

Circular

Istanbul, 1 December 2017

Circular No: 117

Subject: Statements made concerning the implementation of corporation tax exemption applicable to the incomes of REITs.

Pertaining to the sub-clause no.4 of (d) clause within sub-article 1 of the Article 5 of Corporation Tax Law, income of real estate investment funds or real estate investment trusts (REIT) are exempt from corporation tax. Through the Corporation Tax General Communique series no.13 published in the Official Gazette dated 1 December 2017, statements have been made concerning the implementation of the aforementioned provision on exemption.

The concerning regulation of exemption regarding the income of real estate investment funds or real estate investment trusts essentially covers the incomes of real estate investment funds or real estate investment trusts that are operating real estate, real estate projects and a portfolio containing rights based on real estate. During the real estate investment funds' or real estate investment trusts' formation of their portfolio; preferring the deposits, participation accounts, repo, shareholding or assets and rights for the remaining part left from the requirement ratio to invest on real estates, real estate projects and rights based on real estate set by the Capital Markets Board would not pose any restriction.

Incomes of investment funds or real estate investment trusts that are holding a portfolio consisting of other assets and rights such as infrastructure investments and services unlike the aforementioned real estate investment funds or real estate investment trusts cannot be entreated to an exemption within the scope of sub-clause no.4 of (d) clause within sub-article 1 of the Article 5 of Corporation Tax Law. For those funds or trusts, being established in line with the capital markets regulation or having titles as "Real Estate Investment Fund" or "Real Estate Investment Trust" will not ensure them to benefit from the mentioned exemption.

Our explanations provided above include general information on the issue. No responsibility can be claimed against EY and Kuzey YMM ve Bağımsız Denetim A.Ş. due to the implications arising from the context of this document or emerging with respect to its context.

Best Regards,

KUZEY YMM VE BAĞIMSIZ DENETİM A.Ş.