeholders are accurately informed on the status of the Company, since Company activities are honest, reliable and open to public within the framework of principles of public disclosure. Notifications received from the stakeholders are directed to expert units that are specialized on such issues and also communicated to the top management. It is also possible for stakeholders to directly contact management in relation with their concerns on illegal and unethical transactions.

Members of the Board of Directors and the management cannot purposefully act in ways that will end up in decrease of property ownership by stakeholders.

Corporate governance structure of the Company enables all employees and all stakeholders, including proxies thereof to voice their concerns to the management on illegal and unethical transactions.

The Company has taken every measure to ensure customer satisfaction in both marketing and sales of its goods and services; it is fast in meeting demands of the customer relating to the good and service he has purchased and informs him of any possible delay, before deadline. The Company complies with quality standards for goods and services and ensures that the standard is maintained.

In the event the rights of stakeholders protected by the legislation and under agreements are breached, effective and prompt compensation is provided. The Company provides required facilities so that mechanisms provided to stakeholders in the legislation, such as compensation can be used. Furthermore, a compensation policy for company employees is established and this is announced to the public on the company website. When conflicts of interest arise among stakeholders or if one stakeholder becomes a member of more than one interest group, a policy that ensures a well-balanced solution to the extent possible is implemented and each right is exercised independent of each other for safeguarding of rights owned.

12. Participation of Stakeholders in Management

Stakeholders are constantly informed on Company operations and care has been given to feedback and communication. Feedback, requests and recommendations are submitted to the management by the relevant unit specialists and are reviewed within the Company, the stakeholders' participation in management is ensured for added value in solution proposals. Stakeholders are enabled to inform their worries about transactions that are not legal and ethical directly to the management, which in turn enables the management to review the transactions mentioned in the recommendations or letters of stakeholders, ensuring participation of stakeholders in management.

Company enables all employees and all stakeholders, including proxies thereof to voice their concerns to the management on illegal and unethical transactions.

In marketing goods and services, it has undertaken activities ensuring customer satisfaction and reviews new notifications on this issue in marketing and sales of goods and services. It also has undertaken integration of stakeholders with the management, by submitting its reports to the management.

The opinion of stakeholders is obtained in decisions resulting in consequences for the stakeholders.

13. Human Resources Policy

Yeşil Gayrimenkul Yatırım Ortaklığı A.Ş. Human Resources Management is people-oriented, while structuring itself within the framework of general governance principles, concepts of leadership, reputability, full briefing, flexibility, generating value and authorizing based on

common corporate values. It is the objective of the Human Resources Management to ensure that the human resources are used in the most effective and efficient manner, constantly developing quality improving processes and systems, and individual and team performance to ensure that management power is directed towards Company targets, providing employees with a professional work environment and career development opportunities.

In this line:

- All employees are provided with a work environment where they can make use of their skills and competencies.
- Equal opportunities are given to people with equal conditions.
- In cases which manager changes may lead to setbacks in company management, a succession plan is prepared to determine succeeding managers.
- Criteria regarding recruitment are established in written and compliance to these criteria is ensured.
- A fair approach is adopted in all benefits provided to employees; training programs are provided to improve the knowledge, skills and manners of employees, and training policies are designed.
- Contact meetings are held with employees on issues such as the financial situation of the company, wages, career, training and health for exchange of opinions.
- The decisions taken in relation with employees and developments concerning employees are communicated to employees or their representatives, opinions of relevant unions are sought in decisions of this nature.
- Job descriptions, distribution of duties, performance and rewarding criteria applicable for employees are announced to them. Efficiency is a criteria in determining the wages and other benefits paid to employees. Share purchasing plans may be devised in favor of Company employees.
- Measures are taken to prevent discrimination on race, religion, language and gender among employees and to prevent material and moral mobbing against employees.

- The Company actively supports the right of association and collective bargaining.
- Evaluation based on objective criteria is ensured to determine their real wage increases, determination of their training requirements and preparing their career plans.
- Training programs within and outside the Company are provided to employees to help them improve, be more successful and prepare them for the positions that they might be promoted to.
- The grounds for possible new ideas and their proposal is prepared and problems are solved through mutual respect, trust, understanding and effective communication.
- Systems that encourage and award success are developed and implemented.
- The honor and values of individuals are respected in the workplace. For this purpose, an objective work environment encouraging cooperation, highest performance and team work is provided. Personal rights are respected. Timely and open meetings with employees are encouraged, whether the request for meeting comes from them or the management. Superiors are responsible for the performance and improvement of the personnel reporting to them. Social balance inside the Company is protected at all costs.
- Development of personal qualifications is encouraged. This is realized through healthy recruitment, guidance and improvement works. Responsibility of improvement is shared by the officials and the Company.
- Employees are granted equal opportunity to improve themselves and good performance is awarded objectively.

Performance is evaluated objectively on business-related criteria and awarded accordingly. Employees are paid 14 wages and lunch allowance. Employees are given vehicles and mobile phones as non-monetary benefits, as required by the position, to be used when they are fulfilling their duties.

Abdullah Atıcı is appointed as a representative to handle relations with employees. To ensure a participatory management environment, regular informative meetings are held with employees on the financial means of the Company, wages, career, health etc, and information is shared with them. The decisions taken in relation with the employees or developments concerning the

employees are informed to the employees through these meetings or through a representative. Job descriptions that require to be changed because of changing conditions are revised by the managers and updated upon meetings held with employees. A safe work environment is provided to employees.

14. Ethical Rules and Social Responsibility

Ethical rules are established by the Company to apply on the Company and disclosed to Company employees and to the public on Company website, within the scope of public disclosure policy. Our Company is sensitive to its social responsibilities and complies with regulations and codes of ethic regarding the environment, consumers and public health. The Company supports and respects internationally accepted human rights. It fights against every kind of corruption such as bribing and extortion.

The common values of the Company are as follows.

- a) Social consideration: Our Company is sensitive to its social responsibilities and complies with regulations and codes of ethic regarding the environment, consumers and public health.
- b) Reliability and honesty: In our relations with employees and shareholders, honesty is our primary consideration; reliability and honesty are the key priorities in all relations and business processes.
- c) Business ethics: Information to be announced publicly is not disclosed to certain investors or relevant parties prior to the public announcement. Those who have access to confidential company information due to their activities, such as the independent auditing company, real or legal persons providing consulting services, rating organizations and unions are exceptions to this rule. Under such circumstances, those who access the information keep it confidential in compliance with the principle of confidentiality and codes of ethic.
- d) Care and priority to the shareholders: Board members do not submit to pressures that might bear consequences to the detriment of shareholders, cannot accept financial benefits; the Corporate Governance Committee established the required regulation to ensure that employees do not submit to pressures that might bear consequences to the detriment of shareholders and not accept financial benefits.

e) Team spirit and solidarity: A common set of values has been formed by establishing a working environment that shuns discrimination and nurtures team spirit and solidarity

f) Dynamism: Making fast and applicable decisions in order to comply with the active and competitive dynamics of the business.

g) Self-esteem: Our goal is to create a synergy in alignment with our company vision with board members and employees who have the necessary skills to reach information, work efficiently, think in an analytical and independent manner as well as have consideration for humanity, respect to ethic values, principles and self esteem.

h) Objectivity: We act objectively in order to reinforce the trust of our customers and shareholders; we determine and take measures in advance for situations that may be detrimental to our objectivity.

i) Independence:

- Independent auditing corporations and independence of the auditing staff employed by them are fundamental. The independence principle means; execution of auditing activities by the independent auditor without the interference of any relations, interest or influence that may affect their professional opinion and objectivity.

- The Board of Directors has been formed in a way that will enable it to be independent its decision-making, carry out its execution and representation tasks independently and without any conflict of interest at the highest level of efficiency. The talent, skill, experience and independence levels of the Board Members affect the performance level and success of the Board as well as the achievements of the company in reaching to its goals.

j) Harmony: Maximum care is attached to establishing harmony among the company, employees, colleagues, customers and suppliers. Necessary measures are taken to maintain harmony.

k) Extroversion: Extrovert communication skills are encouraged for establishing good relations with shareholders, beneficiaries and suppliers. As a requirement of our transparent management understanding, we reply to all written information requests by shareholders or

relevant parties, unless the information involved is confidential or has the nature of a trade secret.

l) Consistency: Off-the-record activities are forbidden; accuracy and consistency of business records is fundamental. Honesty, trust, consistency, professionalism, independence, long-term relations and mutual interests are considered as respected principles in relations with the customers, suppliers and other individuals and parties making business with the company.

Social Responsibility Activities;

Our Company follows a young and dynamic policy that aims for constant adaptation to ever-changing market conditions in its sector. Working together with international investors under global market conditions is one of the core values for our Company to achieve success. Yeşil REIT became a member of ULI (Urban Land Institute) for this purpose in February 2000. On 2 August 1999 the Company became a founding member of GYODER (Association for Real Estate Investment Companies), which was established by the representatives of existing and founding Real Estate Investment Companies to promote and represent the promising real estate industry that leads the Turkish economy as a locomotive, to encourage the development of the industry, to provide, improve and protect standards for quality, control and education within the sector.

Yeşil REIT shows extra care to maintain its social responsibility awareness as required Yeşil REIT shows extra care to maintain its social responsibility awareness as required for an entity that invests in the future, while launching new residential projects with its experience and unique vision. Our Company, which has established social responsibility as a part of its corporate culture, emphasizes social benefits and sustainability, with a view to people and environment, while planning its work in this line. We bring our projects related with social responsibility to fruition thanks to the synergy we created through our institutionalized structure and employees with a high awareness of social responsibility. The company, which supports various social activities to this end, has determined what can be done in the face of global warming threat together with its employees.

Our Company has extended grants and donations and given importance to social responsibilities in 2013. It has extended grants and donations of TRY 7,500 on different dates to Dinar SPK Boarding Primary School and TRY 17,500 to the "Institute of Consumer Law" .

Social Activities Supported by the Company - 2013

Real Estate Summit 2013 (10 December 2013)

13th Real Estate Summit that is traditionally being organized by GYODER since 2000 was held on 10 December 2013 at Four Seasons the Bosphorus.

At the event which was organized with the participation of Turkish Mass Housing Administration (TOKİ), Capital Markets Board, Urban Land Institute (ULI), National Association of Real Estate Investment Trusts (NAREIT) and European Public Real Estate Association (EPRA), developments and trends in the global market and Turkish real estate market in 2013 were evaluated and a new route for 2014 was drawn.

At the sessions of the Summit which was sponsored by Yeşil REIT, evaluations and presentations were made on subjects such as "The Evaluation of the Current and Future Turkish Economy" , "The View of Foreign Investors about Real Estate Sector" , "Sustainability with the New Rules of the Game" , "From Mega Projects to Branded Cities" and "There is So Much to Say" .

Career Summit (18 June 2013)

Career Summit that is organized for 8th time on 18 June 2013 by İhlas Vakfı Kariyer Akademisi and had a theme of "Innovation and Youth" was held at Istanbul Haliç Congress Center.

At the summit which was sponsored by Yeşil REIT, 900 skilled young people from 20 different countries met "the masters" to learn about the secrets of their "successful career" and keys of the professional lives of business and life from businessman, politicians and bureaucrats. Sessions such as "Globalisation and Career" , "Entrepreneurship and Career" , "Values and Career" and "Life and Career" were took place at the summit.

Forum İstanbul (7-8 May 2013)

Globalization and Developments with the vision of 2023 have been discussed at the conference of Forum Istanbul which is organized in 7-8 May 2013 and sponsored by Yeşil REIT.

MIPIIM (12-15 March 2013)

20,000 visitors from more than 80 countries visited MIPIIM that is being organized for 24th time in France on 12-15 March 2013 and sponsored by Yeşil REIT.

Real Estate Leaders Summit (28 March 2013)

The “2nd Real Estate Leaders Summit” , which had Yeşil REIT as its sponsor, was organized to bring together the leaders of the sector on 28 March 2013 at Dedeman Istanbul. At the summit, which had many important speakers from the real estate and construction sector, developments affecting the real estate sector in 2013 were discussed and solutions were proposed to sector’ s problems.

At the summit, sessions such as “Corporate Development and Sustainability in Real Estate” , “Sustainability of Traditional Journalism in the Changed Media Industry” , “Property Owning for Foreigners and Legal Assurance of the Owned Properties” , “The Importance of Differentiation in Real Estate Sector” and “Opportunities in Real Estate Sector” were held in the summit.

GYODER – Individual Investor Booklet (September 2013)

Yeşil REIT sponsored the guide for individual investors of GYODER in September 2013. The booklet is an important source which answers all questions of individual foreign investors when buying a real estate in Turkey. The booklet comprising the whole procedure of buying a real estate in detail aims to be a reference guide that comprises basics of all processes such as the investment, assessment and sale of a real estate.

SECTION IV – BOARD OF DIRECTORS

The Company is directed and represented by a Board of Directors in compliance with the principles of the legislation, articles of association, internal regulations and policies, in line with the authority granted to it by shareholders in the general assembly meeting, with a rational and prudent risk management understanding, keeping the optimum risk, growth and revenue balance of the company, by protecting primarily the long-term interests of the company.

Members of the Board of Directors and officers who cause loss for the company and therefore shareholders due to failure to duly fulfill their duties are obliged to pay compensation for the losses they caused for the company and shareholders. Members of the Board of Directors fulfill their duties in good faith as prudent officials. Exercising of their duties in good faith as prudent officials means, attaching at least the minimum care and attention to the work in similar situations, under similar conditions.

Members of the Board of Directors fulfill their duties in a rational manner, in good faith, observing the sensitive balance between the interests of the company and shareholders-stakeholders. Members of the Board of Directors cannot use confidential information that is not in public domain and/or that has the nature of a trade secret for their own benefit, for the benefit of their spouses and third parties, also complying with the relevant legislation on this issue.

The members of the Board of Directors do not yield to pressures that might bear consequences to the detriment of shareholders, cannot accept benefits; they also take measures to ensure that all these rules are been complied with by all company employees.

15. Structure and Organization of the Board of Directors

Name-Surname	Duty	Beginning and Ending Date of Term of Duty	Profession	Duties Undertaken Outside the Company
Işık Gökkaya	Chairman of the Board of Directors / General Manager	3 years as of 26.03.2013	Business Administrator	Bimeks Bilgi İşlem ve Dış Tic. A.Ş. member of Board of Directors
Namık Bahri Uğraş	Deputy Chairman of the Board of Directors	3 years as of 26.03.2013	Businessman	Founder and Owner of Actus Gayrimenkul Yatırım Hizmetleri A.Ş
Prof. Dr. Derin Orhon	Member of the Board of Directors	3 years as of 26.03.2013	Civil Engineer	Lecturer
Bekir Yüksekdağ	Member of the Board of Directors	3 years as of 26.03.2013	Businessman	Consultant
Prof. Dr. H. Fehim Üçışık	Member of the Board of Directors	3 years as of 26.03.2013	Legal Counsel	Lecturer
Günay Yavaş	Member of the Board of Directors	3 years as of 26.03.2013	Lawyer	Lawyer
Neşecan Çekici	Member of the Board of Directors	3 years as of 26.03.2013	Senior Manager	Founder and Owner of Epos Gayrimenkul Danışmanlık ve Değerleme A.Ş.

The Board of Directors is organized in a way that would ensure maximum efficiency and effectiveness. Chairman of the Board of Directors and General Manager positions are held by

the same person in order to make the decision making process faster and more efficient. Board of Directors also includes independent members, who have the potential and qualifications which will enable them to exercise their duties without being influenced by anything or anyone. Financial means provided in the form of wages and attendance fees paid to the independent members of the Board of Directors upon proposal of the Board of Directors and approval of the General Assembly is at a level sufficing them to keep their independence.

The qualifications of the independent members are as follows:

Independence of the members of the Board of Directors, means independence in the sense defined in the Corporate Governance Principles published by the Board. People who have served as a member of the Board of Directors for more than six years within the last ten years cannot be appointed as an independent member to the Board of Directors.

The Board of Directors member who meets all the following criteria is defined as an "independent member".

- a) No direct or indirect employment, capital or commercial relationship of a significant nature should be established between him, his spouse, his relatives by blood or by marriage up to the third degree and the Company, any related parties of the Company or legal entities where shareholders which have direct or indirect 5% or higher shareholding in the company are related parties with regard to management or capital,
- b) He should not have worked or served as a member of the Board of Directors in companies, primarily which undertake auditing, rating or consulting of the Company and companies which undertake the entire or a certain part of the activities or organization of the Company under agreements signed in the past five years,
- c) He should not have worked as a partner, employee or member of the Board of Directors in any of the firms that provide a significant level of service or products to the Company, in the past five years,
- d) If he is a shareholder, should not have more than 1% shareholding in the capital and these shares should not be privileged shares, due to his duty in the Board of Directors,

- e) He should have the professional education, knowledge and experience to fulfill the duties he will undertake as an independent member of the Board of Directors,
- f) He should not be working full-time in another job, as of the date he is nominated and throughout the term of his duty in public entities and institutions, excluding professor duty in a university, provided that it is compliant with the applicable legislation,
- g) He should be considered a resident of Turkey, pursuant to the Income Tax Code,
- h) He should have strong ethical standards, professional respectability and experience who would make positive contributions to company operations, keep his objectivity on conflicts of interest of company shareholders, decide freely by taking into consideration the rights of stakeholders,
- i) He should have sufficient free time to set aside to fully accomplish the requirements of the duties he undertakes and follow up running of company operations.

The independent member to the Board of Directors submits the statement, a sample of which is given below, declaring that he is independent within the framework of the legislation, Company Articles of Association and the criteria set forth above to the Board of Directors at the time he is appointed.

I hereby declare that

- I have not served as a member of the Board of Directors in Yeşil REIT for more than 6 years in total in the last 10 years,
- No direct or indirect employment, capital or commercial relationship of a significant nature has been established between me, my spouse, my relatives by blood or by marriage up to the third degree and the Company, any related parties of the Company or legal entities where shareholders which have direct or indirect 5% or higher shareholding in the company are related parties with regard to management or capital,
- I have not worked or served as a member of the Board of Directors in companies, primarily which undertake auditing, rating or consulting of the Company and companies which undertake the entire or a certain part of the activities or organization of the Company under agreements signed in the past five years,

- I have not worked as a partner, employee or member of the Board of Directors in any of the firms that provide a significant level of service or products to the Company, in the past five years,
- Even if I' m a shareholder, my shareholding is less than 1% and these shares are not privileged, since I will have a duty at the Board of Directors,
- I have the professional education, knowledge and experience to fulfill the duties I will undertake as an independent member of the Board of Directors.
- As of the date of nomination and throughout my term of duty I will not be working full-time in another job in public entities and institutions.
- I am considered a resident of Turkey, pursuant to the Income Tax Code,
- I have strong ethical standards, professional respectability and experience to make positive contributions to company operations, keep my objectivity on conflicts of interest of company shareholders, decide freely by taking into consideration the rights of stakeholders,

And therefore, I will fulfill my duties as a member of the company Board of Directors as an independent member."

When the independence of the member is compromised in any way, the change in the circumstances is promptly communicated to the Board of Directors to be disclosed to the public. Under these circumstances, the member of the Board of Directors who has lost his independence will resign to secure the required minimum number of independent members in the Board of Directors. The Board of Directors then reelects an independent member to the vacant positions to serve until the next General Assembly. However, if there seems to be a problem in maintaining meeting and decision quorums, the member who has lost his independence continues his duty. Actions undertaken within this scope are announced to the public as soon as possible by the Board of Directors.

As disclosed to public on 26.03.2013, Pursuant to article 4.3.6 of Capital Markets Board Corporate Governance Principles attached to the Communiqué Series No: IV and No: 56 Concerning Determining and Implementation of Corporate Governance Principles, candidates, who have announced their candidacy to membership of the bod as independent members were evaluated as to whether they have the characteristics required for independent

membership as per the provisions of the communique in question and our Independent Board of Directors Member Candidates List was announced as:

-Günay Yavaş,

-Neşecan Çekici to the public.

Résumés of the Members of the Board of Directors and Committee

IŞIK GÖKKAYA

13.06.1962 – Chairman of the Board of Directors / General Manager

After graduating from Tevfik Fikret High School, he obtained his graduate degree from Hacettepe University, Department of Business Management. He later completed the Strategic Management programme given by Boğaziçi University.

Gökkaya, who started working in the Marketing Department of Dokap Yapı Elemanları A.Ş. in 1986, became the Head of Sourcing Department in the same company in 1987. He worked as the Managing Partner in Mint Mühendislik Company in 1989. In 1993 he joined İhlas and became Assistant General Manager at İhlas Bilgi İşlem ve Ticaret A.Ş. In 1998 he became the founding partner of İhlas Gayrimenkul Yatırım Ortaklığı and assumed the position of Assistant General Manager until the end of 2006. In the meantime, he assumed the positions of Deputy Chairman and member in the Boards of Directors of both the Association for Real Estate Investment Companies and “Urban Land Institute – Department of Turkey” . In 2006, he became a member of the Board of Directors of Forum İstanbul 2023 and is still a member.

İhlas Gayrimenkul Yatırım Ortaklığı was sold in the last months of 2006 and the title of the company was changed to Yeşil Gayrimenkul Yatırım Ortaklığı A.Ş. as of 24 March 2011. During reorganization phase Gökkaya, who became the General Manager continues to serve in this capacity. He became the chairman of the board of directors in 2013. Işık Gökkaya has also assumed the position of Deputy Chairman of the Board of Directors of GYODER for 2002 and 2009-2010 period. He was elected as the Chairman of the Board of Directors of GYODER for two years in the 2011 and 2013, and currently he is the deputy chairman of the board of directors of GYODER. He is fluent in French and married with two children.

NAMIK BAHİRİ UĞRAŞ

17.08.1958 – Deputy Chairman of the Board of Directors

Bahri Uğraş, who is graduated from Ege University, Department of Economics, has also attended to seminars at Citibank in Athens, Harvard Business School and Bank of America-Retail Banking.

Uğraş, who started working at Interbank as a Management Trainee, became the Account Officer and Senior Marketing Officer later. In 1989, he joined Körfezbank as the member of the core team to establish the bank and until 1997, he worked there as Marketing Manager, Branch Manager and Executive Vice President (EVP)-Head of Corporate Banking. He took the responsibility as the EVP in charge of Retail Banking-Individual Banking in Ottoman Bank in 1997-1999, in charge of Corporate Banking in İktisat Bankası in 1999-2001, in charge of Commercial and Retail Banking in Halk Bankası in 2001-2003. He worked as an executive member of the core team responsible for the establishment of Ak Emeklilik in 2003-2004. In 2004-2007, he took the responsibility as the EVP in charge of Corporate and Commercial Banking.

Since 2007, he is working at Actus Investment UK Ltd. where he is the founder and owner of. He is a member of Turkish-Qatari Businessman Association, Turkish-Turkmen Businessman Association and Turkish-Kazakh Businessman Association. He is also a board member of Deniz Yatırım, Kiler REIT, Birlik Mensucat Ticaret ve Sanayi İşletmesi A.Ş.

PROF. DR. DERİN ORHON

26.03.1942 - Member of the Board of Directors, Member of the Corporate Governance Committee

He went to Saint Joseph High School in Istanbul between 1953 and 1960. He later graduated from ITU Faculty of Civil Engineering in 1965 as a Certified Engineer, continued his postgraduate education in USA and received his M.Sc in 1969 and PhD in 1971 from University of California, Berkeley on Environmental Engineering.

Prof. Dr. Orhon, who has been a professor in ITU since 1965, was first promoted to the title of assistant professor in 1978 and professor in 1988. He also assumed the positions of President

of the Environmental Engineering Department and Head of the Environmental Sciences Department in Faculty of Engineering. He has been the Dean of Faculty of Engineering between 1997 and 2007. He has been retired by his will in 2007.

Prof. Dr. Orhon also was merited TUBITAK Science Award in the field of Engineering in 1998 for his scientific work in Environmental Biotechnology. He was also granted the Samuel H. Jenkins award in 2000 by International Water Association. Same year he became the founding member of Turkish Academy of Sciences and later in 2001 was appointed as a member to TÜBİTAK Science Committee.

BEKİR YÜKSEKDAĞ

01.01.1962 – Member of the Board of Directors / Member of the Early Detection of Risk Committee

He established a family business in Sultanhamam market in 1982 and represented the company as Chairman of the Board of Directors until 2006. Later he founded a company which operates in the fields housing and contracting. He is currently working at this company.

Prof. Dr. H. FEHİM ÜÇİŞİK

06.11.1943 – Member of the Board of Directors / Chairman of the Early Detection of Risk Committee

He graduated from Istanbul University, Faculty of Law in 1964. He obtained the title of doctor in 1982, the title of assistant professor in 1983, associate professor in 1986 and professor in 1992. He assumed the positions of Vice Chancellor, Dean of Faculty of Law and Principal of the Academy of Physical Education and Sports during the term he worked in Marmara University, Department of Business and Social Security Law. He retired in 2011. In the 1992-1993 and 2003-2005 periods he had worked as a consultant with partial status in Health Project Coordination Department. He is currently the Dean of Faculty of Law in Doğuş University.

GÜNAY YAVAŞ

18.04.1943 – Member of the Board of Directors / Chairman of the Audit Committee

He graduated from Istanbul University, Faculty of Law in 1969. Between 1971 and 2006, he worked as a freelancing attorney at law under Istanbul Bar, received and plaque for successful 35 years in the profession and is still a member of Bar of Istanbul.

NEŞECAN ÇEKİCİ

20.01.1967 Member of the Board of Directors / Member of the Audit Committee / Chairman of the Corporate Governance Committee

She graduated from Marmara University, Faculty of Economic and Administrative Sciences, Department of Economics. After completing her postgraduate education in Istanbul University at the Department of Money / Banking, she completed her academic carrier by taking a specialization course in business management at the Institute of Economic and Administrative Sciences, Faculty of Business Management at Istanbul University.

She worked as a director for the leading holding companies of Turkey for seven years and carried out many different projects since her involvement in the real estate sector in 1995. Neşecan Çekici is the founder and manager partner of Epos Gayrimenkul Danışmanlık ve Değerleme A.Ş. She served as the 2nd Chairman of Turkey Division of the International Association of Real Estate Agents (FIABCI). She plays active role in the occupational NGO' s and additionally she is a sector lecturer at undergraduate and post graduate programmes of several universities. She holds the License of Valuation Expert granted by the Capital Market Board (CMB). Additionally she has a certificate granted by American Appraisal Institute upon her completion of their educational modules on real estate appraisal expertise.

In January 2009, taken into consideration the occupational and academic studies, her ethical and sophisticated views and her ability to represent the real estate sector in the best way, Neşecan Çekici was deemed worthy of "Real Estate Consultant of the Year" one of the "Traditional Service Awards" of Ekonometri, monthly magazine about Business World and Economics. .

Neşecan Çekici was the Chairman of LideBİR (The Association of Licenced Appraisal Companies) between 2011 and 2013. Neşecan Çekici is currently the Board Member of GYODER.

16. Principles of Activity of the Board of Directors

The Board of Directors is the body of a company to take strategic decisions, represent and manage the Company at the highest level. Board of Directors aims to maximize the market value of the Company while taking or executing decisions. The Board of Directors conducts Company business with this awareness, to ensure long-term and stable income to shareholders of the Company. Company executives manage the company in a fair, transparent, accountable and responsible manner.

The Board of Directors is obliged to fulfill the duties it has been commissioned by the Turkish Commercial Code and the Capital Market Law. All transactions and businesses, which do not require a General Assembly decision pursuant to laws and the Company' s Article of Association, are undertaken by the Board of Directors.

The Board of Directors especially;

- Defines the strategic targets of the Company, determines the human and financial resources that the company may require and supervises the performance of the management.
- Determines the Company mission and vision statement and discloses it to public
- Ensures that Company activities are compliant with the legislation, Articles of Association and internal regulations
- Determines which of the activities defined in the article of the Articles of Association titled objective shall be carried out, as well as when and under which terms and conditions
- Establishes a risk management and internal audit system that can minimize the effects of risks that the Company might be exposed to and takes required measures to ensure that they will work smoothly
- Determines the Company' s approach regarding shareholders and public relations

- Acts as a leader in settlement of disputes that may arise between the Company and shareholders; ensures that the Board of Auditors and Corporate Governance Board investigate the reasons and possible solutions to the dispute and prepare relevant reports
- Ensures that the balance sheet and income statement, periodical financial statements and the annual report of the Company are drawn up in compliance with the international standards and legislation including the Capital Markets Law and Corporate Governance Principles, are truthful, accurate and are submitted to the required authorities
- Determines the disclosure policy of the Company
- Takes required measures to ensure that Company structure is compliant with current conditions; engages in on-the-job training and career planning of Company' s directors and other employees and determines the principles for measurement and rewarding of their efficiency to this end
- Determines the code of ethics for the Company and its employees
- Ensures that the General Assembly meetings are held in compliance with the law and Company articles of association
- Supervises the implementation of General Assembly decisions.

The Board of Directors may delegate a part of its duties and responsibilities that has been commissioned to it by the law and through this Company Articles of Association to committees within the structure of the Company, which in no way relieves the Board from its responsibilities.

To ensure that members of the Board of Directors can completely fulfill their duties, all kinds of information are conveyed to them in a timely manner. Company employees who act in a way that will hinder information flow to the Board of Directors may be warned and if required, subjected to sanctions that might lead to termination of their employment contracts. Principles relating to this issue are regulated through by-laws.

Our Board of Directors convenes whenever Company business requires, being no less than once a month.

In 2013, the Board of Directors convened 22 times. The decisions are taken unanimously in the Board of Directors meetings and none of the members of the Board of Directors objected to the decisions taken.

To keep regular documentation on Board of Directors meetings, a management secretariat is formed to serve all Board of Directors members, reporting to the Chairman and Deputy Chairman of the Board of Directors. The Board of Directors secretariat has the following duties and responsibilities:

- To make preparations for meetings of both the Board of Directors and committees and draw up meeting minutes,
- Follow up internal correspondence related with the Board of Directors and committees in question,
- Prepare all required documentation,
- Create an archive, keep it updated,
- Establish communication between the Board and the committee members

The Board of Directors shall meet at times when deemed necessary as required by the Company operations upon the call of the Chairman or the Deputy Chairman. Any of the members of the Board of Directors may also file a written application to the chairman or the deputy chairman of the Board of Directors and request the Board of Directors to be invited to convene. If the Chairman or the Deputy Chairman fails to invite the Board of Directors to convene, then the members will be entitled to invite the board themselves.

Each member has 1 vote each in the meetings. Voting right is used personally. Unless one of the members requests a meeting, the decisions may be taken through written consents of other members on a motion raised by a member.

The meeting agenda of the Board of Directors is determined by the Chairman of the Board. The meeting invitations include information on the meeting agenda, as well as information and documents related with the agenda items. The agenda may be amended upon the resolution of the Board of Directors.

The meetings shall be held at Company head office. However, the Board of Directors may resolve to convene at a place other than the Company head office.

The Board of Directors convenes with the presence of a simple majority of the entire number of directors and takes its decisions by majority of the number of members of the Board of Directors present in the meeting. In case of equality in votes, the subject is left to be discussed in the next meeting. If in the next meeting this issue again receives equal votes, this motion is deemed to have been rejected.

In the Board of Directors meetings the votes will either be affirmative or negative. The member who rejects an issue, must write under this decision the grounds for his rejection and sign it. If independent members vote for rejection, the detailed reasons thereof are disclosed to the public. In Board of Directors meetings, grounds for questions asked by members, as well as reasonable and detailed grounds for objections in voting should be written down in the meeting minutes. Members of the Board of Directors do not have casting vote and/or negative veto rights.

Travel/meeting expenses, special work requests related with the duties of the Board of Directors and similar expenses are covered from the general budget without a limitation.

17. Number, Structure and Independence of Committees established under the Board of Directors

An Audit Committee, a Corporate Governance Committee and an Early Detection of Risk Committee are established to ensure that the duties and obligations of the Board of Directors are fulfilled in properly.

Committees act within their own fields of authority and responsibility and advise the Board of Directors; however, the final decisions are taken by the Board of Directors. Committees convene as frequent as their work requires and upon the invitation the Chairman of the Committee. All work regarding correspondence and notifications of Committees are undertaken by the Board of Directors secretariat. The fees for consulting services required by committees are paid by the company.

Audit Committee is responsible for ensuring that any kind of internal and independent audit will be carried out in a sufficient and transparent manner, and is also responsible for the following:

- Auditing and approving of financial statements and footnotes thereof to be publicly disclosed to ensure that they are compliant with the legislation and international accounting standards
- Supervision of the operation and efficiency of the Company' s accounting system, public disclosure, independent audit and internal audit systems
- Selection of the independent audit firm, preparing the audit agreements and commencing the independent audit process
- Review of complaints that are received by the Company regarding Company accounting, internal audit system and independent auditing; finding a solution to such and reviewing the notifications by company employees within the framework of principle of confidentiality
- Determining regulations that can prevent insider trading and conflicts of interest between the members of the Board of Directors, executives and other employees.

The Audit Committee convenes at least once in every three months, upon the invitation of the Chairman. The Committee may invite any executive, and internal and independent auditor to their meetings as required, to confer with them for information.

Corporate Governance Committee, is the committee responsible for monitoring compliance by the Company to corporate governance principles and it convenes at least once every three months to fulfill the following duties:

- To inspect the extent the corporate governance principles are implemented in the Company, and discover the underlying reasons if they are not implemented and recommend improvements after diagnosing the negative consequences of failure to apply thereof
- To determine methods that would enable transparency in nomination of candidates to the Board of Directors

- Carrying out reviews on social benefits and occupational training of employees
- To develop recommendations on principles and applications regarding performance evaluation and rewarding of members of the Board of Directors and executives and monitor implementations
- Supervise the work carried out by Shareholder Relations Unit.

Committee for early detection of risk has been established for early detection of risks that may endanger the existence, development and continuance of the Company, ensuring implementation of measures to be taken against risks detected and management of the risk, and reviewing the risk management systems at least once annually. Committee for Early Detection of Risks;

- Establishes effective internal control systems to define, evaluate, monitor and manage risk elements that may prevent the Company from reaching its goals, based on the principles of the effectiveness and probability.
- Monitors integration of risk management and internal control systems in the corporate structure and their activity.
- Carries out required work to measure and report on risk elements by risk management and internal control systems of the Company, as well as using them in decision mechanisms.
- Periodically reviews the working principles of the committee and present its recommendations for change, if it deems necessary, to the approval of the Board of Directors.

Name Surname	Title	Independence	Duties Undertaken in Committees
Neşecan Çekici	Member of the Board of Directors	Independent	Chairman of the Corporate Governance Committee/ Member of Audit Committee
Günay Yavaş	Member of the Board of Directors	Independent	Chairman of Audit Committee
Prof. Dr. Derin Orhon	Member of the Board of Directors	Dependent	Member of Corporate Governance Committee
Bekir Yüksekdağ	Member of the Board of Directors	Dependent	Member of Early Detection of Risk Committee
Prof. Dr. H. Fehim Üçışık	Member of the Board of Directors	Dependent	Chairman of Early Detection of Risk Committee
Işık Gökkaya	Chairman of the Board of Directors/ General Manager	Dependent	None
Namık Bahri Uğraş	Deputy Chairman of the Board of Directors	Dependent	None

18. Risk Management and Internal Control Mechanism

The Company, which has villas, apartments, time-share real estates, lands, business centers and historical building restitution projects ever since its establishment reduces its investment risk through portfolio diversification. Primary criteria taken into consideration in creating the portfolio are project profitability, return time and project risk.

Yeşil REIT operating within the framework of the Capital Market Law by investing in real estate, real estate backed projects and real estate backed capital market instruments, is a private portfolio management company. Our Company, which is considered as a Capital Market institution in the Capital Market legislation is a public joint stock company investing in real estate regulated specially through Capital Markets Board Communiqué Series: VI, No:11, although it generally operates like an investment trust. In this aspect, Yeşil REIT is a composite company operating both in the real estate and finance sector, as a real estate investment trust.

While real estate agent business and construction works are determined as operations that we can execute, activities we can undertake have been listed in detail in the relevant Communiqué, and have been established with a different status, to encourage being open to public, institutionalization and logging in the real estate sector.

Resources gathered from a number of investors by going public are collected in a pool, and used to realize valuable real estate investments. Thus individual investors are given a chance to have a share in big real estate investments that they would not be able to undertake on their own, investment risk may be lowered since investments can be made in different projects with the idea of diversified portfolio. By professionally investing in real estate projects abiding by corporate principles, individual investors are both granted the right to benefit from expertise that they lack and facilitates liquidation which is not so easy in direct real estate investments.

Our Company can acquire income from different maturity and risk structures such as income from real estate sales, rental income, and interest income from securities. Our Company can invest in completed and rented real estates or development projects or a combination thereof, in compliance with different management strategies. The real estates in its portfolio are appraised by real estate experts licensed by the Capital Markets Board and disclosed to the public. Thus the investors may learn about the value of the assets in the portfolios of companies in an easy and reliable way. Our Company is also subject to independent financial audit, apart from the audits realized by Capital Markets Board and the Stock Exchange.

The collective risk management program of our company focuses on the unpredictability of financial markets and it is aimed to minimize potential negative effects on the financial performance. Our company manages the interest rate risk through natural measures by balancing its interest-sensitive assets and liabilities. Meanwhile the funding risk is managed by

obtaining sufficient financial facilities from top-quality financial institutions and shareholders, so that current and future possible debt requirements can be financed. The company supervises its foreign exchange risk generating from conversion of FX payables and receivables to the local currency, by analyzing the foreign exchange position.

For risk management and internal control system, studies have been carried out within the Audit Committee. Although management of financial risks financial affairs, finance, financial reporting are followed carefully under the control of Financial Affairs and Accounting departments, Audit Committee established to ensure that financial and operational activities are supervised in a sound manner, monitors the accounting system of the company, public disclosure of financial information, independent audit, and operation and activities of the Company internal control system. The Corporate Governance Committee also notifies the Board of Directors of problems and possible solutions relating to risk management and internal control mechanism whenever necessary.

19. Strategic Targets of the Company

The primary targets and company policy of Yeşil Gayrimenkul Yatırım Ortaklığı is to establish deals with local and foreign partners, build new residential centers using earthquake-resistant materials and cutting edge technology, appealing not only to a certain section of the society but to its whole, increase profitability and to maintain a balanced portfolio structure to reduce the risks of investors, engage in information exchange and communication with developed markets and provide information to international investors on the potential of the Turkish real estate sector.

It is to invest in real estate, real estate projects, real estate backed rights, capital market instruments and capital markets, within the framework of the principles and procedures determined by CMB. It is planned to concentrate on projects for detached houses with garden. It is planned to invest in projects that include every kind of recreational facility, earthquake resistant, low-rise condominiums not far from main arterial roads.

20. Financial Benefits Provided to the Board of Directors

Pursuant to the Company Articles of Association, remuneration of the chairman and members of the Board of Directors is determined by the General Assembly. Within this scope, every kind

of right, benefit and remuneration provided to the members of the Board of Directors and senior level managers, as well as criteria and principles used in determination thereof are disclosed to public. On the General Assembly meeting dated 26.03.2013 it was decided to pay a monthly gross attendance fee of TRY 1,700.

Company executives manage the company in a fair, transparent, accountable and responsible manner. Executives ensure that company business is conducted within the framework of the mission, vision, targets, strategies and policies of the Company. Executives are granted the authorities they need to fulfill their duties.

The Board of Directors will appoint a General Manager and a sufficient number of Managers for management of the Company activities and operations. General Manager must be a graduate of four-year universities or colleges of economy, finance, business administration, law, civil engineering, architecture or similar other disciplines, and must have a minimum experience of 5 years in law, construction and finance closely related to the real estate investments. To engage only in purchase and sale of real estates will not be considered as experience in such fields.

General Manager is liable to manage the Company in accordance with the decisions of the Board of Directors and under the provisions of the Turkish Commercial Code, the Capital Markets Law and other applicable legislation. The General Manager must be employed exclusively for this position on full time basis.

Executives comply with the legislation, Company Articles of Association, Company by-laws and policies while conducting their duties and inform the Board of Directors on compliance of their actions with the aforementioned.

Executives cannot use confidential information of the Company or information that is not in public domain about the Company for their own benefits or benefits of others; cannot provide untruthful, wrong, misleading information, spread news or make comments of this nature about the Company.

Executives cannot accept direct or indirect gifts, or enjoy unfair advantage in relation with the Company business.

The Company has not extended any loans, credits or extended credits under personal loan via a third party or provided collateral such as surety to any member of the Board of Directors or senior manager. Officers cannot use the confidential and public information of the company for the benefit of 3rd parties or themselves.