

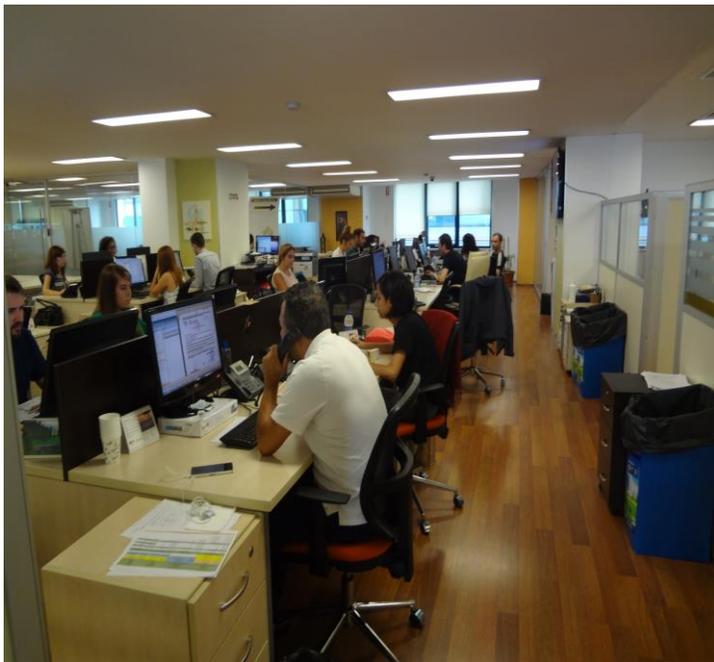
Company Profile

FU Real Estate Investment Services A.S

FU, based in Turkey, is the market leader in title processing services for the mortgage sector with a reported 28% of market share in 2014. The company works with leading financial institutions via its network of more than 750 lawyers in 81 provinces and 970 land registry departments in Turkey. It has the second-largest lawyer network after the Turkish Bar Association. It is supported by its proprietary developed software, which has reduced the processing time for title transactions.

The Challenge

Turkey's growing middle class has fueled the demand for buying houses without a mortgage. According to FU, mortgage transactions constitute only one-third of total house sales in Turkey, while the remaining transactions do not involve any bank financing. Without a mortgage, home buyers do not get access to legal advice or professional liability insurance, which helps to ensure that the deed is completed successfully (i.e. no unknown lien on the asset and no incomplete documentation). Most non-mortgage house buyers do not get consultancy services during the deed process due to high lawyer fees and lack of experts/companies offering this service. For larger transactions, real estate brokers sometimes guide buyers towards the bank for a much lower loan amount in order to utilize their deed process expertise. Single mothers and low-income home buyers have limited knowledge about mortgage financing and associated professional services that FU offers.



The Sustainability Innovation Grant (SIG)

In May 2015, FU was awarded a \$50,000 CAD Sustainability Innovation Grant (SIG) from Global Affairs Canada through a project managed by Mennonite Economic Development Associates (MEDA). The company planned to invest \$220,406 CAD of its own funds to implement the SIG activities. The purpose of the Grant was to offer FU services at reduced prices to recipients of its pro bono legal seminars, single mothers and low-income home buyers. The initiative was named Sağlam Tapu (means Strong Title).

To ensure that low-income women could participate in the training program FU discounted the prices of the modules for them. FU offered the Hürriyet Emlak product to its program participants for 225 TRY (Turkish Lira) instead of the regular price of 480 TL. FU also reduced the price of legal services to 75 TRY. Finally, FU also provided 320 TRY worth of free products to the program participants. This amounted to CAD \$47,520 worth of subsidized services.

SIG Impact

Established Strong Partnerships with Key Market

Players: FU partnered with Hürriyet Emlak, a major listing company that specializes in real estate, to develop Sağlam Tapu training modules. By working with Hurriyet Emlak, FU could draw on 14,000 real estate agents in Turkey. FU also established partnership with an NGO and TEB Paribas that helped provide legal training to low-income women. The seminars emphasized the importance of education, guidance and awareness in home economics and basic financial literacy.

Increased Customer Satisfaction with FU Services:

Sağlam Tapu users were impressed with FU's high level of service. They reported that the SIG initiative was a novel idea that provided relevant information and helped them save money and time.

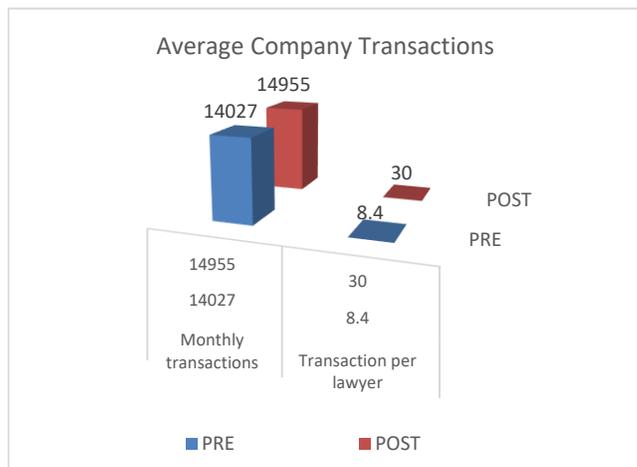
"I would describe FU's services in these words: quality, price (economical), efficient, and accurate. I paid only 900 liras (bought a house for 450000 lira); it was really a good deal/service. I'll definitely use FU services if I buy another property"- Sağlam Tapu user

"Sağlam Tapu is "fast, accurate, efficient (took only three days), cost-effective. [It has] helped me to make an informed decision not to buy a property, because I found out that there were 18 restrictions/limitations on the property"- Sağlam Tapu user

Increased Transactions: SIG resulted in an increased number of transactions from corporate and individual clients. Average monthly transactions increased by 7% (14,027 before the launch of the SIG initiative in June 2015 and 14,955 in June 2016). Average transaction per lawyer increased significantly from 8.4 in June 2015 to 30 by June 2016.

Improved Data Collection and Monitoring: As part of the SIG contract with MEDA, FU identified a set of key performance indicators (KPIs) specific to *Sağlam Tapu*. In addition, the company also reported on a few sustainability KPIs related to job creation, quality of jobs, gender diversity, contribution to local economy and environmental sustainability. As a result of SIG initiatives, FU established an internal reporting system and was able to capture and monitor data related to ESG and *Sağlam Tapu*. The company reported increased knowledge in measuring ESG related data and using the information during board meetings for discussion.

We found the non-financial data point reporting difficult in the beginning, but now it is very easy and we find it very useful. Reporting on KPIs is beneficial for us, especially providing information about challenges as it helps in solving those challenges. (SIG Contact Person)



Sustainability

Despite the challenges with outreach to low income clients, the project is sustainable because there is an interest and need of legal counselling and guidance and *Sağlam Tapu* fills the gap. At the end of the SIG contract, FU had been presenting its product to real estate offices. Through this service, FU would increase its individual client outreach without relying exclusively on corporate clients. The launch of its B2C digital platform and web portal provides FU with an ideal opportunity to target different client types. FU activities contributed to Sustainable Development Goals # 11: Sustainable Cities and Communities.

Lessons Learned

Managing stakeholder expectations: FU relied heavily on word-of-mouth marketing activities to find NGOs that wanted to become program partners. Since some NGOs are used to receiving financial rather than in-kind assistance, therefore, they were hesitant to recommend program participants. Because of the challenges FU experienced in creating partnerships with NGOs, the company has learned a lot about managing stakeholder expectations from the administration of this grant. Moving forward, it will ensure that it screens and engages with community organizations that understand the value proposition of technical assistance programs. This will ensure that it is applying its resources to creating more effective partnerships.

Company branding: Prior to participation in the SIG project, FU was not actively marketing its ESG activities or branding itself as an impact firm. However, the operationalization of *Sağlam Tapu* has increased its awareness of ESG, and the positive publicity it has received from the project has enhanced its reputation as an impact investor. It continues to make ESG policy changes and ensure that those policies are enacted into practice.

Outreaching to low income clients: FU experienced challenges in reaching out to low-income clients as they do not have the means to afford house mortgages. MEDA learned towards the end of the contract term that FU has avenues to impact lower income and marginalized clients like widows and orphans (who need knowledge about inheritance laws) or charity foundations (who receive property gifted or bequeathed to them for the benefit of the poor. These could have been integrated into the project from inception.