AKFEN GAYRİMENKUL TİCARETİ VE İNŞAAT A.Ş.

Company Valuation Report

Türkiye Sınai Kalkınma Bankası A.Ş.

February 28, 2011

Türkiye Sınai Kalkınma Bankası A.Ş.

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1. Introduction and Scope

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1.1 Scope and Methodology

Akfen Gayrimenkul Ticareti ve İnşaat A.Ş. (Akfen GT) was established in 1999 to operate in the real estate industry. It was taken over in 2004 by Akfen Group. In 2007, Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. ("Akfen REIT") became the majority partner with a 99.9% share.

On February 25, 2011, Akfen REIT made an application to TSKB to receive valuation consultancy on the valuation of its affiliate Akfen GT.

This study was completed without performing detailed legal and financial examinations, accounting audits and/or management presentations, in order to determine the value of the Company upon Akfen REIT's request, according to the current and future business plan of Akfen GT.

The valuation study consists of the following sections:

1. Introduction and Scope
2. The Industry
3. The Company
4. Expectations and Valuation
5. Annexes

The purpose of this study is to calculate the corporate value of Akfen GT. As the real estate projects and the real estates it owns form the basis for the company's activities, we decided that the most appropriate approach to determine the Company's value under the current conditions is the Discounted Cash Flows ("DCF") method. We prepared this report according to the aforementioned approach.

In this valuation report, the value calculated using the DCF method expresses the "fair market value." Any entity's most prominent feature in a trade activity is the "price" agreed by a willing buyer and seller as a result of a bargain between the two. As the basis of a trade activity, the "price" can be different than the "fair market value" for various reasons. This must always be taken into consideration.

The information and business plan obtained from Akfen REIT and Akfen GT were used for this study. Even though utmost care was taken to clear the study of all kinds of errors and deficiencies, potential errors and omissions in data received from external sources may affect the evaluation results, as is the case in all studies.

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1.2 Valuation Summary

The Company

Core business area of Akfen Gayrimenkul Ticareti ve İnşaat A.Ş is investing in, developing, and operating on real estate. Partnered by Akfen REIT at a rate of 99.9%, Akfen GT obtains rent revenue from its five-star hotel in the Turkish Republic of North Cyprus and carries out hotel and office projects in Russia.

Located in the Turkish Republic of North Cyprus, Mercure Hotel has been in service with its five-star hotel and casino since 2007. The Company also acquired a land which is allocated by the Forest Office of the TRNC The Ministry Of Agriculture on December 30, 2010 for 49 years in Bafra – Turkish Republic of North Cyprus. The Company runs all of its projects in Russia (except the Moscow Hotel Project) through Russian Hotel Investment B.V. ("RHI"), based in Netherlands and Russian Property Investment B.V. ("RPI") of which it owns 50 percent. The Company is also working on an Ibis Hotel project in Moscow. Stock purchase agreement was signed in order to lease long-term and have property option for the Moscow Project land. According to plans, the Company will participate 100% in the Moscow hotel project company with a new affiliate to be established abroad.

RHI, one of the affiliates, was established on September 21, 2007, with partnership of Akfen GT and Eastern European Property Investment Ltd (EEPI) to carry out hotel projects in Russia.

RPI was established on January 8, 2008, as a joint venture of Akfen Gayrimenkul Geliştirme ve Tic. A.Ş. and Eastern European Property Investment Ltd (EEPI) to carry out office projects in Russia. Akfen GT took over Akfen Gayrimenkul Geliştirme ve Tic. A.Ş. shares on June 5, 2009.

Hotel and office projects in Russia, their room capacities and targeted opening dates are summarized in the following table.

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Table 1.1 Projects in Russia

Started and Planned Projects	Number of Rooms	Start Date	Ending Date	Land Size (m^2)	Construction Area (m^2)
Samara IBIS	204	07/2009	10/2011	2,467	9,904
Yaroslavl IBIS	177	04/2010	10/2011	4,432	7,916
Kaliningrad IBIS	167	01/2011	07/2012	5,099	6,209
Samara Office	-	07/2009	07/2011	1,048	6,510
Moscow Leningradsky IBIS	475	01/2011	01/2014	3,000	20,030

The company had its projects in Russia and real estate in TRNC valuated by TSKB Real Estate Valuation Company on February 28, 2011. Results of the valuation study are listed in the following table.

Table 1.2 Values of Real Estate According To Expertise Reports

Real Estate	Value (EURO)	Akfen Share (EURO)
Kaliningrad IBIS	14,222,000	7,111,000
Moscow IBIS	66,119,000	66,119,000
Samara IBIS	28,112,000	14,056,000
Samara Ofis	8,536,000	4,268,000
Yaroslavl IBIS	28,079,000	14,039,500
TRNC	80,317,000	80,317,000
TOPLAM	**225,385,000**	**185,910,500**

(Source: TSKB Gayrimenkul Değerleme A.Ş.)

Valuation Result

The Discounted Cash Flow ("DCF") method was used in this report to determine the value of Akfen GT. The DCF method involves calculation of the future forecast operating volume (sales revenues) and resulting cash revenue of this operating volume (operating profit + amortization). The free cash flows which remains after paying taxes, covering the needed operating capital needs and making fixed asset investments, are also included. Future cash generation forecast by years is discounted over the weighted average capital cost and the current value of cash flows is obtained. The value obtained is the **Enterprise Value** expressing the company value excluding financial debts. After deducing financial debts, if any (financial debts - Liquid Assets), and severance pays and notice

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pays, if needed, and adding affiliates, if any, or other non-operational assets, the targeted Equity Value is found.

In consequence of analyses, the equity value of Akfen GT calculated according to the DCF method is summarized in the following table:

Table 1.3: Summary Table of Company and Equity Values as of February 28, 2011

Euro (000)		Value	Financial Liabilities (-)	Liquid Assets(+)	Equity Value
Akfen GT HQ	KKTC & HQ Value	77,148	22,811	5	54,342
	Land in Bafra	2,744	-	-	2,744
RHI(50%)	Samara IBIS	17,746	11,133	10	28,884
	Yaroslav IBIS	14,560			
	Kaliningrad IBIS	7,701			
RPI (50%)	Samara Office	7,492	3,400	1	4,093
Moskow Project	Moscow Leningradsky IBIS	44,555	-	-	44,555
Akfen GT Company Value		**171,945**	**Akfen GT Equity Value**		**134,618**

Within this scope, the equity value was calculated as approximately **€134.618 million** ***(297.936 million Turkish Lira[1])*** based on the DCF method.

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[1] Euro/TL selling rate (2.2132) of CBRT dated February 28, 2011 was taken as basis.

1.3 Opinion On The Valuation Result

Akfen GT owns Mercure Hotel in TRNC and carries out real estate projects for hotel and office projects in Russia.

Mercure Hotel in TRNC has been in service with its hotel and casino since the beginning of 2007. Hotel and casino sections of the Mercure Hotel have been leased since 2008. In Russia, the company invests in hotel and office projects through its affiliates.

In the valuation study, we assumed that TRNC Mercure Hotel will continue to be leased in the future. Also, we taking TSKB Real Estate Appraisal Co.'s appraisal report into consideration and Land in Bafra which was acquired by The Firm in December 30, 2010, was valued according to the appraisal value in TSKB Real Estate Appraisal Co.'s report.

Taking business plan of the Company into consideration, the projects in Russia were valued according to the investment amount, occupancy and price assumptions.

The study has shown that the Equity value of the Company is expected to reach **€134.618 million (297.936 million Turkish Lira[1])**.

Taking the existing and potential business plans of the Company into account, we consider that the most appropriate method of valuation is the DCF method and the value calculated using this method reflects the fair market value.

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[1] Euro/TL selling rate (2.2132) of CBRT dated February 28, 2011 was taken as basis.

2.The Industry

2.1 Tourism Industry

2.1 Tourism Industry in the World

The tourism industry is one of the rapidly developing and growing industries around the world. In the globalizing world, people tend to travel to further distances. Main reasons of this trend are the increase in the share of tourism and vacation in disposable personal income, rapid development of transportation and communication technology and people's desire to visit new regions they are curious about.

As a result of its varied structure, tourism covers both activities like accommodation, planning, trip organization and sales, called typical touristic activities, and activities like transportation and car rental, not depending only on consumption on tourists, but used also by them.

Continuing to grow in spite of economic recession throughout the world, this dynamic industry also serves as a driving power for industries such as transportation, services and retail.

Alongside its contribution to national income, tourism also plays a major role in meeting the deficit in balance of payments with the foreign exchange it brings into the country. As it provides employment opportunities to large masses, the tourism industry is advantageous as one of the industries with most intensive employment. It continues to be an efficient marketing and advertising tool for the country as well.

Tourism is currently an industry constituting a major part of the world's gross product. The World Travel & Tourism Council report states that the travel and tourism industry has an estimated share of 9.1 percent in the world's total GDP in 2011 and that this figure amounts to around $5,987 billion.

The report forecasts that the tourism and travel product calculated over world's total GDP figures will grow 4.1 percent on average annually and reach $11,964 billion as of 2021. Top 10 countries in terms of the output of the tourism and travel industry are listed below. As can be seen from the table, USA is in the lead by far.

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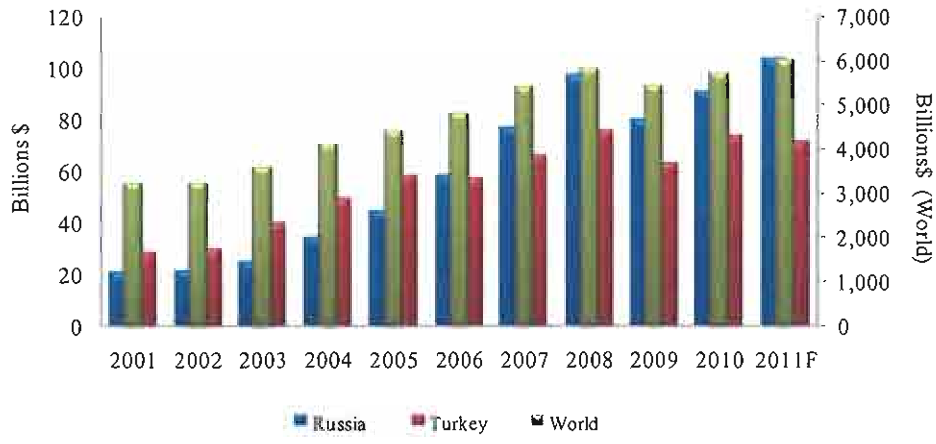
Table 2.1 Output of the Tourism and Travel Industry ($ Billion)

Country	2011F
United States	1,349.64
China	565.63
Japan	376.55
France	227.88
Spain	191.67
Brazil	187.26
Australia	175.71
Italy	170.49
UK	162.31
Germany	145.65
Russia	103.38
Turkey	71.48

(Kaynak: World Travel & Tourism Council Report)

The same WTTC report forecasts that the tourism and travel product calculated over Russia's total GDP figures will be 103.38 billion USD$ in 2011. In Turkey, the tourism and travel product calculated over its total GDP figures will be 71.41 billion USD$. As can be seen from the table, the comparatively GDPs from the tourism and travel product between Turkey and Russia are increasing.



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2.1.2 TRNC

Economic Outlook

Even though it is not one of the leading countries in the global ranking, TRNC (Turkish Republic of North Cyprus) is one of the countries where the tourism industry plays a major role in its own economy. In parallel with the tourism industry developing every year, TRNC economy is generally in a rapid growth trend. The GDP climbed 277% between 1997 and 2006 (according to 1997 prices). However, owing to developments starting with the banking crisis and affecting all industries adversely with problems stemming from foreign exchange rates, 2000-2001 was a period of economic recession. The economy entered a significant growth trend by 2002, after the banking crisis was surmounted with financing from Turkey, banking industry legislation was amended and hopes for resolution in the TRNC problem and EU membership expectations rose and local and foreign investments increased. The last five years were determined as the period with highest recorded growth rate in the TRNC economy.

Principal factors playing a role in economic growth are: the general growth in industries, constant growth of certain national industries, mainly the tourism industry, and increases in tax amounts due to rising foreign commerce.

Tourism in TRNC

Tourism industry is one of the most important industries in the TRNC economy. According to the 2006 census, population of North Cyprus is around 265,000, including workers and settlers from Turkey. The population increases even more with tourists coming in the summer. 78.8 percent of tourists come from Turkey. Alongside those from Turkey, people from 45 different countries visit the country. Other than Turkey, most tourists come from England, Gérmany, Iran, Moldova, USA, Syria, Bulgaria, Russia and Italy.

Information on touristic facilities, provided by TRNC Ministry of Tourism, Environment and Culture are below. Total bed capacity rose from 15,440 in October 2008 to 15,705 in October 2009, with an increase of 1.7 percent.

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Table 2.3 Cyprus' Tourism Revenue, Bed Capacity By Months

Months	2008	2009	Change %
January	15,094	15,044	-0.3
February	15,094	15,044	-0.3
March	14,960	15,044	0.3
April	14,794	15,111	2.1
May	14,794	15,219	2.9
June	15,026	15,219	1.3
July	15,184	15,219	0.2
August	15,440	15,523	0.5
September	15,440	15,551	0.7
October	15,440	15,705	1.7

(Source: TRNC Ministry of Tourism, Environment and Culture)

Average occupancy rate in the first ten months of 2009 in touristic accommodation facilities was 37.4 percent. This figure was 35.3 percent for the same period in 2008.

Another striking feature is that yearly average occupancy rate of hotels with casinos is 48.5 percent, while this figure is 28.1 percent for hotels without casinos.

Table 2.4 Occupancy Rate by Months

Months	2008	2009	Change %
January	16.3	20.4	25.2
February	18.6	20.0	6.4
March	26.4	21.5	-18.6
April	28.6	32.7	13.5
May	39.0	39.6	1.5
June	37.7	43.8	16.2
July	42.6	50.0	16.8
August	55.8	53.3	-4.5
September	39.7	44.8	12.8
October	40.5	40.3	-0.5
Average	**35.3**	**37.4**	**5.9**

(Source: TRNC Ministry of Tourism, Environment and Culture)

Considering October 2009 occupancy rates by regions, the highest occupancy rate is in the city of Kyrenia with 45.6 percent. Kyrenia is followed by Famagusta with 34.6 percent and Nicosia with 29.2 percent.

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Table 2.5 Occupancy Rates by Cities

City	Share %
Kyrenia	45.6
Famagusta	34.6
Nicosia	29.2
Trikomo	23.8
Morphou	2.5

(Source: TRNC Ministry of Tourism, Environment and Culture)

Considering the number of hotels as of October 2009, Kyrenia takes the first place with 96 hotels and a share of 76 percent in TRNC in general. The same dominance holds in terms of number of beds.

Table 2.6 Numbers of Hotels by Cities

City	Number of Hotels	Share %	Number of Beds	Share %
Kyrenia	91	76	11,065	71
Trikomo	14	12	2,414	15
Famagusta	8	6	1,484	10
Nicosia	3	3	524	3
Morphou	3	3	218	1
Total	**119**	**100**	**15,705**	**100**

(Source: TRNC Ministry of Tourism, Environment and Culture)

The table below lists hotels in TRNC as of October 2009, according to their features. Accordingly, there are 12 five-star hotels in the region, which cover most of the touristic accommodation with 6,712 beds.

Table 2.7 Numbers of Hotels by Their Features

Features	Number of Facilities	Share %	Number of Beds	Share %
Five-star hotel	12	10	6,712	43
Four-star hotel	6	5	1,644	10
Three-star hotel	16	13	2,045	13
Two-star hotel	19	16	1,361	9
One-star hotel	19	16	581	4
Hotels with special certificate	1	1	34	0
Second class holiday resorts	6	5	1,005	6
Bungalow houses	32	27	1,851	12
Apartment Hotels	6	5	396	3
Pensions	1	1	34	0
Boutique Hotels	1	1	42	0
Total	**119**	**100**	**15,705**	**100**

(Source: TRNC Ministry of Tourism, Environment and Culture)

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2.1.3 Russia

Economic Outlook

Russia, the biggest natural gas and the second biggest oil producer of the world, is the 10th largest economy of the world with a GDP about $.1.5 [1] trillion. Russia was affected considerably from the global economic crisis breaking out at the end of 2008, and the Russian economy shrank 7.9 percent in 2009.

Russia brought down its inflation rate from double-digits in 2008 and 2009 to single-digits in 2010, lowering it to 6.9 percent. According to IMF estimates, the growth trend is likely to continue in the Russian economy, which is estimated to grow 4 percent in 2010.

On January 5, 2011, Rating Agency Fitch changed the rating of Russia to positive tracking, as a result of the decrease in inflation rates, and the drop in budget deficit.

Tourism in Russia

As of 2009, the travel and tourism industry makes up 6.4 percent of GNP of the Russian Federation. Total employment in the industry is 687,800 people as of 2009. According to forecasts, construction projects frozen with the economic crisis will restart as of end of 2009, therefore the number of both hotel and office projects will re-escalate in line with the demand to stir with the recovering economic structure. Moreover, Russia was announced as the host country of FIFA 2018 World Cup. The tourism industry is expected to make a major breakthrough in line with investments to the region in the coming years. Moscow, Yaroslavl, Samara and Kaliningrad, where the Company develops projects, are among cities World Cup matches will be played. Income generated by the industry is estimated to grow 5.6 percent until 2020. A few of the cities and regions chosen by us in line with existing potentials are listed below.

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[1] This is the value given in the World Bank Report for the end of 2009.

Figure 2.1 Map of the Russian Federation

Moscow

Moscow, one of important tourism centers of the world, is the capital of the Russian Federation. Home to 10.4 million people, the city is in the top rank in the list of most expensive cities of the world according to 2007 statistics. In addition to its historical background, the city is known to be visited intensively by investors and businessmen every year. Affected a little by the decreasing demand for travel and accommodation after the economic crisis in 2008, the hotel industry started to recover as of the end of 2009 and about 1,000 new rooms entered into service throughout the city, amounting to an increase of 3.6 percent in total room capacity. After closing 2009 with an occupancy rate of 59 percent, the four and five star hotel industry is expected to grow even more in 2010 with the increasing demand. As the hotel demand in Moscow is expected to increase by 2010, a growth of 10 to 12 percent is expected in five star hotels to meet this demand. Occupancy rates of hotels in Moscow, generally between 70 and 80 percent, climb to as high as 100 percent at times of cultural events. Some of the planned five-star hotels in Moscow are Holiday Inn Moscow, Renaissance Moscow MonarchCenter, Crowne Plaza, Lotte and Intercontinental Moscow. Prospective four-star hotels are Radisson Belorusskaya, Radisson Riverside and Garden Ring.

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Located next to Pregolya River with an area of 223 km2, the region has a population of 421,673 according to the census held at the beginning of 2008. 24 km away from Krabrovo Airport, the city also provides easy transportation to many cities by train. The region shines out not only with natural beauties, but also with its industrial facilities. Metallurgy industry is the main source of income. Kaliningrad gained the status of Special Economic Zone in 1991, thus becoming a region offering tax advantage to investors. Additionally, according to the visa practice that came into effect after 1991, visa obligation for foreign tourists staying for less than 72 hours in the region was abolished. Germans make up 75 to 77 percent of tourists visiting the region. In parallel with the developing tourism industry, hotel demand is expected to increase considerably in the near future.

Samara

Samara region is located in the European portion of the Russian Federation and is bordered by Kazakhstan in the south. According to the census held at the beginning of 2008, population of the region is 3,172,787. Automotive, hydro-electric power, metal processing and petro-chemistry are the leading industries in the region. There are also rich oil and natural gas fields in the region. The city has many historical artifacts drawing interest of many tourists and tourism industry officials emphasize the need for new hotels and facilities in the area. Samara is a developing region in terms of tourism. In Samara Oblast, festivals are held at the shores of Mastryukovo lakes of Volga, which causes the population to rise in summer. 60 to 90 minutes away from Kurumoch Airport, the city is connected to other cities with railway and highway network as well.

Yaroslavl

Located in the north of Russia, in the Volga Basin, the region comes to the fore with its gross regional income growth ratio significantly more than the Russian average, taking the period between 2000 and 2008 into account. With a population of around 635,000, the city of Yaroslavl attracts interest of local and foreign tourists with its natural beauties, historical artifacts and rich oil fields. Especially with events to be held to commemorate 1,000th anniversary of the foundation of the city in 2010, the city is expected to become more popular and offer a high potential for tourism. The region with 785 historical and cultural artifacts is preferred by tourists, as it offers easy access to Moscow and St. Petersburg. 300 new rooms entered into service in

2008 in the city, which aims to meet the increasing demand with new planned investments in 2010, and raise its total tourism revenues from 900 million Ruble in 2008 to 1.9 billion Ruble.

1.3 million domestic and foreign tourists in total visited the city of Yaroslavl in 2010. Official figures show that 31 percent of tourists come through cruise tourism, 28 percent for cultural tourism and 27 percent for business tourism.

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2.2 Industrial Outlook

According to the World Travel Tourism Council, the tourism and travel sector entered the recovery period in the second half of 2010 and its worldwide GDP is expected to grow by 3.8 percent as of 2011. The sector is also expected to grow annually by 4.15 percent on the average by 2020.

Considering the tourism & travel sector's GDP expectations for 2020 by country, the top ten countries are listed below. As can be seen, the. U.S. is expected to maintain the leadership in GDP.

Table 2.8 Tourism and Travel Sector's GDP Forecasts ($ billions)

Country	2020F
United States	2205
China	2173
Japan	397
France	303
UK	279
Spain	238
Italy	237
Russia	220
India	200
Germany	178

(Source: World Travel & Tourism Council Report)

Within the tourism and travel sector, Russian Federation, expected to have annual tourism & travel GDP growth of 3.77 percent on average, is forecasted to achieve slightly lesser growth then the world average of 4.15 percent. According to the same research, Turkey will exceed the world average and grow annually by 4.45 percent on average to reach 132.9 billion American dollars by 2020.

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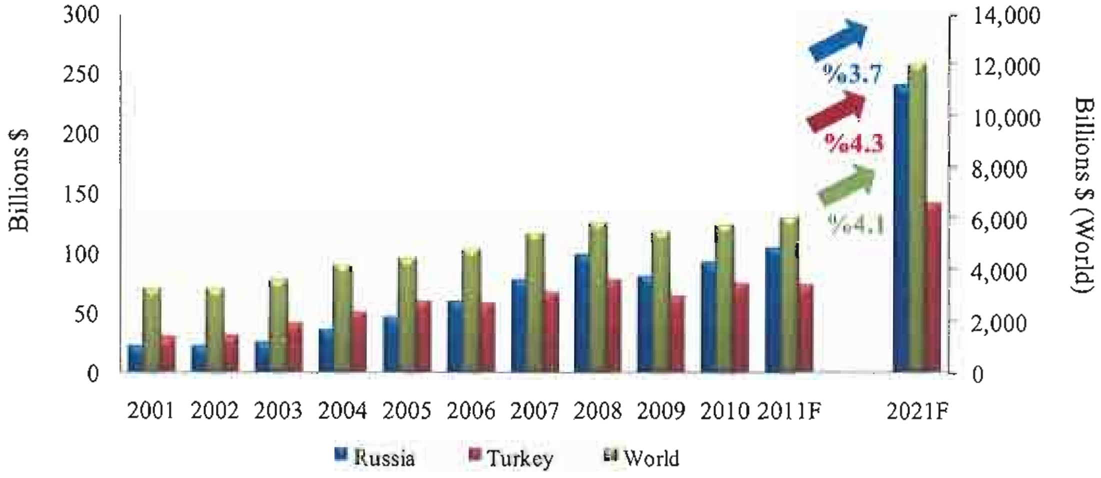
Figure 2.2 Tourism and Travel Sector's GDP Growth Forecasts



(Source: World Travel & Tourism Council Report)

Table 2.9 Tourism and Travel Sector's GDP

$ billion	2011	2021T	Average Annual Growth %
World	5.987	11.964	4.1%
Russian Federation	103	239	3.7%
Turkey	71	141	4.3%

(Source: World Travel & Tourism Council Report)

Table 2.10 Investments in the Tourism and Travel Sector

$ billion	2011	2021T	Average Real Annual Growth %
World	652	1.488	5.3%
Russian Federation	8	24	6.1%
Turkey	9	22	6.8%

(Source: World Travel & Tourism Council Report)

It has been estimated that capital investments into the tourism and travel sector amounted to 652 billion American dollars as of the end of 2011. This figure is expected to grow annually by 5.3 percent on average to reach 1.488 billion American dollars by 2021.

In the Russian Federation, the investments into the tourism and travel sector are expected to grow annually by 6.1 percent on average to reach 24 billion American dollars by 2021.

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3. The Company

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3.1 General Information

3.1.1 Establishment and Current Status

Akfen GT's core business is to make, develop, operate, and have some other company operate real estate investments. Founded on August 4, 1999 as T-T Turizm İnşaat Tarım Besicilik Sanayi ve Ticaret A.Ş (T-T Tourism, Construction, Agriculture, Stockfarming, Industry and Commerce Inc.), the company was renamed on September 27, 2006 as Akfen Gayrimenkul Ticaret ve İnşaat A.Ş (Akfen Real Estate, Commerce and Construction Inc.). 99.9 percent of the company's shares owned by Akfen Holding A.Ş. and Akfen İnşaat Turizm ve Ticaret A.Ş were transferred to Akfen REIT (Akfen REIT) on February 21, 2007.

Akfen GT is currently earning rental income from its 5-star hotel in the Turkish Republic of Northern Cyprus'de (TRNC) and developing hotel and office projects in the Russian Federation.

The Mercure Hotel in the Turkish Republic of Northern Cyprus has been operating since 2007 as a 5-star hotel and casino complex. The Company also acquired a land which is allocated by the Forest Office of the TRNC The Ministry Of Agriculture on December 30, 2010 for 49 years in Bafra – Turkish Republic of North Cyprus. The company develops all its projects in Russia, except the Moscow project, through its two 50-percent subsidiaries, Russian Hotel Investment B.V. ("RHI") and Russian Property Investment B.V. ("RPI"), both based in the Netherlands.

The partnership relations of Akfen GT with the group companies are shown in the following diagram.

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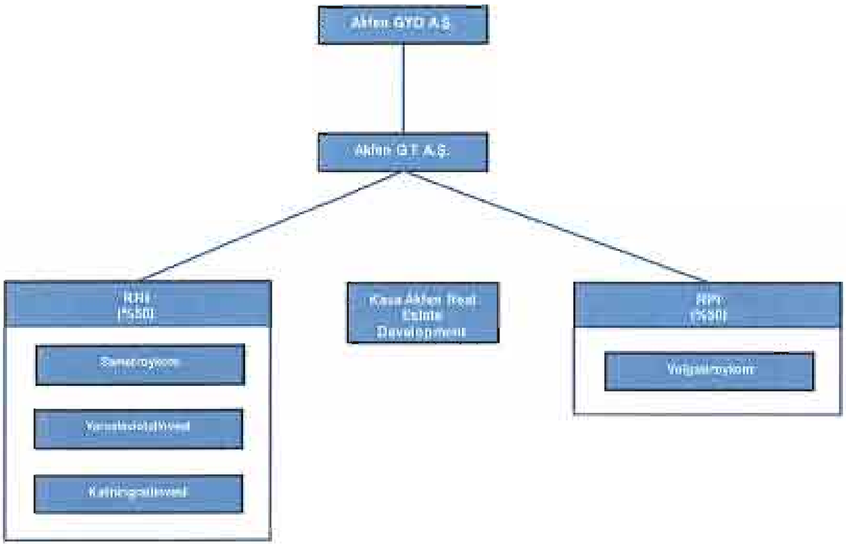
Table 3.1 Partnership Relations



The company plans to participate 100% into the Moscow project, which is under the establishment phase, through a new subsidiary to be founded abroad.

3.1.2 Capital Structure

The company's capital of 35 million Turkish Liras has been increased to 50 million Turkish Liras as of February 28, 2011.Total capital increasing is paid in cash.

The distribution of the company's capital among its shareholders is shown in the following table.

Table 3.2 Share Distribution

Shareholders	The Amount of Shares (TL)	Percentage of Shares (%)
Akfen REIT A.Ş.	49.999.900	99.999714%
Şafak Akın	25	0.000071%
Hamdi Akın	25	0.000071%
Akınısı Mak.San. Ve Tic. A.Ş.	25	0.000071%
Akfen Tur. Yat. Ve İşl. A.Ş.	25	0.000071%
Total	**50,000,000**	**100%**

(Source: Akfen GT)

3.1.3 Subsidiaries

Akfen GT has two the Netherlands-based subsidiaries. One is the Russian Hotel Investment B.V. ("RHI"), and the other is the Russian Property Investment B.V. ("RPI").

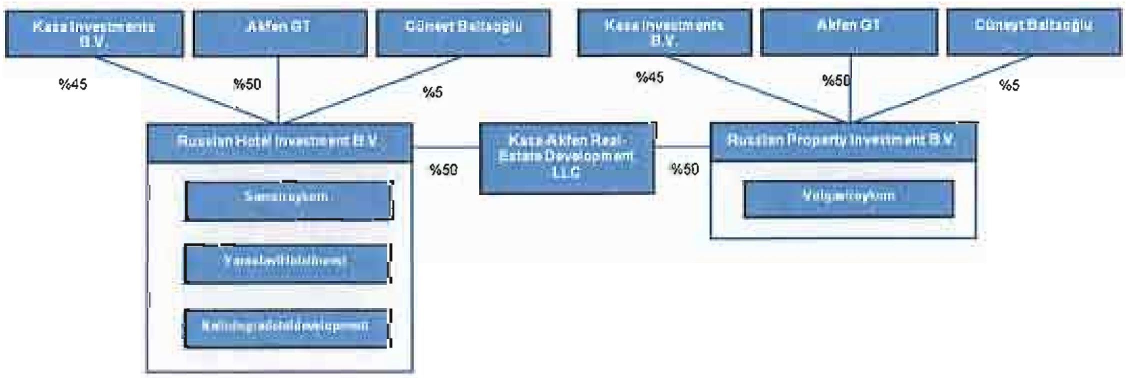
RHI was founded on September 21, 2007 with the partnership of Akfen GT and the Eastern European Property Investment Ltd (EEPI) to develop hotel projects in Russia. Both partners have 50 percent shares. Since the current legislation in Russia requires the foundation of a separate company for each hotel project, the companies founded for hotel projects are gathered under the roof of RHI. The companies founded for hotel projects under the roof of RHI are shown in Table 3.3.

RPI was founded on January 8, 2008 as a joint venture by Akfen Gayrimenkul Geliştirme ve Tic AS and the Eastern European Property Investment Ltd. (EEPI) to develop office projects in Russia. All companies founded on project basis are gathered under the same roof. The shares of Akfen Gayrimenkul Geliştirme ve Tic AS were transferred to Akfen GT on June 5, 2009. Except for the currently active Samara Office project, companies founded under the roof of RPI are all inactive.

RHI and RPI also founded a joint venture in Russia under the name of Kasa-Akfen Real-Estate Development LLC. The core business of this Moscow-based company is to act as central office for the management of investment projects in Russia.

The Eastern European Property Investment Ltd. (EEPI) transferred 45 percent of its shares in RPI and RHI to Kasa Investments B.V. on December 21, 2010 and 5 percent of them to Cüneyt Baltaoğlu on December 28, 2010.

Table 3.3 Current Subsidiary Structure



3.1.4. Operations

Based in Ankara, Akfen GT operates mainly in two regions centered on TRNC and Russia.

Russia-based projects are managed by two subsidiaries of Akfen GT, RHI and RPI. TRNC operations are managed by Akfen GT itself, which is registered in the TRNC Overseas Trade Register.

TRNC

The hotel and casino operating lease incomes from the Mercure Hotel, owned 100 percent by the company and completed in December 2006 in the city of Kyrenia in the TRNC, represent the TRNC side of Akfen GT's total incomes.

Constructed on the land allocated by the Real Estate and Supply Office of the TRNC Ministry of Finance on August 1, 2003 for 49 years, the 5-star hotel and casino is operated under the name of Mercure Hotel with a capacity of 299 rooms and 648 beds, on a total area of 31,315 square meters.

Akfen GT, being owner of the Mercure Hotel, has been leasing both the hotel and the casino since early 2008.

The hotel is operated by Serenas Turizm Kongre Organizasyon Otelcilik A.Ş. (Serenas Tourism, Convention, Organization & Hotel Management Inc.). Pursuant the contract signed on December 3, 2007, the lease period of the hotel is 5 years, which the parties have undertaken to extend 5 more years upon mutual understanding at the end of the first 5 years. The annual rent collected was 1.2 million euro in 2010, while the contract foresees it to increase to 1.5 million euro in 2011 and to 2 million euro in 2012. For the following years, the annual lease income is expected to increase by annual Euribor.

In addition to the hotel lease incomes, the other part of Akfen GT's incomes from the hotel in TRNC comes from the lease incomes of the casino situated on a closed area of 2,248 m2 within the Mercure Hotel.

The Mercure Hotel's casino is operated by Voyager Kıbrıs Limited (Net Holding AS). Pursuant to the lease signed on March 16, 2007, the lease period is 5 years, which the parties have undertaken to extend 5 more years upon mutual understanding at the end of the first 5 years. The lease signed by the parties stipulates an annual lease income of 3 million euro, with an annual increase by Euribor.

The name of the hotel, "Mercure," is the brand name used by the French Accor Group, one of the world's most important hotel management companies, for its 5-star hotels and has been leased to Akfen GT as a brand operating right. Since the hotel is currently being operated by Serenas, the annual royalty fee is defrayed by Serenas.

Russia

The other part of the Akfen GT's operations included the Russia hotel and office investments. As stated above, the company carries out its operations under the hotel and office projects started in Russia thorugh its two subsidiaries, RHI and RPI.

Information on hotel and office projects started in Russia is summarized in the following table.

Table 3.4 Overview of Russian Projects

Projects Started and Planned	Number of Rooms	Construction Start Date	Launch Date	Land Size (m^2)	Construction Site (m^2)
Samara IBIS	204	07/2009	10/2011	2.467	9.904
Yaroslavl IBIS	177	04/2010	10/2011	4.432	7.916
Kaliningrad IBIS	167	01/2011	07/2012	5.099	6.209
Samara Office	-	07/2009	07/2011	1.048	6.510
Moscow Leningradsky IBIS	475	01/2011	01/2014	3.000	20.030

(Source: Akfen GT)

The lands of all the hotel projects, except for the Samara hotel and office projects, are to be leased for 49 years following the construction period of 3 years. The company is entitled to purchase the lands located in the cities of Kaliningrad and Yaroslavl, following the completion of construction works.

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3. 2 Financial Analysis

Akfen GT's consolidated summary financial statements for the years 2008-2010 are given below. The financial statements of Akfen GT Headquarters and Akfen GT TRNC are consolidated in compliance with the international financial reporting standards. However, the investments into RHI and RPI are recorded as costs under the title of Financial Investments.

BALANCE SHEET OF AKFEN GAYRİMENKUL TİCARETİ VE İNŞAAT AŞ

€	31.12.2008	31.12.2009	31.12.2010
Current Assets	2,027,059	60,758	1,861,472
Cash and cash equivalents	1,015,070	3,293	39,831
Trade receivables	610,451	38,206	771,556
Other receivables	357,110	-	1,002,800
Other current receivables	44,428	19,259	47,286
Fixed Assets	76,159,980	73,730,257	92,756,884
Other receivables	13,837	12,302	13,587
Financial receivables			11,349,060
Investments valuated by the equity method	277,365	3,790,333	-
Invest. properties & ongoing invest. properties	74,150,572	68,171,933	79,545,034
Tangible fixed assets	46,930	32,721	8,207
Other fixed assets	1,671,276	1,722,968	1,840,996
Total Assets	**78,187,040**	**73,791,015**	**94,618,356**
Short Term Liabilities	**8,585,493**	**13,602,857**	**6,717,283**
Financial liabilities	7,598,660	6,630,426	5,262,237
Trade payables	198,053	9,075	57,008
Other liabilities	764,710	6,930,439	1,369,271
Other short term liabilities	24,071	32,917	28,767
Long Term Liabilities	**26,410,325**	**21,493,293**	**18,889,029**
Financial liabilities	24,163,971	21,180,273	17,502,792
Deffered taxes	2,246,354	313,020	1,386,237
Shareholders' Equity	**43,191,221**	**38,694,865**	**69,012,044**
Paid in capital	6,562,910	6,533,812	23,668,921
Distinction from share capital adjustments	148,764	148,105	277,994
Foreign currency conversion adjustments	(1,417,898)	135,234	-
Accumulated profit / (loss)	25,980,365	36,422,414	34,733,665
Net profit	11,917,080	(4,544,700)	10,331,464
Total Liabilities	**78,187,040**	**73,791,015**	**94,618,356**

(Kaynak: Akfen GT)

The company's balance sheet was converted into euro, based on the Turkish Central Bank's (TCMB) year-end buying exchange rates, given in the following table:

Table 3.5 TCMB's Year-End Buying Exchange Rates

	2008	2009	2010
EURO/TL (Year-end Buying Exchange Rate)	2,1332	2,1427	2,0551

(Source: TCMB)

The company's income statement was converted into euro, based on the TCMB's average buying exchange rates, given in the following table:

Table 3.6 TCMB's Average Buying Exchange Rates

	2008	2009	2010
EURO/TL (Average Buying Exchange Rate)	1,8975	2,1506	1,9890

(Kaynak: T.C.M.B.)

Akfen GT's total assets were around 95 million euro as of 2010. 84 percent of the total assets were composed of the investment properties.

Investment properties account was composed of the Mercure Hotel in the TRNC, which is subjected to valuation every year.

In 2010, the company's financial investments of 11.4 million euro were composed of its two subsidiaries, RHI and RPI.

Considering the company's liabilities in 2010, around 18 percent was observed to be composed of long-term financial liabilities (bank loans).

Around 67 percent of these long-term loans are in euro and their interest rate is Euribor (3 months) + 3.7 percent. For the company's loans in Turkish Liras, the interest rate is 10 percent. The Company does not have any short-term loans in the periods analyzed. The long-term loans have been also observed to follow uptrend in parallel with the increase in the investments. The long-term loans in euro end on September 10, 2015, while long-term loans in Turkish Liras end on May 16, 2016

The company's capital of 35 million Turkish Liras has been increased to 50 million Turkish Liras as of February 28, 2011. Total capital increasing is paid in cash.

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INCOME STATEMENT OF AKFEN GAYRİMENKUL TİCARETİ VE İNŞAAT A.Ş.

€	31.12.2008	31.12.2009	31.12.2010
Sales revenue	4,541,033	4,381,308	4,268,131
Cost of sales	(220,946)	(26,807)	(12,721)
Gross profit	4,320,087	4,354,501	4,255,410
Overhead Expenses	(410,852)	(226,547)	(102,022)
Other operational income	21,362,905	1,118	8,736,283
Other operational expenses	(4,960)	(5,875,173)	(59,858)
Operational Profit	**25,267,181**	**(1,746,101)**	**12,829,813**
Loss share of the investments valuated by the equity method	(512,182)	(1,001,487)	-
Financial gains	4,676,327	3,565,066	3,397,941
Financial expenses	**(12,880,839)**	**(7,277,260)**	**(4,457,850)**
Profit Before Taxes	16,550,486	(6,459,781)	11,769,904
- Deferred tax income / (expense)	(4,629,015)	1,916,310	(1,095,098)
Net Profit	**11,921,471**	**(4,543,471)**	**10,674,807**

In the years analyzed, the company's incomes were mainly composed of hotel and casino lease incomes.

The other operational revenue, which is also an important income item, came from the revaluation of the investment properties observed in the balance sheet. Due to the increase in value of the Mercure Hotel in TRNC, around 21 million euro was recorded ad income in 2008. In 2009, the increase in the other operational expenses was caused by the loss share in the subsidiaries consolidated by equity method and by the exchange rate difference.

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4. Forecasts and Valuation

F. Değirmenci
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4. 1 Valuation Method

There are various methods which can be used in the valuation of a company. They may either consider only the future performance of the company (cash generation, dividend yield, etc.) or appraise the company's current assets (reconstruction or disposal, etc.) according to various approaches or benchmark the company's present and future size and performance with its peers in the markets and valuate it against the price parameters bases on selected marker indicators.

This study which aims to appraise Akfen GT used the Discounted Cash Flow ("DCF") method. This method first calculates the company's estimated future operating volume (sales proceeds), its cash generation from its operations (operational profit + depreciation) and its free cash flows obtained after the tax payments and fixed asset investments. The cash generation estimated by years is discounted by a specific rate to have the current value of cash flows. The discount rate is the Weighted Average Cost of Capital (WACC), which represents the weighted average of equity and debt costs. The value obtained is the Enterprise Value, also known as company value or assets value, which represents the value excluding the financial liabilities. By deducting the net financial liabilities (financial debts – liquid values), if any, and severance and notice pays, if necessary, from the Enterprise Value and by adding the subsidiaries' assets, if any, or other nonoperational assets to it, the targeted Equity Value is obtained.

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4. 2 Assumptions

4.2.1. TRNC Assumptions

Incomes

When calculating the value of Akfen GT's Mercure Hotel in TRNC, it was assumed that the casino and hotel would continue to be operated by lease.

The lease incomes of the hotel and casino were considered within the current contract terms and assumed to increase by 3 percent in the oncoming years.

Expenses

Because of its mode of operation based on lease incomes, overhead expenses covering the personnel and office expenditures were taken into consideration for expense accounts. The overhead expenses were estimated to be 3 percent of net incomes.

Investment Assumptions

The leases stipulate that the tenants will defray the basic renewal investments required within the hotel building. Upon the assumption that these investments would be defrayed by the tenants, 0.85 percent of the annual sales were anticipated as the renewal investment, which amounts to a fractional sum of around 45,000 - 50,000 euro.

Tax Assumptions

Considering the 49-year lease term of the land upon which the Mercure Hotel was constructed, the projections were extended until the end of 2052 and the tax effects to which the Company would be exposed within this period in relation to the incomes earned from the hotel in the TRNC. Accordingly, there is an investment allowance of around 68 million Turkish liras, which the company can deduct from the corporate tax base as of 2010. Additionally, according to the Tax Procedural Law, the company has accumulated loss of around 1.7 million Turkish liras from the past years. Therefore, considering the incomes planned to be earned in the oncoming years, the company was estimated to start paying the corporate tax of 23.5 percent, which is the rate effective in TRNC.

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Depreciation

The depreciation of the company's fixed assets were anticipated to be 25 years for building, 10 years for plant, machinery, and equipment, 5-7 years for vehicles, and 30 years on average for special costs.

Discount Rate

The variable weighted average cost of capital (WACC) was first calculated to calculate then the current values of the free cash flows anticipated to have been created by the hotel incomes by years. The details on the calculation of this cost are given in the Appendix-1.

4.2.2 Russia Assumptions

Incomes

For the hotel projects in Russia to be operated by Accor, the targeted incomes from each hotel were anticipated based on assumptions of occupancy rate, number of rooms, and daily average room rate, as well as that the hotel would operate 365 days a year, in line with the Akfen GT's business plans.

As can be seen in the following table listing the expected occupancy rates, it was assumed that the occupancy rates would increase significantly within three years following the opening of the hotel and that when the targeted occupancy rate would have been reached, it would be stabilized.

Table 4.1 Occupancy Rates

Occupancy Rate	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Samara IBIS	55%	62%	66%	68%	70%	70%	70%	70%	70%	70%
Yaroslavl IBIS	58%	65%	68%	70%	74%	74%	74%	74%	74%	74%
Kaliningrad IBIS	0%	55%	62%	68%	71%	73%	73%	73%	73%	73%
Moscow Leningradsky IBIS	0%	0%	0%	55%	70%	75%	80%	80%	80%	80%

(Kaynak: Akfen GT)

Average room rates per night and expected yearly increases in these rates are summarized in the following table.

Table 4.2 Average Daily Rates

Average Daily Rates (€)	Number of Rooms	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Samara IBIS	204	73	88	100	102	105	113	120	127	138	147
Yaroslavl IBIS	177	75	86	92	96	99	104	111	118	122	124
Kaliningrad IBIS	167	-	76	85	91	97	101	109	114	122	129
Moscow Leningradsky IBIS	475	-	-	-	115	122	128	134	140	145	150

In addition to the incomes from room rates, the hotel extras have been also included into the income projections and the total room incomes have been anticipated to be around 17 percent to 22 percent.

In relation to the incomes from the Samara office project, carried out by Akfen GT's subsidiary, RPI, it was anticipated that the initial occupancy rate of 60 percent for the net rentable area of 5,000 m2 would annually increase to reach 90 percent by 2020, thus causing the initial rental of €240 per m2 to increase annually by 4 percent.

Profitability Assumptions

In line with the business plan of the company, it was assumed that profit margins would increase based on the increasing occupancy rates as of the launch date of the investments planned and would be stabilized after the first four years.

Table 4.3 Average Gross Profit Margin

Gross Operating Profit Margin %	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Samara IBIS	45%	48%	51%	54%	57%	57%	57%	57%	57%	57%
Yaroslavl IBIS	45%	51%	55%	59%	59%	59%	59%	59%	59%	59%
Kaliningrad IBIS	0%	45%	51%	55%	58%	59%	59%	59%	59%	59%
Moscow Leningradsky IBIS	0%	0%	0%	50%	55%	58%	60%	60%	60%	60%

4% reserve will be accumulated for furniture and equipment over the expected yearly incomes to be used yearly. Additionally, a 4% share will be paid to Accor over the incomes from the hotel. Pursuant to the contract, Akfen GT would have a 75% share over the adjusted gross operational profit remaining after these amounts would have been deducted.

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Expense Assumptions

On project basis, the expenses are composed of maintenance and repair expenses, insurance expenses, real estate, and land rentals. The yearly maintenance and repair expenses were anticipated to be 0.5% of the construction investment, while the insurance expenses were assumed to be 0.6% of the total investment covering land, construction and consultancy services. The real estate tax was accepted to be 1.1% in Kaliningrad and 2.2% in all other cities. For the Samara Office and Samara IBIS projects located in Samara, the land tax was calculated to be 1.5% of the legal land price.

Except for the overhead costs of the hotel projects calculated in line with the conditions in the cities, the overall overhead costs anticipated by Akfen GT for all hotel projects in Russia were included into the investments.

Depreciation Assumptions

Fixed assets depreciation period for the furniture and equipment is 5 years; while the average period anticipated for all other fixed asset investments are 30 years.

Other Assumptions

The variable weighted average cost of capital (WACC) was used to calculate the current values of the free cash flows anticipated to be created yearly by the projects. The details on the calculation of this cost are given in the Appendix-1.

Within this valuation, a 3 percent growth rate was anticipated for the cash flows of all the Russia-based hotel projects until they would reach their final value. In projects of Yaroslavl and Kaliningrad where land leasing method was used, the final cash flows were considered by using the land purchase option.

Stock purchase agreement was signed in order to lease long-term and have property option for the Moscow Project land. According to plans, it was anticipated that the Company will participate 100% in the Moscow hotel project company with a new affiliate to be established abroad.

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4. 3 Projections

4.3.1 Projections for TRNC

TRNC - Euro	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Rent Revenue	1,250,000	2,000,000	2,060,000	2,121,800	2,185,454	2,251,018	2,318,548	2,388,105	2,459,748	2,533,540
Casino Revenue	2,674,867	3,306,135	3,405,319	3,507,479	3,612,703	3,721,084	3,832,717	3,947,698	4,066,129	4,188,113
Overhead Expenses	(64,375)	(79,568)	(81,955)	(84,413)	(86,946)	(89,554)	(92,241)	(95,008)	(97,858)	(100,794)
Consolidated EBITDA (loss) for TRNC & HQ	3,860,492	5,226,568	5,383,365	5,544,866	5,711,212	5,882,548	6,059,024	6,240,795	6,428,019	6,620,860
Taxes	-	-	-	-	-	-	-	1,116,652	(79,247)	(1,320,463)
Investments	(44,501)	(60,162)	(61,967)	(63,826)	(65,741)	(67,713)	(69,745)	(71,837)	(73,992)	(76,212)
Cash Flows for TRNC & HQ	3,815,990	5,166,405	5,321,397	5,481,039	5,645,471	5,814,835	5,989,280	5,052,306	6,433,274	7,865,110
Discount Rate (WACC)	*7.9%*	*7.8%*	*7.8%*	*7.8%*	*7.8%*	*7.8%*	*7.9%*	*7.9%*	*7.9%*	*7.9%*

TRNC - Euro	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Rent Revenue	2,609,546	2,687,833	2,768,468	2,851,522	2,937,067	3,025,179	3,115,935	3,209,413	3,305,695	3,404,866	3,507,012
Casino Revenue	4,313,757	4,443,169	4,576,464	4,713,758	4,855,171	5,000,826	5,150,851	5,305,376	5,464,538	5,628,474	5,797,328
Overhead Expenses	(103,818)	(106,932)	(110,140)	(113,444)	(116,848)	(120,353)	(123,964)	(127,682)	(131,513)	(135,458)	(139,522)
Consolidated EBITDA (loss) for TRNC & HQ	6,819,485	7,024,070	7,234,792	7,451,836	7,675,391	7,905,653	8,142,822	8,387,107	8,638,720	8,897,882	9,164,818
Taxes	(1,287,893)	(1,335,970)	(1,385,490)	(1,436,495)	(1,489,031)	(1,543,142)	(1,598,877)	(1,656,284)	(1,715,413)	(1,776,316)	(1,839,046)
Investments	(78,498)	(80,853)	(83,279)	(85,777)	(88,351)	(91,001)	(93,731)	(96,543)	(99,439)	(102,423)	(105,495)
Cash Flows for TRNC & HQ	8,028,880	8,279,187	8,537,003	8,802,554	9,076,071	9,357,794	9,647,968	9,946,848	10,254,694	10,571,775	10,898,369
Discount Rate (WACC)	*7.9%*	*7.9%*	*7.9%*	*7.9%*	*7.9%*	*7.9%*	*7.9%*	*7.9%*	*7.9%*	*7.9%*	*7.9%*

TRNC - Euro	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
Rent Revenue	3,612,222	3,720,589	3,832,207	3,947,173	4,065,588	4,187,556	4,313,183	4,442,578	4,575,855	4,713,131	4,854,525
Casino Revenue	5,971,248	6,150,385	6,334,897	6,524,944	6,720,692	6,922,313	7,129,982	7,343,882	7,564,198	7,791,124	8,024,858
Overhead Expenses	(143,708)	(148,019)	(152,460)	(157,033)	(161,744)	(166,597)	(171,595)	(176,742)	(182,045)	(187,506)	(193,131)
Consolidated EBITDA (loss) for TRNC & HQ	9,439,763	9,722,956	10,014,644	10,315,084	10,624,536	10,943,272	11,271,570	11,609,717	11,958,009	12,316,749	12,686,252
Taxes	(2,183,215)	(2,249,764)	(2,324,388)	(2,394,991)	(2,467,713)	(2,542,616)	(2,619,766)	(2,699,230)	(2,781,079)	(2,865,383)	(2,952,216)
Investments	(108,660)	(111,920)	(115,277)	(118,736)	(122,298)	(125,967)	(129,746)	(133,638)	(137,647)	(141,777)	(146,030)
Cash Flows for TRNC & HQ	11,514,317	11,860,800	12,223,755	12,591,339	12,969,951	13,359,921	13,761,590	14,175,310	14,601,440	15,040,355	15,492,438
Discount Rate (WACC)	*7.9%*	*7.9%*	*7.9%*	*7.9%*	*7.9%*	*7.9%*	*7.9%*	*7.9%*	*7.9%*	*7.9%*	*7.9%*

TRNC - Euro	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
Rent Revenue	5,000,161	5,150,166	5,304,670	5,463,811	5,627,725	5,796,557	5,970,453	6,149,567	6,334,054	6,524,076
Casino Revenue	8,265,604	8,513,572	8,768,979	9,032,048	9,303,010	9,582,100	9,869,563	10,165,650	10,470,619	10,784,738
Overhead Expenses	(198,925)	(204,893)	(211,040)	(217,371)	(223,892)	(230,609)	(237,527)	(244,653)	(251,992)	(259,552)
Consolidated EBITDA (loss) for TRNC & HQ	13,066,839	13,458,844	13,862,610	14,278,488	14,706,843	15,148,048	15,602,489	16,070,564	16,552,681	17,049,261
Taxes	(3,041,654)	(3,133,775)	(3,228,660)	(3,326,392)	(3,427,055)	(3,530,738)	(3,637,532)	(3,747,529)	(3,860,827)	(3,977,523)
Investments	(150,411)	(154,923)	(159,571)	(164,358)	(169,289)	(174,368)	(179,599)	(184,986)	(190,536)	(196,252)
Cash Flows for TRNC & HQ	15,958,082	16,437,696	16,931,699	17,440,521	17,964,609	18,504,418	19,060,423	19,633,107	20,222,972	20,830,532
Discount Rate (WACC)	*7.9%*	*7.9%*	*7.9%*	*7.9%*	*7.9%*	*7.9%*	*7.9%*	*7.9%*	*7.9%*	*7.9%*

4.3.2 Investment Projections

The Company has already started the investments for hotel and office projects other than the Moscow project. For all Russia-based projects except for the Samara hotel and Samara office, a 49-year lease following the 3-year construction period was preferred rather than the land purchase method. The company was anticipated to exercise its right to purchase the lands in the cities of Kaliningrad and Yaroslavl following the completion of construction works.

Investment expenses (VAT excluded) anticipated to be incurred in proportion to the Akfen GT's shares are given in the following table.

Table 4.4 Investment Projections

Investment Expenses €	**Until 28.02.2011**	**01.03.2011 / 31.12.2011**	**2012**	**2013**	**Total**
Moscow Leningradsky IBIS	-	9.739.759	17.454.766	16.442.390	**43.636.915**
Kaliningrad IBIS	1.178.158	3.956.390	2.079.495	-	**7.214.043**
Yaroslavl IBIS	6.343.836	661.281	-	-	**7.005.117**
Samara IBIS	8.218.322	1.525.145	-	-	9.743.467
Samara Office	3.323.427	277.602	-	-	**3.601.029**
Total	20.326.621	14.897.298	19.534.261	16.442.390	**71.200.570**

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4.3.3 Projections for Russia

Net Sales - Euro	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Samara IBIS	532,465	2,629,871	3,058,597	3,105,197	3,299,696	3,538,228	3,776,761	3,975,538	4,333,336	4,611,624	-	-	-	-	-	-	-	-	-	-	-	-
Yaroslav IBIS	518,238	2,412,145	2,456,919	2,636,711	2,878,932	3,026,570	3,248,026	3,447,337	3,543,301	3,617,120	-	-	-	-	-	-	-	-	-	-	-	-
Kaliningrad IBIS	-	925,589	2,144,457	2,305,929	2,552,702	2,748,281	2,954,403	3,091,817	3,297,938	3,504,059	-	-	-	-	-	-	-	-	-	-	-	-
Moscow Leningradsky IBIS	-	-	-	12,983,707	17,516,201	19,705,726	22,070,413	22,953,230	23,871,359	24,587,500	25,274,387	26,032,619	26,813,597	27,618,005	28,446,545	29,299,942	30,178,940	31,084,308	32,016,837	32,977,342	33,966,663	34,985,663
Samara Office	218,799	588,120	648,960	713,726	742,275	771,966	802,845	834,959	868,357	903,091	-	-	-	-	-	-	-	-	-	-	-	-
Total Net Sales	1,269,502	6,555,725	8,308,933	21,745,271	26,989,807	29,790,772	32,852,448	34,302,880	35,914,291	37,223,394	25,274,387	26,032,619	26,813,597	27,618,005	28,446,545	29,299,942	30,178,940	31,084,308	32,016,837	32,977,342	33,966,663	34,985,663

Cost of Sales - Euro	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Samara IBIS	292,856	1,367,533	1,498,712	1,428,391	1,432,068	1,535,591	1,639,114	1,725,383	1,880,668	2,001,445	-	-	-	-	-	-	-	-	-	-	-	-
Yaroslav IBIS	285,031	1,181,951	1,105,614	1,081,051	1,180,362	1,240,894	1,331,691	1,413,408	1,452,754	1,483,019	-	-	-	-	-	-	-	-	-	-	-	-
Kaliningrad IBIS	-	509,074	1,050,784	1,037,668	1,072,135	1,126,795	1,211,305	1,267,645	1,352,154	1,436,664	-	-	-	-	-	-	-	-	-	-	-	-
Moscow Leningradsky IBIS	-	-	-	6,491,854	7,882,290	8,276,405	8,828,165	9,181,292	9,548,544	9,835,000	10,109,755	10,413,047	10,725,439	11,047,202	11,378,618	11,719,977	12,071,576	12,433,723	12,806,735	13,190,937	13,586,665	13,994,265
Total Cost of Sales	577,887	3,058,558	3,655,110	10,038,964	11,566,856	12,179,685	13,010,275	13,587,728	14,234,119	14,756,128	10,109,755	10,413,047	10,725,439	11,047,202	11,378,618	11,719,977	12,071,576	12,433,723	12,806,735	13,190,937	13,586,665	13,994,265

Gross Profit	691,615	3,497,167	4,653,823	11,706,307	15,422,951	17,611,087	19,842,173	20,715,152	21,680,172	22,467,266	15,164,632	15,619,571	16,088,158	16,570,803	17,067,927	17,579,965	18,107,364	18,650,585	19,210,102	19,786,405	20,379,998	20,991,398
Gross Profit After the Accor Sha	550,369	2,453,849	3,237,109	7,742,574	10,226,550	11,711,230	13,212,968	13,793,312	14,430,746	14,956,102	9,857,011	10,152,721	10,457,303	10,771,022	11,094,153	11,426,977	11,769,787	12,122,880	12,486,567	12,861,164	13,246,998	13,644,408
Expenses related to the Hotel &	(121,162)	(434,799)	(472,001)	(1,580,954)	(1,710,166)	(1,976,423)	(1,910,236)	(1,894,245)	(1,876,751)	(1,835,652)	(917,188)	(920,308)	(923,522)	(926,832)	(930,241)	(933,753)	(937,370)	(941,095)	(944,933)	(948,885)	(952,956)	(957,149)

EBITDA - Euro	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Samara IBIS	124,125	705,944	905,933	993,382	1,089,974	1,035,417	1,131,963	1,210,504	1,346,971	1,454,421												
Yaroslav IBIS	149,278	719,212	811,581	958,385	1,023,015	963,649	1,055,772	1,139,522	1,181,030	1,216,850	-	-	-	-	-	-	-	-	-	-	-	-
Kaliningrad IBIS	-	187,268	595,238	718,404	834,117	929,066	1,008,874	1,037,427	1,094,243	1,175,158	-	-	-	-	-	-	-	-	-	-	-	-
Moscow Leningradsky IBIS	-	-	-	2,990,456	5,046,411	6,317,446	7,591,029	7,969,737	8,362,133	8,675,668	8,939,823	9,232,413	9,533,781	9,844,190	10,163,911	10,493,224	10,832,417	11,181,785	11,541,634	11,912,278	12,294,042	12,687,259
Samara Office	155,804	406,625	452,355	500,993	522,868	489,229	515,094	541,878	569,618	598,353												
Total EBITDA	429,207	2,019,050	2,765,107	6,161,619	8,516,385	9,734,807	11,302,732	11,899,067	12,553,995	13,120,450	8,939,823	9,232,413	9,533,781	9,844,190	10,163,911	10,493,224	10,832,417	11,181,785	11,541,634	11,912,278	12,294,042	12,687,259
Taxes	(43,390)	(133,971)	(282,485)	(394,180)	(808,578)	(1,326,387)	(1,692,035)	(1,963,302)	(2,094,287)	(2,207,578)	(1,522,385)	(1,580,903)	(1,641,177)	(1,703,259)	(1,767,203)	(1,833,065)	(1,900,904)	(1,970,778)	(2,042,747)	(2,116,876)	(2,193,229)	(2,271,872)
Investment Expenses	(13,884,922)	(19,534,261)	(17,454,766)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VAT	(2,568,063)	(2,512,008)	(2,076,694)	1,358,948	1,806,064	2,073,306	2,364,257	2,232,765	199,071	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Flow	(16,067,168)	(20,161,191)	(17,048,837)	7,126,387	9,513,871	10,481,726	11,974,954	12,168,530	10,658,779	10,912,872	7,417,438	7,651,510	7,892,604	8,140,931	8,396,708	8,660,159	8,931,513	9,211,007	9,498,886	9,795,402	10,100,813	10,415,387
Discount Rate (WACC)	8.1%	8.1%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%

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4.3.3 Projections for Russia(continued)

Net Sales - Euro	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
Samara IBIS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Yaroslav IBIS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Kaliningrad IBIS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Moscow Leningradsky IBIS	36,035,233	37,116,289	38,229,778	39,376,672	40,557,972	41,774,711	43,027,952	44,318,791	45,648,354	47,017,805	48,428,339	49,881,189	51,377,625	52,918,954	54,506,522
Samara Ofice	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Net Sales	36,035,233	37,116,289	38,229,778	39,376,672	40,557,972	41,774,711	43,027,952	44,318,791	45,648,354	47,017,805	48,428,339	49,881,189	51,377,625	52,918,954	54,506,522
Cost of Sales - Euro	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
Samara IBIS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Yaroslav IBIS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Kaliningrad IBIS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Moscow Leningradsky IBIS	14,414,093	14,846,516	15,291,911	15,750,669	16,223,189	16,709,884	17,211,181	17,727,516	18,259,342	18,807,122	19,371,336	19,952,476	20,551,050	21,167,582	21,802,609
Total Cost of Sales	14,414,093	14,846,516	15,291,911	15,750,669	16,223,189	16,709,884	17,211,181	17,727,516	18,259,342	18,807,122	19,371,336	19,952,476	20,551,050	21,167,582	21,802,609
Gross Profit	21,621,140	22,269,774	22,937,867	23,626,003	24,334,783	25,064,826	25,816,771	26,591,274	27,389,013	28,210,683	29,057,004	29,928,714	30,826,575	31,751,372	32,703,913
Gross Profit After the Accor Sha	14,053,741	14,475,353	14,909,613	15,356,902	15,817,609	16,292,137	16,780,901	17,284,328	17,802,858	18,336,944	18,887,052	19,453,664	20,037,274	20,638,392	21,257,544
Expenses related to the Hotel &	(961,468)	(965,916)	(970,498)	(975,218)	(980,079)	(985,085)	(990,242)	(995,554)	(1,001,025)	(1,006,660)	(1,012,464)	(1,018,443)	(1,024,600)	(1,030,943)	(1,037,475)
EBITDA - Euro	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
Samara IBIS															
Yaroslav IBIS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Kaliningrad IBIS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Moscow Leningradsky IBIS	13,092,273	13,509,436	13,939,115	14,381,684	14,837,530	15,307,052	15,790,659	16,288,774	16,801,833	17,330,284	17,874,588	18,435,221	19,012,674	19,607,449	20,220,068
Samara Ofice															
Total EBITDA	13,092,273	13,509,436	13,939,115	14,381,684	14,837,530	15,307,052	15,790,659	16,288,774	16,801,833	17,330,284	17,874,588	18,435,221	19,012,674	19,607,449	20,220,068
Taxes	(2,352,875)	(2,436,308)	(2,522,244)	(2,610,757)	(2,701,927)	(2,795,831)	(2,892,552)	(2,992,175)	(3,094,787)	(3,200,477)	(3,309,338)	(3,421,465)	(3,536,955)	(3,655,910)	(3,778,434)
Investment Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VAT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Flow	10,739,398	11,073,129	11,416,872	11,770,927	12,135,604	12,511,221	12,898,107	13,296,599	13,707,046	14,129,807	14,565,250	15,013,756	15,475,718	15,951,539	16,441,634
Discount Rate (WACC)	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%

Net Sales - Euro	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062
Samara IBIS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Yaroslav IBIS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Kaliningrad IBIS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Moscow Leningradsky IBIS	56,141,718	57,825,970	59,560,749	61,347,571	63,187,998	65,083,638	67,036,147	69,047,232	71,118,649	73,252,208	75,449,775	77,713,268	80,044,666	82,446,006	84,919,386
Samara Ofice	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Net Sales	56,141,718	57,825,970	59,560,749	61,347,571	63,187,998	65,083,638	67,036,147	69,047,232	71,118,649	73,252,208	75,449,775	77,713,268	80,044,666	82,446,006	84,919,386
Cost of Sales - Euro	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062
Samara IBIS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Yaroslav IBIS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Kaliningrad IBIS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Moscow Leningradsky IBIS	22,456,687	23,130,388	23,824,299	24,539,028	25,275,199	26,033,455	26,814,459	27,618,893	28,447,460	29,300,883	30,179,910	31,085,307	32,017,866	32,978,402	33,967,754
Total Cost of Sales	22,456,687	23,130,388	23,824,299	24,539,028	25,275,199	26,033,455	26,814,459	27,618,893	28,447,460	29,300,883	30,179,910	31,085,307	32,017,866	32,978,402	33,967,754
Gross Profit	33,685,031	34,695,582	35,736,449	36,808,543	37,912,799	39,050,183	40,221,688	41,428,339	42,671,189	43,951,325	45,269,865	46,627,961	48,026,799	49,467,603	50,951,632
Gross Profit After the Accor Sha	21,895,270	22,552,128	23,228,692	23,925,553	24,643,319	25,382,619	26,144,097	26,928,420	27,736,273	28,568,361	29,425,412	30,308,174	31,217,420	32,153,942	33,118,561
Expenses related to the Hotel &	(1,044,204)	(1,051,135)	(1,058,273)	(1,065,626)	(1,073,199)	(1,080,999)	(1,089,033)	(1,097,309)	(1,105,832)	(1,114,612)	(1,123,655)	(1,132,969)	(1,142,562)	(1,152,443)	(1,162,621)
EBITDA - Euro	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062
Samara IBIS															
Yaroslav IBIS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Kaliningrad IBIS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Moscow Leningradsky IBIS	20,851,066	21,500,994	22,170,419	22,859,927	23,570,121	24,301,620	25,055,064	25,831,112	26,630,441	27,453,749	28,301,758	29,175,206	30,074,858	31,001,499	31,955,940
Samara Ofice															
Total EBITDA	20,851,066	21,500,994	22,170,419	22,859,927	23,570,121	24,301,620	25,055,064	25,831,112	26,630,441	27,453,749	28,301,758	29,175,206	30,074,858	31,001,499	31,955,940
Taxes	(3,904,634)	(4,034,619)	(4,168,504)	(4,306,406)	(4,448,445)	(4,594,745)	(4,745,433)	(4,900,643)	(5,060,509)	(5,225,170)	(5,394,772)	(5,569,462)	(5,749,392)	(5,934,720)	(6,125,608)
Investment Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VAT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Flow	16,946,432	17,466,374	18,001,915	18,553,521	19,121,676	19,706,875	20,309,631	20,930,469	21,569,932	22,228,579	22,906,985	23,605,744	24,325,466	25,066,779	25,830,331
Discount Rate (WACC)	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%

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4.4 Valuation by Discounted Cash Flows

The Discounted Cash Flows ("DSF") method was used for the calculation of the Akfen GT's value. This method is based on obtaining the current value of the company's future free cash flows by suing the weighted average cost of capital. According to this method, the current value of the cash flows yields "Enterprise Value" of the company and then, the net financial liabilities are deducted to reach the equity value.

Akfen GT's equity value calculated with the DSF method is summarized in the following table:

Table 4.5: Summary Table of the Company and Equity Values as of February 28, 2011

Euro (000)		Value	Financial Liabilities (-)	Liquid Assets(+)	Equity Value
Akfen GT HQ	KKTC & HQ Value	77,148	22,811	5	54,342
	Land in Bafra	2,744	-	-	2,744
RHI(50%)	Samara IBIS	17,746	11,133	10	28,884
	Yaroslav IBIS	14,560			
	Kaliningrad IBIS	7,701			
RPI (50%)	Samara Office	7,492	3,400	1	4,093
Moskow Project	Moscow Leningradsky IBIS	44,555	-	-	44,555
Akfen GT Company Value		**171,945**	**Akfen GT Equity Value**		**134,618**

As a result of discounting yearly the company's cash flows by the weighted average cost of capital, the company value was calculated to be **171.945 million Euro (380.549 million Turkish Liras[4])** as of February 28, 2011.

After the financial liabilities were deducted from and liquid assets were added to the company value calculated as of February 28, 2011, the equity value was calculated to be **134.618 million Euro (297.936 million Turkish Liras[4])**.

[4] Based on the Turkish Central Bank's EURO/TL selling exchange rate on February 28, 2010 (2.2132).

4.5 Opinion on the Valuation Result

Akfen GT develops real estate projects, such as Mercure Hotel it owns in the TRNC and hotel and office projects in Russia.

The Mercure Hotel in the TRNC has been operating since 2007 with its hotel and casino. The hotel and casino of the Mercure Hotel have been leased since 2008. The company makes hotel and office project investments in Russia through its subsidiaries.

In the valuation, TRNC Mercure Hotel was assumed to continue to be leased as now and Land in Bafra – TRNC was valued according to TSKB Real Estate Appraisal Co.'s appraisal report.

The projects in Russia were included in the valuation based on the assumptions on investment amount, occupancy rate, and price and in consideration of the company's business plan.

In this study, the company's equity value was anticipated to be **134.618 million Euro (297.936 million Turkish Liras[5]).**

As a result of the valuation we performed, it was considered that the DCF method used to calculate the company's value was the most appropriate valuation method, based on the company's current and potential business plans, and that the value calculated reflected the fair market value.

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[5] Based on the Turkish Central Bank's EURO/TL buying exchange rate on February 28, 2011 (2.2132).

4. Appendixes

B. Değirmenci

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Appendix-1

CALCULATION OF DISCOUNT RATE

The weighted average cost of capital (WACC) method was used to calculate the discount coefficient used in the Discounted cash flow method. The mathematical representation of this method is as follows:

WACC = (Debt / (Debt + Equity) x Cost of debt x (1-t) + (Equity / (Debt + Equity) x Cost of equity

Instead of the fixed WACC, the variable WACC method was used for both the TRNC and Russia and the yearly variations to which the WACC factors would be exposed were thus taken into account.

TRNC

The company's debt-equity balance was anticipated to be from 30 percent debt – 70 percent equity to 20 percent debt - 80 percent in the oncoming years, based on the financial projections, the current loan payment plans, and the future financing necessity of the company.

The company's cost of debt was anticipated to be Euribor (6 months) + 4.5 percent, based on the current market conditions and the company's indebtedness structure in Euro and Turkish Liras. The cost of debt was expected to increase and then stabilize in the oncoming years in line with the yearly increases expected in the Euribor.

The corporate tax, represented by t in the formula, was 23.5 percent.

In the calculation of the cost of equity, the Capital Asset Pricing Model (CAPM) was used.

The mathematical representation being $\mathbf{Ke = R_f + \beta * (R_m - R_f)}$, the CAPM had as R_f 4.70% return on Eurobond issued in euro by the Turkish Treasury with a ten-year term.

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The **(R_{-m} - R_f)** component of the CAPM, representing the market risk premium, was accepted to be 5%.

The levered beta of Akfen GT was calculated to be 0.609, by unlevering the beta of REIT's in the marker and relevering it in accordance with the company's indebtedness structure and was anticipated to vary by the changing indebtedness rate in the oncoming years.

For TRNC, the country risk premium was accepted to be 0.75%.

Russia

In the calculation of cost of equity, the classical Capital Asset Pricing Model (CAPM) was used, as in TRNC.

Company's debt-equity balance was calculated to be 50% debt – 50% equity in the oncoming years, based on the financial projections, the current loan payment plans, and future financing necessity of the company.

The company's cost of debt was anticipated to be Euribor (3 months) + 6.25%, based on the current market conditions and the company's indebtedness structure. The cost of debt was expected to increase and then stabilize in the oncoming years in line with the yearly increases expected in the Euribor.

The corporate tax, represented by t in the formula, was 20%.

The mathematical representation being $\mathbf{K_e = R_f + \beta * (R_m - R_f)}$, the CAPM had as Rf 4.5% return on Eurobond issued in euro by Russia with a ten-year term.

The (R-m - Rf) component of the CAPM, representing the market risk premium, was accepted to be 5%.

For Russia, the levered beta was calculated by unlevering the beta of the PIK Group operating in the Russian real estate sector and relevering it in accordance with the company's indebtedness structure.

For Russia, the country risk premium was accepted to be 0.75%.

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