

# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.



## PROJECT APPRAISAL REPORT

Date: 30.09.2011

R.No: 2011REV367



ISO9001:2008  
FS 509685

AKFEN  
GAYRİMENKUL  
YATIRIM ORTAKLIĞI  
A.Ş.

İBİS HOTEL PROJECT

SEYHAN/ADANA

We hereby state the following matters regarding the appraisal report prepared by TSKB Gayrimenkul Değerleme A.Ş. for Akfen Gayrimenkul Yatırım Ortaklığı A.Ş., on the date of 30.09.2011 with the report number 2011REV367;

- The findings presented in the report are correct to the best of the knowledge of the appraiser
- The analyses and the results are only limited to the specified assumptions and conditions;
- The appraiser has no interest whatsoever related to the property which is subject to the valuation;
- The appraiser's remuneration does not depend on any section of the report;
- The appraiser was realized in accordance with the ethic rules and the performance standards;
- The appraiser possesses the professional education requirements;
- The appraiser has previous experience in the subject of the location and type of the property which is being valued;
- The Appraiser has personally inspected the property; with the exclusion of the persons mentioned in the report no other person has contributed professionally to the preparation of this report.
- This appraisal report has been prepared further to the related provisions of the Capital Markets Regulation.

**EXECUTIVE SUMMARY**

**OPEN ADDRESS OF PROPERTY**

Çınarlı Quarter, Dr. Ali Menteşoğlu Avenue, 61004. Street, 585 Section, 2 Parcel, Seyhan/ADANA

**USE OF PROPERTY**

3-star hotel project under construction.

**TITLE DEED INFORMATION**

The immovable property qualified as "Building Plot", which is owned by "Akfen Gayrimenkul Yatırım Ortaklığı Anonim Şirketi" and registered under block 585 and parcel no 2 in the Province of Adana, Seyhan District, and Çınarlı Neighborhood.

**ZONING STATUS**

According to the zoning cadastre no 15-961 and dated 25.02.2011, which was approved by the Adana Metropolitan Municipality Council, the immovable property under appraisal remains in "Commercial" area and the construction conditions are as follows;

- Block construction style,
- 10 floors (building height = max. 30.75 m. and floor height = max. 3.00 m.),
- TAKS (Base Area Coefficient) = 0.40

The setback distances are 10 m. from the front, 5 m. from the back and sides, and 6 m. from the neighboring parcel.

**TOTAL FAIR MARKET VALUE OF THE PROJECT AS OF 30.09.2011 (Excluding VAT)**

**27.080.000.-TL**

**(Twentysevenmillioneightyfourthousand.-  
TurkishLiras)**

**10.770.000.- EURO**

**(Tenmillionsevenhundredseventyfourthousand.-  
EURO)**

**TOTAL PRESENT STATUS VALUE OF THE PROJECT ON 30.09.2011 (Excluding VAT)**

**12.250.000.-TL**

**(Twelvemilliontwohundredfiftyfourthousand.-  
TurkishLiras)**

**4.870.000.-EURO**

**(Fourmillioneighthundredseventyfourthousand.-  
EURO)**

**TOTAL FAIR MARKET VALUE OF THE PROJECT AS OF 30.09.2011 (Including VAT)**

**31.954.400- TL**

**(Thirtyonemillionninehundredfiftyfourthousand  
fourhundred.-TürkLirası)**

**12.708.600- EURO**

**(Twelvemillionsevenhundredeightthousand  
sixhundred.-EURO)**

**TOTAL PRESENT STATUS VALUE OF THE PROJECT ON 30.09.2011 (Including VAT)**

**14.455.000.-TL**

**(Fourteenmillionfourhundredfiftyfivethousand.-  
TurkishLiras)**

**5.746.600.-EURO**

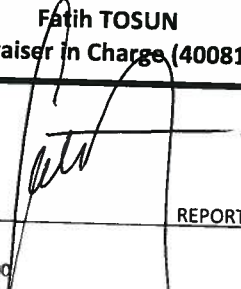
**(Fivemillionsevenhundredfourty-sixthousand-six  
hundred.-EURO)**

- Exchange rate has been taken as EURO 1 = TL 2,5157. The value in EURO is given only for information.
- This page is an inseparable part of the appraisal report, it is complete with the detailed information in the report and it can not be used separately

**Mehmet ASLAN**  
Appraiser (401124)



**Fatih TOSUN**  
Appraiser in Charge (400812)



REPORT NO: 2011REV367

REPORT DATE: 30.09.2011

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**SECTION 1**

**REPORT,**

**COMPANY AND CUSTOMER INFORMATION**

**SECTION 1****REPORT, COMPANY AND CUSTOMER INFORMATION****1.1 Report Date and Number**

This report was issued by our company on 30.09.2011 and number 2011REV367 with reference to the request dated 06.09.2011 and made by the firm, titled as Akfen Gayrimenkul Yatırım Ortaklığı A.Ş.

**1.2 Report Type**

This is the project appraisal report prepared in order to determine the fair market value in Turkish Liras on 30.09.2011 for the project to be developed in Adana province, Seyhan district, Çınarlı quarter, section 585, parcel no. 2. The report has been prepared according to the provisions of the declaration of the Board of Capital Markets.

**1.3 People Issuing the Report**

This appraisal report has been prepared through using the information obtained from the people – organizations – institutions as a result of the inspection at the place of the property. This report has been prepared by Mehmet ASLAN and by appraiser in charge Fatih TOSUN.

**1.4 Appraisal Date**

This appraisal report is prepared with reference to the studies started on 13.09.2011 and finished on 30.09.2011. Not only examinations conducted at real estate location, municipality and land registry but also office work is done during appraisal study.

**1.5 Base Contract**

This appraisal report was issued in accordance with the provisions of the base contract that was executed by and between Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. and our Company on 07.09.2011 and has determined the rights and obligations of the contractual parties.

**1.6 Factors Affecting the Appraisal Process Negatively**

There are not any negative factors that affect or limit the appraisal process in general aspect.

**1.7 The Scope of the Client Demands and Delimitation**

This real estate appraisal report has been prepared further to Akfen Gayrimenkul Yatırım Ortaklığı A.Ş request dated 06.09.2011, and in accordance with the provisions of the capital markets legislation in effect on the subject property. No restrictions were imposed by the customer during the valuation study.

**1.8 The Information on the Last Three Appraisal Studies Performed by Our Company on the Subject Property of the Study on Previous Dates**

	Report-1	Report-2	Report-3
Report Date	30.06.2010	31.12.2010	28.02.2011
Report No	2010REV195-9	2010REV387-9	2011REV78-9
People Issuing the Report	Hüsniye BOZTUNÇ Adem YOL	Hüsniye BOZTUNÇ Adem YOL	Hüsniye BOZTUNÇ- Adem YOL
Total Fair Market Value Of The Project (TL)		14.308.000.-TL	15.190.000.-TL
Total Present Status Value Of The Project (TL)	4.426.000.-TL	-	5.807.000.-TL

\* In the report numbered 2010REV195-9, the land value of the immovable property has been assessed as the final value, since the construction permit and approved architectural design are not yet available. Meanwhile, in the reports numbered 2010REV387-9 and 2011REV78-9, the project value has been assessed as the final value, in the report numbered 2011REV78-9; current status value assessment has also been made since construction has been started as of the appraisal date.

### 1.9 Company's Information

Our Company was established with a capital amount of NTRL 300.000 in order to engage in providing works and services described as Expertise and Appraisal according to the Articles of Association of the Company published in the Trade Registration Journal dated September 13, 2002 and issue no. 5676.

Our Company is taken on the lists of companies, which will offer appraisal services, within the framework of the Capital Market Board (SPK) legislation by the letter of SPK dated February 03, 2003 and no. KYD-66/001347, of Capital Market Board of the Prime Ministry.

### 1.10 Client Information

This appraisal report has been prepared for Akfen Gayrimenkul Yatırım Ortaklığı A.Ş., located at the address of Büyükdere Avenue, No: 201, Block C, Floor: 8, Levent / İSTANBUL.



**SECTION 2**

**DEFINITION AND SCOPE OF THE APPRAISAL**

**SECTION 2****DEFINITION AND SCOPE OF THE APPRAISAL****2.1 The Methods Used in the Appraisal**

There are three different valuation methods, which can be utilized in our country. There are respectively, "Sales Comparison Approach", "Income Capitalization Approach" and the "Cost Approach" methods.

**2.1.1 Sales Comparison Approach**

This sales comparison approach takes into account the sales of similar or substitute properties and the related market datas and realizes the appraisal based on a comparative transaction. In general the property, which is being evaluated, is compared with the sales of similar properties in the open market.

**2.1.2 Income Capitalization Approach**

This comparative approach takes into account the income and expense datas related to the property being evaluated and makes the appraisal with the reduction method. The reduction is related to the income converting the income amount to value appraisal and to the type of value. This transaction, takes into account product or discount rates or both. In general the principle of substitution with the income flow providing the highest investment income with a defined risk level is proportionate with the most probable value figure.

**2.1.3 Cost Analysis Approach**

In this method, the reconstruction cost of an existing building in the framework of the current economic conditions is considered as basis for a property valuation. In this respect, the main principle of the cost approach can be explained with the use value. The use value is described as 'Even if no one wants it and no one knows its price an asset has a real value'.

In this method, it is accepted that the real property has an important remaining economical life expectancy. For this reason, it is assumed that the property's value will decrease in time due to physical wear, as it becomes outmoded economically and functionally. In other words, it is accepted that the value of the building of an existing property will never be more than its reconstruction cost.

The building cost values of the property have been appraised by taking into account the Ministry of Public Works Construction unit costs, the technical specifications of the buildings, the materials used in the buildings, the construction costs of the buildings with same specifications constructed in the market, interviews with the contracting companies and costs calculated by us based on previous experiences.

The rate of depreciation in the buildings has been calculated by taking into account the table published in the Official Gazette indicating the depreciation in the buildings according to years and the visible state of the building.

It is accepted that the value of the property is consisting of two separate physical facts being the land and the buildings.

**2.1.4 Development Approach Method**

The purpose of an investment is to produce goods or services, to put them into the market and make profit consequently. The commercial profitability of the investment depends on sufficient demand for the goods or services to be produced and their sales with the prices that would provide possibility to obtain the expected profitability. The examination of the

project for the entrepreneur covers the examination and evaluation of the industry where the subject product of the project is positioned and the anticipations regarding the future. The evaluation of the market where the subject goods or services of the project are positioned can be examined as the current situation and the expectations for the future.

The expenses to be made in the case the project is constructed have been estimated, and another estimations has been held considering the marketing policies of the company and the generally feasibility principles. The income estimation of the project in the case of its development has been made, and assumptions have been held during this estimation. In these assumptions, the condition of the industry and the statistical figures of the similar projects near to the location of the project have been benefited from.

Later, the performance estimation of the project was made and its net value under today's conditions in the case it was constructed have been calculated from this performance estimation. The assumptions made in the study were partially explained while the details were kept reserved by the expert.

## 2.2 Definitions and Model of the Calculation Methodology

### 2.2.1 Definitions and Model of the Calculation Methodology

#### Risk Free Rate

The foreign exchange bonds secured by the state treasury and sold on offshore markets, also covering the risk of country are named as "Eurobond". They are issued with various maturities, while they can be purchased or sold on a daily basis on the market. These bonds are used as an indicator of the risk free rate, which is used as the basis for financial calculations in Turkey. The most liquid Eurobond on the markets is the Eurobond with maturity in 2030, and it has the attributes required to be an indicator bond.

#### Variant on the risk-free rate<sup>1</sup>

There have been 3 different approaches for calculating risk-free rate.

**Variant 1:** A short term government security rate is used as the risk free rate, and the historical premium earned by a broad equity market index over and above this security rate is used to estimate the expected return on the market. The cost of equity, thus obtained, is then used as the discount rate for each year's cash flows.

**Variant 2:** The current short term government security rate and the market's historical premium are used to calculate the cost of the equity for the first period (year). The forward rates built in to future time periods, which are used to calculate the cost of equity for future years.

**Variant 3 :** The current long term government-bond rate (with the duration of the bond matched up to the duration of the asset) is used as the risk-free rate, and the historical premium earned by a broad market index above this long term government security rate is used to estimate the expected return on the market. The cost of equity, calculated using these inputs, is used as the discount rates each year's cash flows. Eurobond does not include the market risk for the performed work, although it includes the country and political risk.

<sup>1</sup> Damodaran on Valuation ,Security Analysis for Investment and Corporate Finance, Section 3 : Estimation of Discount Rates p.25

Variant 3 has been selected as the method in the assumptions our company has made by using all these data. However, especially when assessing the value of the real estates with long-term commercial lifetime, an asset appropriate for the commercial lifetime of the real estate does not exist. For that reason, our company suggests appropriate bonds for each projects regarding their duration as a risk free return rate. The chosen bonds vary according to the duration of projects and to the rate of exchange. This rate also covers the country risk. In addition to hat, the rates suggested by Damodaran for use in accordance with its Financial Market Characteristics are as follows:

Financial Market Characteristics <sup>2</sup>	Premium Cover Govt.Bond Rate
Emerging markets with political risk (South America, Eastern Europe)	8.5 % over govt. bond Rate
Developed Markets with limited listings (Western Europe, minus Germany and Switzerland)	4.5 - 5.5% over govt. bond rate
Developed Markets with limited listings and stable economies (Germany and Switzerland)	3.5 - 4% over govt. bond rate

#### Market Risk Premium- Market Index

The market index shall be constituted from data and risks such as the conditions of the market and competition in which the real estate, the place, commercial status of the real estate, and its comparison with similar other ones in the industry. Consequently, the market risk of a real estate with a lower performance will be higher.

The figures used in our studies consist of the data, which has been obtained as a result of criticizing our experiences arising from the shopping centre appraisal studies we have performed so far in various cities of Turkey.

#### Discount Rate (Risk Free Rate+ Market Risk Premium = Discount Rate)

A rate of return used to convert a monetary sum, payable or receivable in the future, into present value. Theoretically it should reflect the opportunity cost of capital, i.e., the rate of return the capital can earn if put to other uses having similar risk. Also called yield value.

Discount rates contain all risk premiums. (Country risk, market risk...)

Discount rate is the sum of risk free rate and the market risk premium.

IAS 36 para. 48, states that " the discount rate (or rates) should be a pre-tax rate (or rates) that reflect (s) current market assessments of the time value of money and the risks specific to the asset. The discount rate (s) should not reflect risks for which future cash flow estimates have been adjusted." It is also true that other measures of income or cash flow may be used so long as the discount rate(s) are appropriately matched with the income flow(s).

<sup>2</sup> Damodaran on Valuation ,Security Analysis for Investment and Corporate Finance, Section 3 : Estimation of Discount Rates p.23

Income rate for a total real property interest that reflects the relationship between single year's net operating income and the total property price or value; used to convert net operating income into an indication of overall property value.

**Other point of view: The Capital Asset Pricing Model (CAPM)**

CAPM model measures risk in terms of on diversifiable variance and relates expected returns to this risk measure. It is based upon several assumptions, that investors have homogeneous expectations about asset returns and variances, that they can borrow and lend at a risk-free rate, that all assets are marketable and perfectly divisible, that there are no transactions costs, and there are no restrictions on short sales. With these assumptions the non-diversifiable risk for any asset can be measured by the covariance of its returns with returns on a market index, which is defined to be asset's beta. If the beta for the equity in the company can be estimated, the cost of the equity will be the required return,

$$\text{Cost of equity} = R_f + \text{Equity beta} (E(R_m) - R_f)$$

Where  $R_f$  = Risk Free rate

$E(R_m)$  Expected Return on the market index

**Analysis Of The Methods Used In The Appraisal**

CAPM Model has not been used within the scope of the appraisal study.

Discount rate: Calculated according to the total of Risk-Free Rate of Return and Risk Premium. The descriptions of the rates used in this total are as follows.

Risk-free rate of return has been identified according to the variable model 3 of the above article 2.2.1, and it has been identified with the average of last 6 months (the average is used for minimizing short-term market fluctuations) of the Eurobond with the longest maturity currently in effect. This rate includes the country risk.

Risk premium has been estimated according to the professional opinion of the appraiser in parallel to his/her experiences by taking into account the risks associated with the specifications of the project such as the region, sector, project, zoning, etc. as explained in article 2.2.1.

**2.2.2 Project Development Approach**

Project development approach is similar to income capitalization method; however, it is different in certain essential aspects. Income capitalization method appraises an existing project with available architectural design and license. Development method capitalizes revenues that maybe obtained from the most convenient project which may be developed according to the existing zoning status on a land without any actually available designs or licenses. In the development approach, which is used as the 2nd method in land appraisal, the land value is identified by calculating the revenues in the landlord's share from the project to be developed on the land.

When appraising an empty land with a definite project or with a project being constructed, the cash flow statement is created with income capitalization method according to the details of the already approved architectural design and building license. When appraising the empty lands, the appraiser determines the marketability/leasability of the land according to his own predictions in parallel to the valid zoning plan conditions, and creates the cash flow statement accordingly.

**2.3 The Value Definitions****2.3.1 Fair Market Value (Market Value)**

In the case of an real property changing hands between the buyer and the seller, at a specific date; it is the most plausible, cash exchange value of the property on the condition that the market conditions required for the sale are provided , the parties being willing and both parties are knowledgeable about the conditions related to the property. In this valuation study the validity of the following points are assumed:

- The buyer and seller are acting in a reasonable and sensible manner.
- The parties are knowledgeable concerning every matter related to the real estate and are acting in a manner to obtain the utmost benefit for themselves.
- A reasonable timeframe has been allowed for the sale of the real estate.
- The payment is being effected in cash or by similar instruments.
- The financing which may be required for the purchasing transaction of the real estate is being realized with the prevailing interest rates in the market.

**2.3.2 Orderly Liquidation Value**

It is the most likely sales value in cash for an interval of approximately 3 -6 months which is determined regarding the assets as a result of interviews and negotiations between the parties. In the orderly liquidation, the best value is tried to be obtained for each of the assets. If, within the determined timeframe, following the negotiations between the parties an agreement can not be reached regarding the price, it is advised to sell the assets by public auction.

**2.3.3 Forced Liquidation Value**

In an auction open to the public, it is the most probable cash value when the economic trends and the obligatory sales conditions are taken into consideration. In the obligatory liquidation, assets are sold as fast as possible. The acceptable time interval is in general less than 3 months.

**SECTION 3**

**GENERAL AND SPECIAL DATA**

**SECTION 3****GENERAL AND SPECIAL DATA**

Data investigation starts with study of the prevailing trends in the international, national, regional or neighbourhood at the market level concerning the asset, which is subject to the evaluation. This research assists the appraiser to perceive the principles, powers and factors influencing the real estate values in that specific market environment. The research, at the same time provides the information related to the figures, the market trends and the clues. Whereas the general datas are datas related to the characteristics of the property to be evaluated and to the equivalent properties.

**3.1 General Data- Social and Economic Data****3.1.1 Demographic Data**

According to the 2008 Census through Address-Based Population Registry System, the population of Turkey was 71.517.100 and the population increased to 72.561.312 on 31 December 2009. In 2000-2007 period, the annual population increase was 0.59%; while the annual population increase of Turkey in 2008 appeared as 1.31%. The population of Turkey is 73.722.988 beginning from December 31, 2010. The population increase of Turkey in 2010 is 15,88%.

In 2010 among the 81 provinces, the population of 53 populations increased and that of 28 populations decreased. The three provinces with lowest population increase rate are Tunceli (-79.69‰), Çankırı (-32.70‰) and Ardahan (-25.42‰). Among the 81 provinces, the first three with the highest population increase are Bilecik (109.22‰), Isparta (63.31‰) and Erzincan (53.23‰).

In Turkey, the urban population increases at a much higher speed than the rural population. The proportion of urban population of Turkey increased sharply in the last 17 years from 59% in 1990 to 64.9% in 2000 and 75,5% in 2009. This rate increased 76,3% in 2010. Urban population (the population in the centers of provinces and districts) is 56.222.356 while the rural population (population at subdistricts and villages) is 17.500.632. The province with highest urban population proportion is Istanbul with 99%, while that with the lowest is Ardahan with 32%.

18% of the country's population lives in Istanbul. 6.5% of the total population lives in Ankara, 5.4% in Izmir, 3.5% in Bursa and 2.8% in Adana. The five provinces with the lowest population are Bayburt, Tunceli, Ardahan, Kilis and Gümüşhane, respectively. The population of Bayburt, which has the lowest population, is 74.412.

The median age in Turkey is 29.2. The median age for males is 28.7 and that for females is 29.8. The median age of the urban population is 29.1 and that of rural population is 29.8. The population in 15-64 age group accounts for 67,2% of the total population. 25,6% of the country's population is in 0-14 age group and 7,2% is in the 65 and higher group.

The number of people per square kilometer, which is indicated as the density of population is 96 in overall Turkey, while it varies between 10 and 2.551 people among provinces. Istanbul has the highest population density with 2.551 people. It is respectively followed by Kocaeli with 432 people, Izmir with 329 people, Hatay with 254 people and Bursa with 250 people. The province with lowest population density is Tunceli with 10 people. In Konya -the province with the largest area- the population density is 52 people per sq km and the population density in Yalova –the province with the smallest area- is 241 people per sq km.



City	Population	Population (City Center)
Kocaeli	13.255.685	13.120.596
Ankara	4.771.716	4.641.256
İzmir	3.948.848	3.606.326
Bursa	2.605.495	2.308.574
Adana	2.085.225	1.836.432

### 3.1.2 Economic Data<sup>3</sup>

In Turkey, especially due to the economic growth and progresses in the real estate industry, beginning to obtain political stability, reduction of inflation to single-digit figures, and the developments related with the Mortgage law since 2005 have caused to the upward movement of real estate prices and to an investment boom.

In this period, when the real estate sector reached the peak level, the penetration of foreign investments was allowed and not only hot money but also fixed investments were received from foreign resources. The upwards acceleration has continued by the final quarter of 2006. Because 2007 was an election year, domestic and foreign investors waited for the results of the elections before giving their investment decisions, and after the elections they continued their investments upon foreseeing that political stability would continue.

Although it was thought that stability would continue as a result of increasing confidence in the country, foreign economic developments rather than domestic politics became more influential in early 2008, the experienced developments directly influenced the economy and a slow down was experienced in investments beginning from April 2008, and foreign investment rate of the previous years began to fall. On looking at the investments in 2008, it is observed that although certain regions reached saturation in residence and SHC sector, the investments in office and logistics sector continued.

The economic crisis, as the most important event of 2008, began as the subprime mortgage crisis in the US, and then it was thought as arising from liquidity shortage but understood in time that the actual problem arises from lack of confidence. The crisis showed itself with the bankruptcy of leading investment banks and insurance companies of the US in March and jumped to Europe in a short time. Although countries announced successive crisis-prevention packages, they could not stop the occurrences and global growth forecasts pointed minus values.

In this process, on looking at Turkey, although the low share allocated by the Turkish banking industry to housing loans abated the effects of the crisis, Turkey also began to be influenced from the global developments after the 3rd quarter of 2008. The increase in foreign exchange rates and the decrease in sales have also begun to be noticed in the real estate market. The stability of residence prices and demand has been replaced by a decrease tendency in parallel to the overall perspective. Real estate market has entered a stable period due to the increasing loan interests, postponement of investments and future forecasts.

In the end of 2008 and in the beginning of 2009, the economical crisis also began to be felt in the real sector of Turkey. In 2009, together with the economic shrinkage, decreases in industrial production and employment have been experienced. It is known that the real

<sup>3</sup> TSKB Gayrimenkul Değerleme A.Ş.

estate industry has spent 2009 with shrinkage and the prices continued to decrease while the demand remained lackluster.

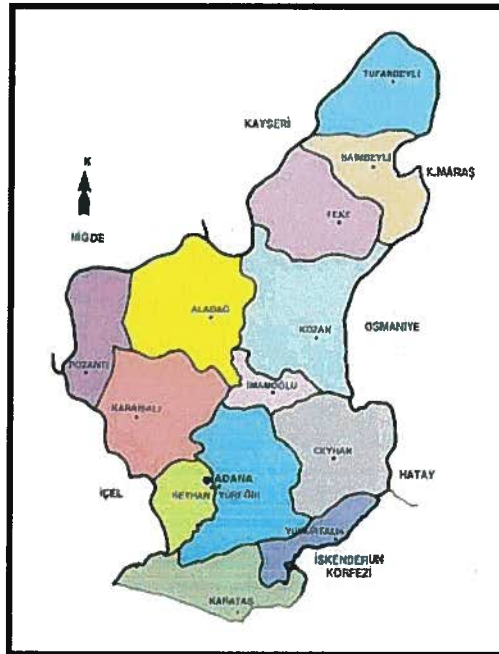
However, during early 2010, with the positive outlook in national economy and foreign markets, it has been observed that a sustainable development restarted and the impacts of the crisis abated with such positivity. With the stability of foreign currency prices throughout most of 2010, the continuity of the trend of rise in Kocaeli Stock Exchange starting from early 2010, and with the perception of referendum in September 2010 as a political stability, the positive atmosphere in the markets has been continuing. Within this process, in the real estate market, especially with the housing investments in Kocaeli's housing market that went one after the other, these investments in the market have received positive reactions and it has been observed that an intensive demand was directed at these projects.

National economic data is positive and there are many other potential investment areas across the country; general elections will be held in 2011 and in case the political and economic stability continues, parallel to the projections for 2011 and the following years, it is considered that with the developing economic demand and price stability in the real estate sector, the interest of domestic and foreign investors in Turkey will continue.

In addition to these, the fact that Turkey will economically be one of the fastest growing OECD countries from 2011 to 2017, with expected annual growth of 6.7% and that Turkey is the only OECD country with increasing growth rate after the economic crisis and the fact that it is one of the few countries with increased credit rating and a candidate for the best rating increase will also enable continuance of the positive outlook of Turkey in international markets.

### 3.2 Special Data - Analysis of the Area Where the Property is Located

#### 3.2.1 Adana Province



Established in the south of Turkey, on both sides of the Seyhan River in the Çukurova section of the Mediterranean Region, Adana shares boundaries with Osmaniye, Kahramanmaraş, and

Gaziantep in the east; İçel in the west; Niğde in the northwest; Hatay in the southeast, and the Mediterranean in the south.

The section, which remains in the south of the Plain of Adana, is called Çukurova and the section remaining in the south is called Yukarıova or Anavarza.

According to the results of the 2010 Address-Based Population Census, 2.085.225 persons from Adana's total population of 1.836.432 live in cities and 248.793 live in villages.

Adana bears the characteristics of the Mediterranean climate. Summers are hot and dry and winters are mild and rainy. The Seyhan and Ceyhan, which are the largest rivers of the Mediterranean Region, flow from within the lands of Adana. The Seyhan Dam and Reservoir, the Kozan Dam and Reservoir, the Nergizlik Dam and Reservoir, and the Çatalan Dam and Reservoir located in the province are among important dams of the country in general.

The southwestern, southern, and southeastern sections of the province are encircled with the mountain system called the Central Taurus Mountains. The boundaries in the east rest on the Amanos Mountains, which enter the Taurus system.

The city was connected to the Mersin Port with the railway in 1886. The Hejaz railway reached Adana by crossing the Taurus Mountains during the years of the First World War. Following these developments and particularly after 1950, the city rapidly grew towards the station in the North-West and west rather than around its former core. New planned neighborhoods were established and wide avenues and parks were opened. During these developments, the growth spilled over towards the left side of Seyhan. Being one of the places of settlement with the fastest developing urbanization process in Turkey, Adana is the most important center of the Mediterranean Region in terms of the commercial, industrial, capital markets. Adana constitutes the intersection point of a developed road network and contains an airport, education institutions at various levels, the Çukurova University, and the State Fine Arts Gallery.

The industrial activities, which started with industrialization based on agriculture and consumption during the years between 1930 and 1940, entered the stage of constructing large scale factories from 1940 on.

During 1950s, factories producing construction materials started operation due to rapid urbanization. The Osmaniye, Gaziantep, İçel, and Konya roads becoming first class roads in 1956 caused Adana to become a transit center and the importance of the province to increase. During the same years, the Seyhan Hydroelectricity Power Plant was transferred to Çukurova Elektrik A.Ş. many factories started operation in various sectors in 1960s and establishment of holdings started in the industrial sector in 1970s. Today Sasa, Çukurova Elektrik, Marsa, Bossa, Güney Sanayi, Temsa, Adana Çimento, Çukobirlik, Mensa, Pilsa, Güney Biracılık, Paksoy, and Özbucak are among the 500 industrial organizations operating throughout the country. While there were only 2 spinning and weaving factories in Adana during the years of the Republic, today the number of workplaces employing 25 and more workers has reached 189.

New regulations that would increase competitiveness in both domestic and foreign markets were introduced during the industrialization process following 1980s. An Organized Industrial Zone (OIZ) was established in order to help entrepreneurs, to bring together the scattered manufacturing industry, and to prevent industrial constructions and unhealthy urbanization on fertile agricultural lands. The number of 9 State Economic Enterprises located in the Province was reduced to 4 following the Privatization Law. Those currently operating as SEEs

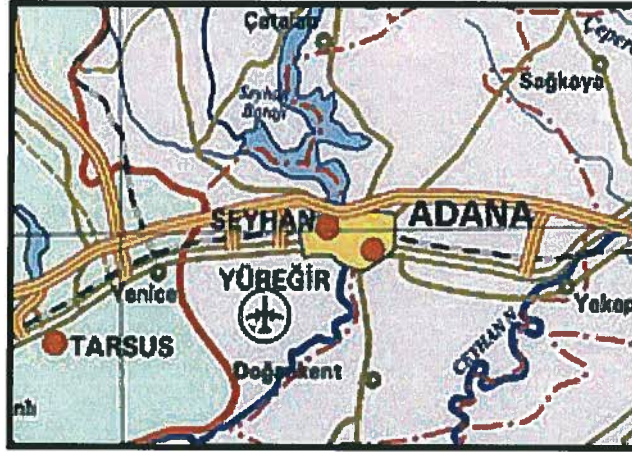
are the meat and Fish Authority, the Tekel Leaf Tobacco Factory, the Tekel Cigarette Factory, and the Cotton Hatchery.

The Galleria Business Center established on an area of 44,000 sqm on the coast of the Seyhan River in the city center is located in place, where it is easily accessible for everybody. There is an intense flow of population to this area due to its vicinity to the places qualified as social and cultural parks. Since these are suitable places for fairs and exhibitions, various events are organized and attract the attention from time to time.

In addition, the branches of the Migros stores in various quarters of the city as well as such sales centers as Carrefour-Sa, Groseri, Metro, and Real opened in the northern section of the province have enlivened the trade in Adana.

Having a great industrial and commercial potential, Adana entered the 2000s with its infrastructure completed. Adana has a central position with the Organized Industrial Zone and the Mersin Free Zone, which are currently in operation and the Yumurtalık Free Zone and the Southeastern Anatolia Project, which are still under construction, and the importance of the province will increase even more.

### 3.2.2 Seyhan District



The Seyhan District was established as a separate administrative district in 1986, when the Central District of Adana connected to the Adana Province was divided into two separate districts. The Seyhan District consists of the section located in the western side of the Seyhan River, which divides Adana into two in the direction of north and south, and it is the largest district of Adana in terms of its population.

According to the results of the 2010 Address-Based Population Census, the population of the Seyhan District is 723.277 and the entirety of this population lives in the city. Based on these results, the population of Seyhan constitutes 37.13% of the general and 42.66% of the urban population of the Adana Province. With this figure, it has a higher population than those of many other provinces.

According to the results of the last 2010 Address-Based Population Census;

Total Population	Central District Population	Village and Town Population	Surface Area	Density
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723.277	723.277	-	420 sqkm	1,721 persons/sqkm
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The results of the 2010 Address-Based Population Census show that Seyhan is one of the densest places of settlement in Turkey with a population density of 1,721 persons/sqkm. This is 8 times higher than that of the Yüreğir District, which has the closest population density to Seyhan. This population density results from the fact that the Seyhan District is a center of industry and trade. Most of the industrial facilities, commercial centers, and residential areas of the Adana Province are located in the District of Seyhan.

Its elevation from the sea level is 23 m. and it has 94 neighborhoods. Its surface area is 420 sqkm. It has maintained its position as the city center of various civilizations for centuries. The district was occupied by the French between 1918 and 1920 and saved in 1922.

Seyhan bears the characteristics of the Mediterranean climate. Summers are hot and dry and winters are mild and rainy. The hottest month average is 28.1 C<sup>0</sup> and the coldest month average is 9.3 C<sup>0</sup>. The humidity is quite high during the summer season. These sweltering temperatures have brought along the tradition of going up to the plateaus. The natural vegetation cover consists of short scrubs up to the height of 1,500 m. Arenicolous and halophilous plants are found in regions that are close to the sea.

Wheat, barley, oat, and rice are the types of grain that are grown most in the District. Cotton comes in the lead among industrial plants. Cottonseed and peanut from the oily plants and early-grown fruits and citrus in fruit growing are the most popular. Adana has been recently growing 4/5 of the total soy bean production.

According to the data obtained from the Adana Chamber of Industry, there are many factories and organizations that process textile, leather, synthetic, fiber, plastic, rubber and chemical as well as forestry, soil, vegetable oil and by-products within the boundaries of the Seyhan District.

The Taşköprü (Stone Bridge), the Bebekli Church, the Clock Tower, the Covered Bazaar, the Grand Mosque, the Yağ Mosque, the New Mosque, the Hasanağa Mosque (Hasan Kethüda), the Kemeraltı Mosque, the Akça Masjid (Ağca Masjid), the Ramazanoğlu Mansion and Women's Quarters, the Çarşı Turkish Bath, the Irmak Turkish Bath, the Gök Hanı Gate, and the Bahçe Paşa Fountain are among the major historical works located in the district.

### 3.1.3 Tourism Industry

The tourism sector is one of the fastest developing and growing sectors worldwide. As boundaries disappear, the world got smaller, and people now have a tendency to travel to destinations that are farther away. The main reasons for this can be listed as the increase of the share of disposal personal income reserved for tourism and holidays, the fast development of transportation and communication technologies, and the desire of the people to visit new areas they have not seen until now, and they wonder about.

Due to the diverse structure of tourism, it covers, on one hand, activities such as accommodation, planning, travel organizations, and sales, called typical tourist activities, and also other activities such as transportation and car rentals, which do not only depend on tourist consumption, but used by them as well. Tourism is an important sector that constitutes a significant portion of the present day gross natural product worldwide. This dynamic sector continues to grow despite the economic stagnation worldwide, and has a function of driving the other industries as well.

In addition to its contributions to the national income, through the foreign exchange revenues provided, it plays an important role in closing the payments balance deficit. As a result of offering employment for masses, the tourism sector is one of the sectors with the highest concentration on employment, and also it is an effective marketing and advertising means for the country.

### 3.1.3.1.1 World Tourism

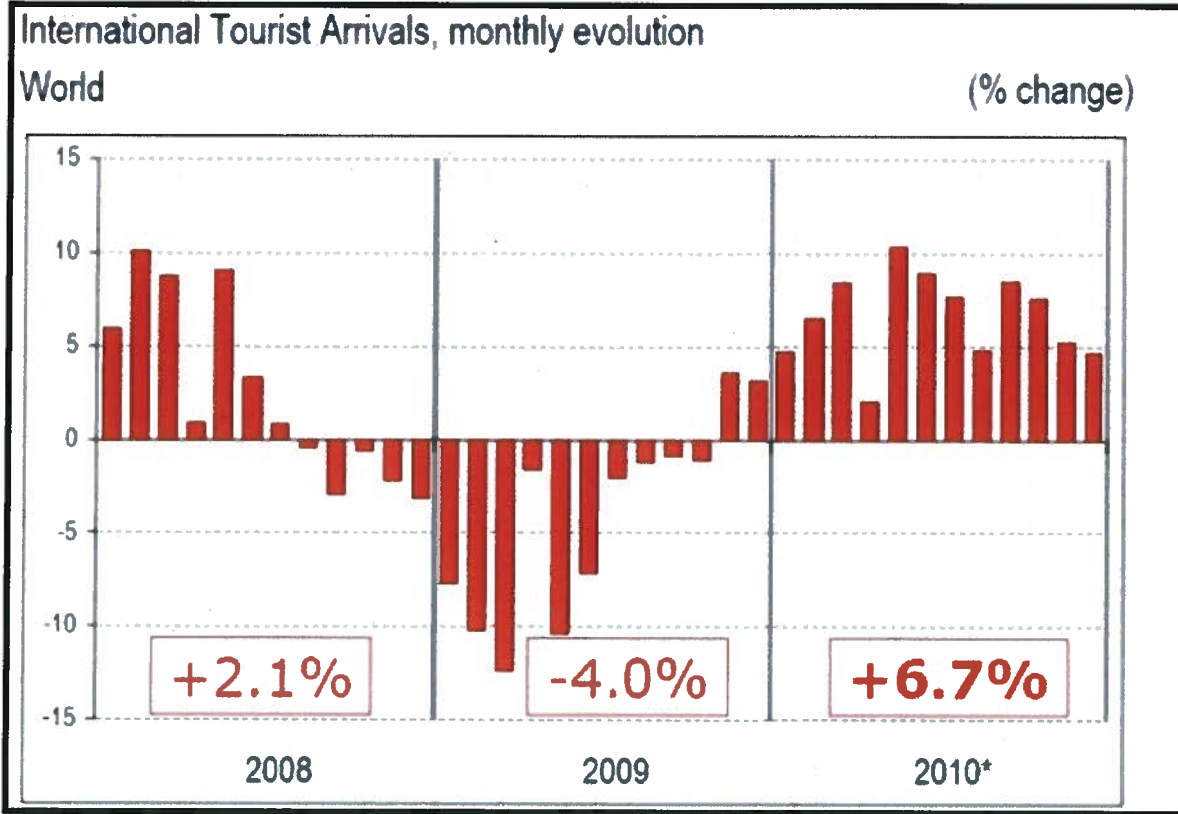
The center of gravity for the world tourism is Europe, where our country is also located. After Europe, the most important share belongs to the East and the Asian/Pacific region. Other than these two regions, the third region with the highest share is South and North America. From this, it can be said that the tourism of world economy is concentrated in the three regions which are developed economically, and with high levels.

Coming Tourist Numbers and Tourism Income (2008)

NO	COUNTRY	MILLION PEOPLE	MILLION USD
1	France	79.1	43
2	Spain	58.5	51
3	USA	51.1	86
4	Cjina	49.6	34
5	Italy	41.1	38
6	UK	30.1	34
7	Germany	23.6	33
8	Mexico	21.4	10
9	Austria	20.3	17
10	Russia	20.2	47
11	Turkey	18.9	17
12	Canada	18.2	14
13	Ukraine	17.6	3
14	Malaysia	17.5	13
15	Hong Kong	15.8	7
16	Poland	15.7	7
17	Greece	14.3	14
18	Thailand	13.9	7
19	Portugal	11.3	10

\*T.C. Ministry of Culture and Tourism, Turkey Statistical Institute

While the World Tourism Organization (UNWTO) has indicated that the world tourism realized a growth of 7% in 2010, it has stated that 935 million individuals had travelled to different countries. In the report indicating that 913 million persons had travelled internationally in 2008 which was the before crisis period it was also stated that this figure was surpassed by 22 million in 2010.



While the Asia took the lead in the recovery of international tourism activities, Asian tourism displayed a growth of 13 percent in 2010. As a consequence the number of travelers to Asia rose to 204 million in 2010 from 181 million people in 2009. The African continent experienced a growth of 6 percent with the effect of the World Cup which was held in South Africa. The Middle East was amongst the areas displaying a major increase with a 10 percent growth rate.

According to the UNWTO report, although disruptions were experienced in the tourism activities because of the volcanic eruption of the Eyjafjallajokull Volcano in Iceland, Europe has succeeded to finish 2010 with a 3 percent growth (471 million people). The tourism activity in North and South America also achieved an increase of 8 percent. As a consequence, 181 million people in total have travelled in the American continent.

The World Tourism Organization has declared that there was also a serious increase in tourism expenditures in 2010 with tourism activities. Accordingly, tourism expenditures rose by 17 percent in China, by 26 in the Russian Federation, by 28 percent in Saudi Arabia and by 52 percent in Brazil. In the World Tourism Organization report, the growth foreseen for the year of 2011 was in the range of 4-5 percent.

TOURISM IN THE WORLD 2009 (COMING TOURIST NUMBERS – TOP 10)		
		MİLYON
1	FRANSA	74,2
2	A.B.D	54,9
3	İSPANYA	52,2
4	ÇİN	50,9
5	İTALYA	43,2
6	İNGİLTERE	28,0
7	TÜRKİYE	25,5
8	ALMANYA	24,9
9	MALEZYA	22,1
10	MEKSİKA	21,5

**SOURCE: UNWTO**

- Turkey is the 7<sup>th</sup> country in the world, attracting 25,5 million tourists.

TOURISM INCOME IN THE WORLD TOP 10 (2009)		
		MİLYAR \$
1	A.B.D	94,2
2	İSPANYA	53,2
3	FRANSA	48,7
4	İTALYA	40,2
5	ÇİN	39,7
6	ALMANYA	34,7
7	İNGİLTERE	30,1
8	AVUSTRALYA	25,6
9	TÜRKİYE	21,3
10	AVUSTURYA	-

**SOURCE: UNWTO**

- Turkey is the 9<sup>th</sup> country in the world, gaining 21,3 billion dollars tourism income.

**Comparison Table of Turkey vs. Competitors:**

COUNTRY	2009		2019	
	Büyüme oranı	İstihdam	Büyüme oranı	İstihdam
TÜRKİYE	+1,3	+1,5	+4,1	+2,7
İSPANYA	-4,9	-4,2	+1,3	+1,0
YUNANİSTAN	-1,8	-2,0	+3,5	+2,6
İTALYA	-5,5	-5,2	+2,0	+0,8
MISIR	-2,8	-4,3	+4,5	+2,0

\*T.C. Ministry of Culture and Tourism, Turkey Statistical Institute

Experts estimate that in the coming years China shall surpass USA and become the third largest tourism country of the world and that it will become the most important tourism destination of the world by 2020. Indicating that China is the fourth largest tourism destination country in the world after France, Spain and the USA, it is stated that last year 49 million 600 thousand tourists have visited China. With its rapidly developing economy it is expected that in addition to attracting foreign visitors China is expected to send 1 million tourists abroad in the year 2020.

**3.1.3.1.2 Tourism Industry in Turkey**

The highest competitive edge of Turkey is in the tourism industry. Tourism is a key industry not just for solving the current account deficit issue, but also for increasing the employment, making Turkey a more livable place, and even promoting the country. Tourism has become the

21



second highest foreign exchange providing sector to Turkey after exports; and it directly influences nearly 40 sectors in the industry.

**2008-2011 Monthly Tourism Income**

AYLAR Months	(Milyon \$ - Million \$)											
	KÜLTÜR VE TURİZM BAKANLIĞI + DEVLET İSTATİSTİK ENSTİTÜSÜ + MERKEZ BANKASI Ministry of Culture and Tourism + Turkstat + Central Bank			KÜLTÜR VE TURİZM BAKANLIĞI + DEVLET İSTATİSTİK ENSTİTÜSÜ + MERKEZ BANKASI Ministry of Culture and Tourism + Turkstat + Central Bank			KÜLTÜR VE TURİZM BAKANLIĞI + DEVLET İSTATİSTİK ENSTİTÜSÜ + MERKEZ BANKASI Ministry of Culture and Tourism + Turkstat + Central Bank			KÜLTÜR VE TURİZM BAKANLIĞI + DEVLET İSTATİSTİK ENSTİTÜSÜ + MERKEZ BANKASI Ministry of Culture and Tourism + Turkstat + Central Bank		
	2008			2009			2010			2011		
	(*)	(**)	TOPLAM (Total)	(*)	(**)	TOPLAM (Total)	(*)	(**)	TOPLAM (Total)	(*)	(**)	TOPLAM (Total)
OCAK-January	616,1	269,4	885,5	559,5	239,2	798,7	531,4	204,1	735,5	662,2	271,3	933,5
ŞUBAT-February	573,1	227,9	801,0	526,4	195,9	722,3	505,7	215,6	721,4	631,8	277,5	909,3
MART-March	817,1	272,7	1089,8	704,9	240,7	945,6	699,9	256,8	956,7	945,7	311,8	1257,5
<b>3 AYLIK TOPLAM</b> 3 Months Total	<b>2006,3</b>	<b>770,0</b>	<b>2776,3</b>	<b>1790,8</b>	<b>675,8</b>	<b>2466,6</b>	<b>1737,1</b>	<b>676,5</b>	<b>2413,6</b>	<b>2239,7</b>	<b>860,6</b>	<b>3100,3</b>
NİSAN-April	806,0	247,0	1053,0	765,2	256,2	1021,4	751,9	292,4	1044,3			,0
MAYIS-May	1451,7	240,3	1692,0	1208,6	235,5	1444,1	1308,2	292,4	1600,6			,0
HAZİRAN-June	1695,8	252,4	1948,2	1520,7	257,3	1778,0	1607,4	306,5	1913,9			,0
TEMMUZ-July	2342,9	711,4	3054,3	2201,1	705,7	2906,8	2099,1	641,9	2741,0			,0
AĞUSTOS-August	2965,8	1029,2	3995,0	2784,8	1029,0	3813,8	2373,4	824,3	3197,7			,0
EYLÜL-September	2190,4	748,2	2938,6	2054,8	751,0	2805,8	1980,8	655,4	2636,1			,0
EKİM-October	1842,2	419,4	2261,6	1910,2	556	2466,2	2114,1	570,8	2684,9			,0
KASIM-November	886,7	382,9	1269,6	938,9	502,8	1441,7	961,5	555,3	1516,8			,0
ARALIK-December	631,9	348,3	980,2	677,9	427,0	1104,9	643,9	413,8	1057,7			,0

\*T.C. Ministry of Culture and Tourism, Turkey Statistical Institute

**2008-2011 Monthly Tourism Expenses**

AYLAR - Months	YILLAR - Years			
	2008	2009	2010	2011
OCAK-January	274,1	282,1	272,3	365,2
ŞUBAT-February	254,5	287,9	320,8	373,3
MART-March	276,8	326,6	396,7	458,3
<b>3 AYLIK TOPLAM</b> 3 Months Total	<b>671,1</b>	<b>805,4</b>	<b>896,6</b>	<b>1 196,8</b>
NİSAN-April	296,9	268,5	351,0	
MAYIS-May	320,0	306,7	392,5	
HAZİRAN-June	389,6	361,3	425,7	
TEMMUZ-July	333,8	460,7	537,1	
AĞUSTOS-August	264,0	329,2	380,1	
EYLÜL-September	195,4	307,2	388,7	
EKİM-October	310,2	374,7	423,1	
KASIM-November	246,9	393,6	505,2	
ARALIK-December	344,2	447,2	431,9	

YABANCI ZİYARETÇİ VE YURT DIŞINDA İKAMET EDEN VATANDAŞ ZİYARETÇİ TURİZM GELİRLERİNİN YILLARA GÖRE DAĞILIMI Distribution of Tourism Receipts of Foreign Visitor and Turkish Citizens Residing in abroad by Years									
YILLAR Years	TOPLAM - Total			YABANCI - Foreigner			VATANDAŞ - Citizen		
	TURİZM GELİRİ Tourism Receipt (1,000 \$)	ZİYARETÇİ SAYISI Number of Visitors	ORTALAMA HARCAMA Average Expenditure (\$)	TURİZM GELİRİ Tourism Receipt (1,000 \$)	ZİYARETÇİ SAYISI Number of Visitors	ORTALAMA HARCAMA Average Expenditure (\$)	TURİZM GELİRİ Tourism Receipt (1,000 \$)	ZİYARETÇİ SAYISI Number of Visitors	ORTALAMA HARCAMA Average Expenditure (\$)
2001	10.067.155	13.450.121	748	7.386.246	11.276.532	655	2.680.908	2.173.589	1.233
2002	11.900.925	15.214.516	782	9.009.677	12.921.981	697	2.891.247	2.292.535	1.261
2003	13.203.144	16.302.050	810	9.676.623	13.701.418	706	3.526.520	2.600.632	1.356
2004	15.887.699	20.262.640	784	12.124.059	17.202.996	705	3.763.639	3.059.644	1.230
2005	18.153.504	24.124.501	752	13.929.300	20.522.621	679	42.234.203	3.601.880	1.173
2006	16.850.947	23.148.669	728	12.556.829	19.275.948	651	4.294.117	3.872.721	1.109
2007	18.487.008	27.214.988	679	13.989.952	23.017.081	608	4.497.055	4.197.907	1.071
2008	21.950.807	30.979.979	709	16.801.618	26.431.124	636	5.149.189	4.548.855	1.132
2009	21.249.334	32.006.149	664	15.853.074	27.347.977	580	5.396.260	4.658.172	1.158
2010	20.806.708	33.027.943	630	15.577.357	28.510.852	546	5.229.352	4.517.091	1.158
2011	3.100.270	4.398.235	705	2.239.710	3.599.196	622	860.560	799.039	1.077

Sorted by country, mainly foreign visitors coming to Turkey (January – December)

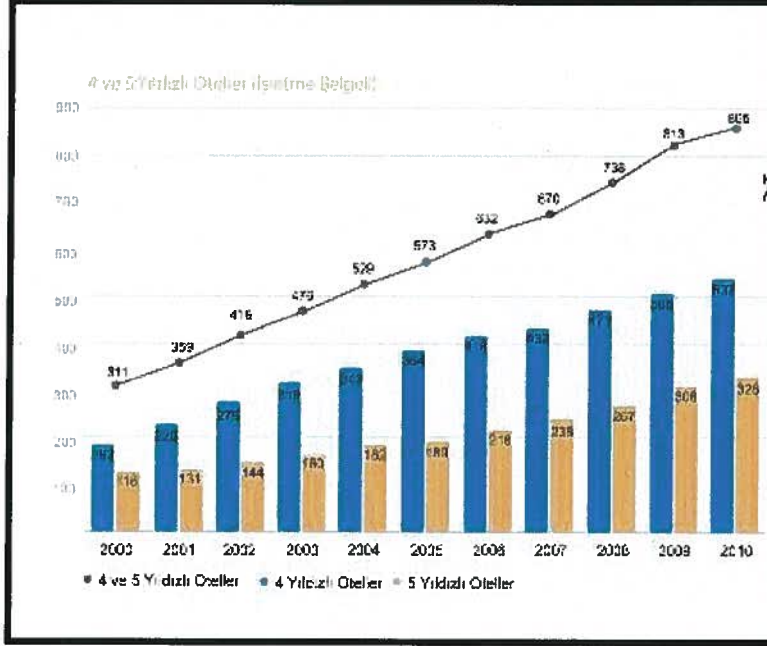
	2009	2010	10 / 09 (%) Change
Almanya	4.488.350	4.385.263	-2,3
İngiltere	2.426.749	2.673.605	10,17
Hollanda	1.127.150	1.073.064	-4,8
Fransa	932.809	928.376	-0,48
Belçika	592.078	543.003	-8,29
İtalya	634.886	671.060	5,7
Avusturya	548.117	500.321	-8,72
İspanya	376.215	321.325	-14,59
Yunanistan	616.489	670.297	8,73
İskandinav Ülkeleri (İsveç + Danimarka + Norveç + Finlandiya)	1.096.628	1.204.325	9,82
Bulgaristan	1.406.604	1.433.970	1,95
Romanya	366.698	355.144	-3,15
AB Toplamı	15.481.138	15.625.067	0,93
Rusya Fed.	2.694.733	3.107.043	15,3
Ukrayna	574.700	568.227	-1,13
BDT Toplamı	5.480.640	6.075.484	10,85
ABD	667.159	642.768	-3,66
Japonya	147.641	195.404	32,35
İran	1.383.261	1.885.097	36,28
İsrail	311.582	109.559	-64,84
Other	3.605.693	4.098.825	13,68
<b>TOTAL</b>	<b>27.077.114</b>	<b>28.632.204</b>	<b>5,74</b>

Tourism Investors Association of Turkey

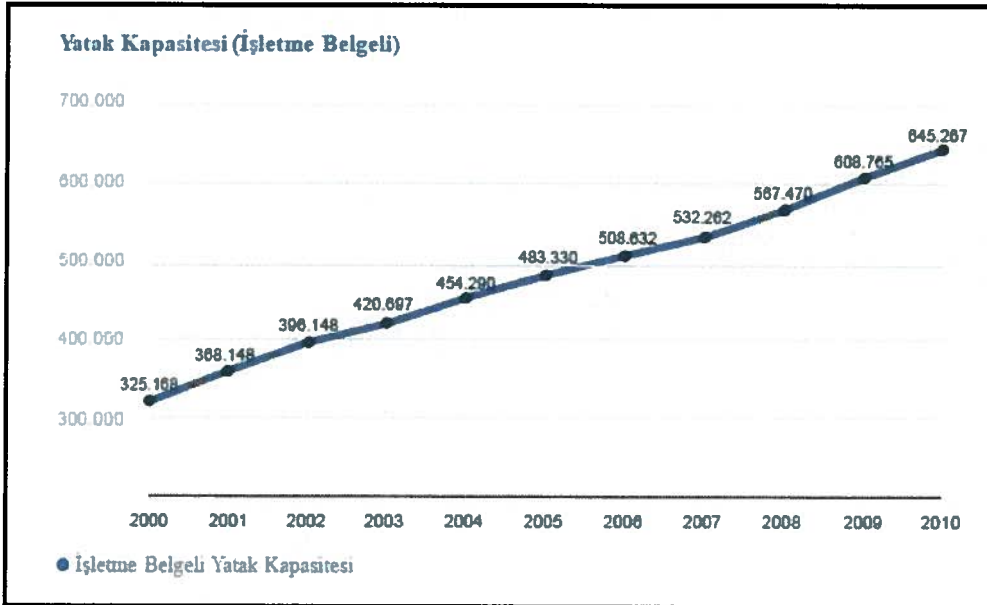
**Accomodation and the Evaluation of 2010**

In 2002, Turkey had a bed capacity of 396.148 with operation certificate and increased her capacity by 62,9%, reaching a bed capacity of 645.267 in 2010. Together with the rest areas with investment certificates, the total bed capacity increased up to 893.326.

In 2002, there was 419 4-star and 5-star hotels holding operation certificates in Turkey and this figure increased by 106,4%, reaching 865 in 2010.



Number of hotels Certificated Tourism Facility And Bed-2010



Bed Capacity of Facilities with Operation Certificates

**Analysis of 2010 April – May – June:**

Tourism revenue increased by 7,4% in comparison to the same period of 2008.

According to the results of the Outbound Visitors Survey, the tourism revenue for the second period of 2009 increased by 7,4% in comparison to the same period of the previous year, reaching US\$4.558.849.846. Among the tourism revenues, US\$ 3.667.409.710 was raised from foreign visitors and US\$ 891.440.137 was raised from the Turkish visitors living abroad.

The visitors make their trips personally or via package tours. Among the tourism revenues, US\$ 3.537.727.494 is from personal trips and US\$ 1.021.122.352 is from package tour expenditures.

In the second period consisting of April, May and June, the highest tourism revenue was US\$ in June. In May, the revenue was US\$ 1.600.640.039 and in April, the revenue was US\$ 1.044.280.697 In the period from April to June, the expenditure per capita was US\$ 546 among foreigners, and US\$ 682 among citizens.

The number of outbound visitors increased by 8,2% in comparison to the same period of the previous year.

The total number of outbound visitors in April, May and June is 8.373.407 people. Among this, 7.637.702 people are foreign visitors, and 735.705 people are citizens living abroad. In the second period, the highest number of visitors was received in June with 3.545.058 people. In May, 2.952.864 people visited our country while in April, 1.875.486 visitors were received.

<b>Monthly Tourism Income and expenditure,</b>						
<b>II. Period 2010</b>						
<b>Months</b>	<b>Tourism Income</b>	<b>Visitor</b>	<b>Avarage</b>	<b>Tourism</b>	<b>Citizen</b>	<b>Avarage</b>
	<b>(USD)</b>	<b>Number (*)</b>	<b>Personel</b>	<b>expences</b>	<b>number</b>	<b>Personel</b>
			<b>expenditure</b>	<b>(USD)</b>	<b>(**)</b>	<b>expenditure</b>
			<b>(USD)</b>			<b>(USD)</b>
<b>2010</b>						
January	735.469.267	1.133.655	649	272.349.030	354.260	769
February	721.358.120	1.105.749	652	320.836.151	444.881	721
March	956.697.423	1.513.316	632	396.740.807	494.956	802
April	1.044.280.697	1.875.486	557	350.964.158	518.761	677
May	1.600.640.039	2.952.864	542	392.547.210	575.820	682
<b>I - II. Period</b>						
<b>Total</b>	<b>6.972.374.656</b>	<b>12.126.127</b>	<b>575</b>	<b>2.159.171.569</b>	<b>3.006.169</b>	<b>718</b>

(\*) Accompanying persons are included in total visitor numbers.

(\*\*) Visit to our country and abroad arriving in the country the number of citizens residing in the passport of the Republic of Turkey.

\* T.C. Ministry of Culture and Tourism, Turkey Statistical Institute

**Analysis of 2010 July – August – September:**

The tourism revenue decreased by 10% in comparison to the same period of 2009.

In the 3<sup>rd</sup> period consisting of July, August and September, tourism revenue decreased by 10% according to the same period of 2009, becoming US\$ 8.574.889.686. Among the tourism revenue, US\$ 6.453.320.361 was from foreign visitors and US\$ 2.121.569.325 was from citizens living abroad.

The visitors make their trips either personally or with package tours. Of the expenditures in this period, US\$ 6.637.222.358 is personal and US\$ 1.937.667.328 is through package tours.

The average overnight stay of foreigners in our country is 8,8 nights and their expenditure per capita is US\$ 550. The average overnight stay of citizens living abroad is 17,9 nights and their average expenditure per capita is US\$ 1.001.

The number of visitors increased by 1,2% in comparison to the same period of 2009.

During the 3<sup>rd</sup> period of 2010, the number of outbound visitors was 13.861.776. Among them, 11.742.391 people are foreigners while 2.119.385 people are visitors living abroad.

The tourism expenditure increased by 19% in comparison to the same period of 2009.

Tourism expenditures consisting of the expenditures made by our citizens living abroad who made their visits outside Turkey increased by 19% in comparison to the same period of 2009, becoming US\$ 1.305.900.206. Among this, US\$ 1.239.589.768 is personal and US\$ 66.310.438 is package tour expenditures. The personal average of the 1.837.126 citizens visiting abroad is US\$ 711.

MONTHS	TOURISM INCOME	DEPARTING VISTOR NUMBER	AVERAGE PERSONAL EXPENSE	TOURISM EXPENSE	NUMBER OF CITIZENS RESIDING IN DOMESTIC	AVERAGE PERSONAL EXPENSE
	(\$)		(\$)	(\$)		(\$)
<b>2009</b>						
JULY	2.906.792.509	4.218.369	689	460.697.012	651.212	707
AUGUST	3.813.819.077	5.491.275	695	329.229.786	460.934	714
SEPTEMBER	2.805.708.246	3.989.011	703	307.165.477	411.943	746
OCTOBER	2.466.201.396	3.515.977	701	374.671.441	490.962	763
NOVEMBER	1.441.776.357	1.945.675	741	393.619.402	517.640	760
DECEMBER	1.104.920.838	1.467.070	753	447.217.180	559.614	799
<b>2010</b>						
JANUARY	735.469.267	1.133.655	649	272.349.030	354.260	769
FEBRUARY	721.358.120	1.105.749	652	320.836.151	444.881	721
MARCH	956.697.423	1.513.316	632	396.740.807	494.956	802
APRIL	1.044.280.697	1.875.486	557	350.964.158	518.761	677
MAY	1.600.640.039	2.952.864	542	392.547.210	575.820	682
JUNE	1.913.929.110	3.545.058	540	425.734.213	617.491	689
JULY	2.741.034.945	4.450.459	616	537.105.301	770.870	697
AUGUST	3.197.707.333	5.145.381	621	380.132.689	547.433	694
SEPTEMBER	2.636.147.408	4.265.936	618	388.662.216	518.823	749
<b>I-III PERIOD TOTAL</b>	<b>15.547.264.342</b>	<b>25.987.902</b>	<b>601</b>	<b>3.465.071.775</b>	<b>4.843.296</b>	<b>720</b>

Monthly Tourism Income and expenditure, 2009-2010

21

**Analysis of 2010 October – November – December:**

Tourism revenue increased by 4,9% in comparison with the same period of 2009.

In the 3<sup>rd</sup> period consisting of July, August and September, tourism revenue increased by 4,9% in comparison to the same period of 2009, becoming US\$ 5.259.444.102. Among the tourism revenues, US\$ 3.719.565.958 is from foreign visitors, US\$ 1.539.878.143 is from citizens living abroad.

The visitors make their trips either personally or with package tours. Among the expenditures in this period, US\$ 4.491.557.397 is personal and US\$ 767 886 704 is through package tours.

The average overnight stay of foreigners in our country is 9,8 nights, and their expenditures per capita is US\$ 618. The average overnight stay of the citizens living abroad is 37 nights and the average expenditure per capita is US\$ 1.514.

The number of visitors increased by 1,6% in comparison with the same period of 2009.

The number of outbound visitors in the 4<sup>th</sup> period of 2010 is 7.040.041 people. Among them, 6.023.265 were foreigners and 1.016.776 were citizens living abroad.

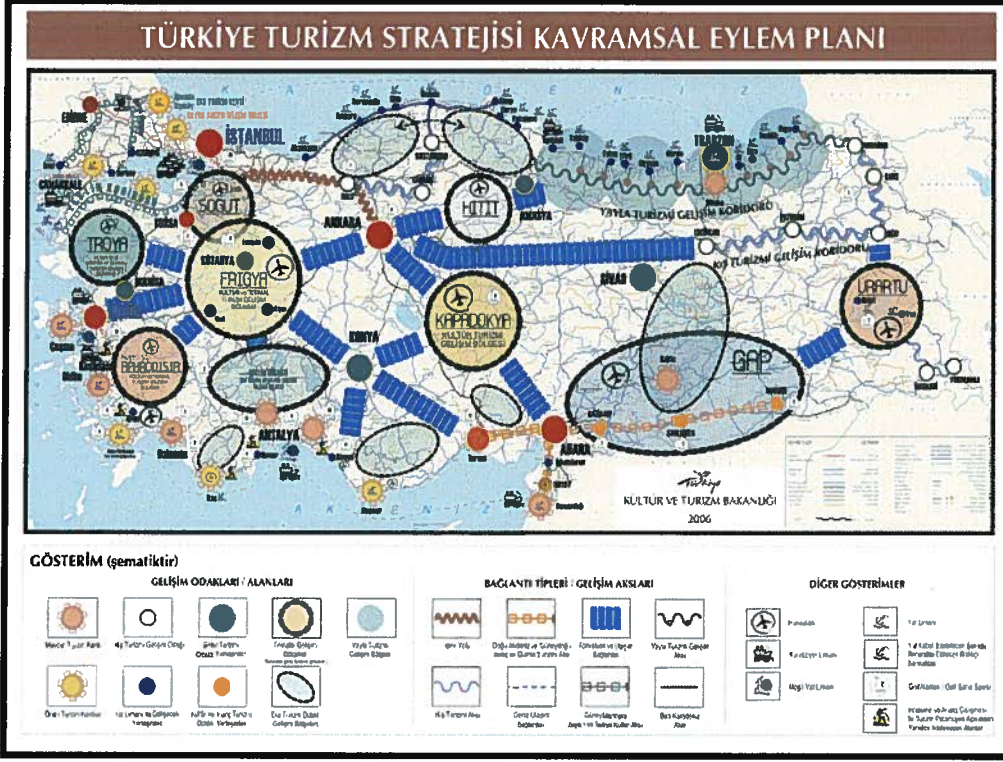
The expenditures of tourism increased by 11,9% in comparison to the same period of 2009.

Tourism expenditure consisting of the expenditures of Turkish citizens living in Turkey visiting other countries increased by 11,9% in comparison to the same period of 2009, becoming US\$ 1.360.142.326. Among this, US\$ 1.310.430.546 is personal and US\$ 49.711.780 is package tour expenditures. The average expenditure of 1.713.937 citizens visiting abroad is US\$ 794 per capita.

<b>Monthly Tourism Income and Expenses, 2009-2010</b>						
Months	Tourism Income (USD)	Visitor Number (*)	Average Personel expenditure (USD)	Tourism expences (USD)	Citizen number (**)	Average Personel expenditure (USD)
<b>2009</b>						
October	2.466.201.396	3.515.977	701	374.671.441	490.962	763
November	1.441.776.357	1.945.675	741	393.619.402	517.640	760
December	1.104.920.838	1.467.070	753	447.217.180	559.614	799
<b>2010</b>						
January	735.469.267	1.133.655	649	272.349.030	354.260	769
February	721.358.120	1.105.749	652	320.836.151	444.881	721
March	956.697.423	1.513.316	632	396.740.807	494.956	802
April	1.044.280.697	1.875.486	557	350.964.158	518.761	677
May	1.600.640.039	2.952.864	542	392.547.210	575.820	682
June	1.913.929.110	3.545.058	540	425.734.213	617.491	689
July	2.741.034.945	4.450.459	616	537.105.301	770.870	697
August	3.197.707.333	5.145.381	621	380.132.689	547.433	694
September	2.636.147.408	4.265.936	618	388.662.216	518.823	749
October	2.684.863.709	3.639.656	738	423.054.022	551.749	767
November	1.516.808.183	2.002.607	757	505.229.994	599.486	843
December	1.057.772.209	1.397.778	757	431.858.310	562.702	767

<b>Total</b>	<b>20.806.708.444</b>	<b>33.027.943</b>	<b>630</b>	<b>4.825.214.101</b>	<b>6.557.233</b>	<b>736</b>
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T.C. Culture and Tourism Ministry had prepared the action plan by 2023, thought to be the development of tourism investments are seen as a graphical map below.



**Market Players**

In Turkey, there are certain local hotels which perform their own management such as Dedeman, Divan, The Marmara, Princess Hotels, and Swiss Hotel. The hotels are generally managed by their own hotel groups and any outside hotel management company is not assigned for the management of the hotel. The management of the hotels is generally based on 10-20 years contracts between the landlords and the management companies, and these agreements may be extended upon the parties' requests. The agreements are generally based on the gross income or net operating profit. However, some landlords may request a fixed annual fee regardless of the turnover. Apart from them, the foreign hotel management groups in Turkey are as follows.

**Marriott (USA):** Serves for hotel management in Turkey. Following Renaissance and Ritz Carlton hotels serving in Turkey, Marriott International Inc, opened its Marriott Asia Hotel. With more than 2,800 establishments, a prestigious and leading company in the accommodation sector of the USA and 67 countries, Marriott International Inc. has 151,000 global employees, and manages 15 hotel brands with 550,000 rooms capacity.

The number of hotels of the firm in Istanbul reached to 4 with Marriott Asyo Hotel. 3 of these hotels are located in the European Side and 1 in Anatolian Side.

**Hochtief (Germany):** Serves for hotel management in Turkey. They established a Facility Management Services (FMS) in 50% partnership with Silkar Holding.

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**Hyatt (America):** Provides services in Hotel Management in Turkey. It carries out management of Hyatt Regency in Istanbul. Some of the hotels of this firm in Istanbul are Park Hyatt Istanbul Maçka Palas, Hotel Hyatt Regency.

**Hilton (America):** Provides services in Hotel Management in Turkey. They carry out management of hotels that belong to Hilton family group. This firm has 8 hotels throughout Turkey and 2 of the hotels are located in the European Side.

**Kempinski (Germany):** They provide services in Hotel Management in Turkey. They carry out management of hotels that belong to Kempinski group. Çırağan Palace Kempinsky Istanbul managed by the firm in Istanbul European Side is the only investment in Istanbul.

**Mövenpick (Switzerland):** They provide services in Hotel Management in Turkey. They carry out management of hotels that belong to Mövenpick group. One of the three investments of the firm in Turkey is located in Istanbul European Side.

**Four Seasons (America):** Provides services in Hotel Management in Turkey. They carry out management of hotels that belong to Four Seasons Hotels group. The firm has two hotel investments in Turkey that are Four Seasons Bosphorus and Four Seasons Sultanahmet.

**Barcelo (Spain):** Serves for hotel management in Turkey. Manages the hotels of Barcelo group. They have Ora Hiladay, Barcelo Rexene (Bodrum) and Barcelo Eresin Topkapı hotels in Turkey.

**Carlson (USA):** Serves for hotel management in Turkey. Manages the hotels of Carlson group. Radisson, Country Inss, Park Plaza, Park Inn and Regent hotels are included under the body of Carlson group.

**Inter Continental Hotel Groups (USA):** Serves for hotel management in Turkey. The company manages hotels of Inter Continental Hotel Groups in Turkey. Inter Continental, Crowne Plaza, Hotel Indigo, Holiday Inn, Holiday Inn Express, Staybridge Suites and Candlewood Suites hotels are included under the body of Inter Continental Hotel Groups.

**Accor (France):** They provide services in Hotel Management in Turkey. They carry out management of hotels that belong to Accor group. They cooperate with Akfen GYO in Turkey and produce hotel projects. The firm is leading in Europe and 3rd largest hotel management firm in the world.

The leading hotel investment groups in the sector are stated here below.

**Divan:** Divan Hotels Chain owned by Koç Group is among the domestic hotel investors serving in Turkey. The chain has totally 7 hotels in Turkey: Istanbul, Istanbul City, Istanbul Asia, Ankara, Antalya, Bodrum and Çorlu.

**Dedeman:** Dedeman Hotels, forthcoming with hotel investments in Turkey and abroad, have 17 domestic hotels, two of which are currently in the construction stage. Their hotels in Turkey can be listed as Dedeman İstanbul, Dedeman Bostancı, Dedeman Şile, Dedeman Zonguldak, Dedeman Bodrum, Dedeman Antalya, Dedeman Kapadokya, Dedeman Ankara, Dedeman Konya, Dedeman Şanlı Urfa, Dedeman Gaziantep, Dedeman Diyarbakır, Dedeman Erzurum, and Dedeman Rize.

**Titanic:** Titanic Hotels Chain owned by AYG Group can be considered among the leading hotel chains in Turkey. With totally 5 hotels in Turkey, the members of Titanic Hotels chain can be listed as; De Luxe Antalya, İstanbul Bussines, City İstanbul Taksim, Port İstanbul Bakırköy, and Comfort İstanbul Şişli.



### 3.1.3.1.3 Hotel Sector-İstanbul

Many of the hotels in Istanbul are urban hotels and it is one of the biggest hotel markets in Turkey with more than 30 thousand room capacity and it is also one of the most important and successful cities in the world in terms of hotel tourism.

Because Istanbul is the center of business world and because of its historical and cultural values, it is one of the significant big cities attracting the attention of the foreign and domestic tourists and has affirmed its place in the lists with its performance of the past 6 years. During the last quarter of 2008, it has reached occupancy rate of 78% and 160 EURO of price, with the impact of the global crisis that affected the entire world, the city closed 2009 with occupancy rate of 70% and with price of 150 EURO.

Istanbul is at the 9<sup>th</sup> rank in the list of the cities most visited by the world in 2009, with 7.51 million visitors, before Hong Kong. Istanbul also became 6<sup>th</sup> after Rome in terms of hotel values per room in 2009 and has therefore risen by 7 ranks in the past 4 years and proves its strength as a hotel market.

Although Istanbul is the city with the highest hotel stock, with its rising star in the international arena, it still poses big chances for hotel investors and recently, all big hotel chains worldwide are making efforts for adding another link to their chain in Turkish market and the chains that have not yet entered Turkish market are making aggressive efforts to do so.

The best way to enter Turkey market passes through Istanbul, which is largely popular in the world. Recently, the first W-Hotel of Europe was opened in Turkey, and the Four Seasons began operating its second hotel in Istanbul. A center of attraction for many upper level foreign tourists, Istanbul is also very attractive for boutique hotel investments.

It is projected that the potential customers of the hotel in the subject project will be a mass of upper level income, involved in golf and that is willing to be involved in more than one activity at the same time. According to such projections, the following hotel coefficients were analyzed.

**The hotels in the city centre**, mostly serve for the segment who visit Istanbul for congress purposes. The hotels around Lütfü Kırdar Convention and Exhibition Center, can be given as sample to such type of hotels. Hilton, one of the oldest among them has celebrated its 50th year. Some of the hotels in the city center are listed with their details as follows.

Hotel	Location	Room Capacity	Category
The Marmara	Taksim	377	5 star
Hyatt Regency	Taksim	360	5 star
The Ritz Carlton	Taksim	244	5 star
Swissotel the Bosphorous	Beşiktaş	579	5 star
Conrad	Beşiktaş	590	5 star
Çırağan Palace Hotel Kempinski	Beşiktaş	315	5 star
Hilton	Elmadag	499	5 star
Les Ottomans	Kuruçeşme	10	Boutique

**The hotels in Central Business Area and around it**, Using the advantage that the directorates of international companies are in these regions, they host mostly the people who visit Istanbul for business purposes. Some of these hotels are;

Hotel	Location	Room Capacity	Category
Movenpick Hotel	4. Levent	249	5 star
Sheraton İstanbul Maslak	Maslak	305	5 star
The Plaza Hotel	Balmumcu	234	5 star
Dedeman Hotel	Gayrettepe	355	5 star
The Point Hotel	Gayrettepe	210	5 star

**Historical Peninsula hotels** host the tourists who visit Istanbul individually with its historical and cultural wealth. Some of these hotels are;

Hotel	Location	Room Capacity	Category
Four Seasons	Sultanahmet	65	5 star
Barcelo Eresin Topkapı	Topkapı	249	5 star

**Hotels in the airport region** are; partially the section on short term business trip, and partially the section in Istanbul for conference purposes. Some of these hotels are;

Hotel	Location	Room Capacity	Category
Radisson Sas	Sefaköy	326	5 star
Holiday Inn Crowne Plaza	Ataköy	330	5 star
Green Park Hotel	Merter	140	5 star
Çınar Otel	Yeşilyurt	224	5 star
Polat Renaissance	Yeşilyurt	414	5 star
WOW İstanbul Otel	Yeşilköy	275	5 star
WOW Airport Hotel	Yeşilköy	360	4 star
Nov Otel	Zeytinburnu	208	4 star
İbis Otel	Zeytinburnu	228	3 star

#### İstanbul-Hotel Market Statistics

Due to the fact that Istanbul was the European Capital of Culture in 2010, Istanbul has had an advantageous position in terms of tourism. Having grown by 10% in room revenues, Istanbul increased its rate of occupancy by 14% and reached 73%. Istanbul is a decent price alternative for those that prefer visiting the Euro region.

According to the data received from Atatürk and Sabiha Gökçen Airports and Haydarpaşa, Pendik and Karaköy ports; it is observed that the number of foreign visitors coming to Istanbul in January-March period of 2011 increased by 18% in comparison with the previous year.

**Number Of Incoming Foreign Istanbul**

	TURKEY		İSTANBUL		Rate of Change in 2010 (Monthly)	Change on Previous Year (Cumulative)
	2009	2010	2009	2010		
JANUARY	751.817	809.974	339.897	294.352	- 13,4	- 13,4
FEBRUARY	898.927	953.848	408.083	372.713	- 8,7	- 10,8
MARCH	1.207.729	1.414.616	485.607	489.884	0,9	- 6,2
APRIL	1.750.281	1.744.628	632.209	588.601	- 6,9	- 6,4
MAY	2.718.788	3.147.492	700.123	688.821	- 1,6	- 5,1
JUNE	3.263.089	3.500.024	698.648	659.117	- 5,7	- 5,2
JULY	4.343.025	4.358.275	915.620	819.420	- 10,5	- 6,4
AUGUST	3.760.372	3.719.180	747.674	630.636	- 15,7	- 7,8
SEPTEMBER	3.136.010	3.486.319	679.686	712.583	4,8	- 6,3
OCTOBER	2.617.193	2.840.095	761.692	715.567	- 6,1	- 6,2
NOVEMBER	1.403.740	1.491.005	555.917	517.318	- 6,9	- 6,3
DECEMBER	1.226.143		584.585	471.968	- 8,8	- 7,3
			7.509.741	6.960.980		

	TURKEY		İSTANBUL		Rate of Change in 2010 (Monthly)	Change on Previous Year (Cumulative)
	2010	2011	2010	2011		
JANUARY	809.974	975.723	294.352	378.380	28,5	28,5
FEBRUARY	953.848	1.079.505	372.713	431.481	15,8	21,4
MARCH	1.414.616	1.617.782	489.884	556.113	13,1	17,9
APRIL	1.744.628	2.290.722	588.601	694.959	18,1	18,1
MAY			688.821	729.860	6,0	14,6
			2.434.371	2.790.793		

Istanbul Provincial Directorate of Tourism

**Accommodation Facilities**

LOCATION	Europe	Asia	Europe	Anadolu	Asia	Europe	TOTAL
TYPE	Number of		Room Capacity		Number of Beds		Bed Num.
Special Facility	69	8	2264	216	4514	438	4952
Boutique Hotel	7	3	378	79	772	162	934
Five Star Hotel	35	5	9804	1339	20142	2680	22822
Four Star Hotel	77	2	8873	140	17611	275	17886
Three Star Hotel	76	14	4666	859	9049	1676	10725
Two Star Hotel	58	8	2092	281	3960	543	4503

REPORT NO: 2011REV367

REPORT DATE: 30.09.2011

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One Star Hotel	10	1	321	23	605	43	648
Apart Hotel	1	1	10	40	34	80	114
Golf Facility	2	0	755	0	2322	0	2322
Pansiyon	2	1	14	10	28	19	47
Motel	1	0	32	0	64	0	64
	338	43	29.109	2.987	59.101	5.916	65.017

T.C. Ministry of Culture and Tourism -May 2011

The recent data of 2011 reveals that in Istanbul, there are 38 5-star hotels with **Operation Certificate**, and 79 4-star hotels and in total, there are 381 rest areas. Moreover, there are also rest areas with "Municipality Certificates" and the number of facilities is 770, the number of rooms is 23.588 and the number of beds is 44.945. Thus, **the bed capacity of Istanbul reaches 109.962.**

**Investment Certificated by Ministry of Culture and Tourism**


OCATION	Europe	Asia	Europe	Anadolu	Asia	Europe	TOTAL
TYPE	Number of		Room Capacity		Number of Beds		Bed Num.
Special Facility	6	2	141	193	340	526	866
Boutique Hotel	5	1	191	15	382	30	412
Five Star Hotel	24	14	6748	3051	14260	6312	20572
Four Star Hotel	24	5	2728	677	5459	1348	6807
Three Star Hotel	8	3	821	133	1628	276	1904
Two Star Hotel	2	1	52	55	90	110	200
One Star Hotel	0	1	0	16	0	32	32
Apart Hotel	4	0	575	0	1915	0	1915
Golf Facility	0	0	0	0	0	0	0
Pansiyon	1	0	5	0	10	0	10
Motel	0	0	0	0	0	0	0
	74	27	11.261	4.140	24.084	8.634	32.718


T.C. Ministry of Culture and Tourism -May 2011

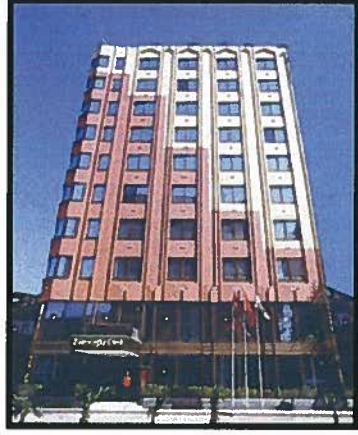
In addition, the ongoing construction of Istanbul has a total accommodation capacity of 32,718 beds.


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### Market Research

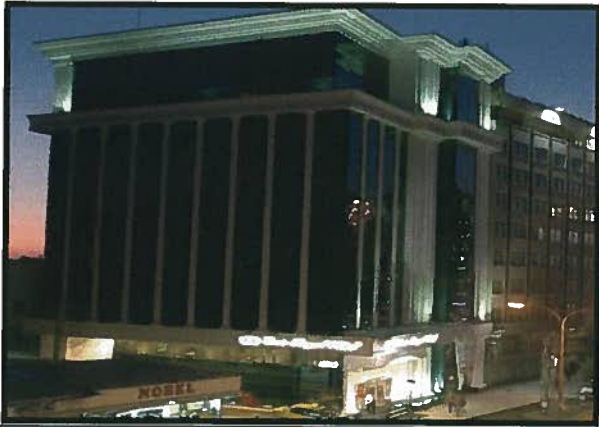
<b>Name: HOTEL SEYHAN (*****)</b>	
<b>Location:</b> Seyhan	
<b>Total Number of Rooms:</b> 138 rooms. (108 of these are standard rooms, 28 junior suits, and 2 senior suits.)	
<b>Room Prices:</b> Single Standard Room 160 TL, Double Standard Room 190 TL, (Prices are inclusive of breakfast and VAT.)	
<p><b>General Features of the Hotel:</b> Hotel Seyhan is in the city center of Adana and it is at a 5 km. distance from the Adana Şakirpaşa Airport, 6 km. from the central bus terminal, and 3 km. from the train station.. Each room has a direct telephone line, a bathroom, a hair-dryer, an electronic lock system, a fire alarm, a mini bar, wakeup call service, a safe, 24-hour room service, cable TV, and wireless internet access. There is a manager on duty for 24 hours, a doctor, information desk, internet, 2 restaurants, 2 bars, safes in the reception, laundry and dry-cleaning service, generator, indoor car parking areas, hairdressers for men and women, a flower shop, a mini shop, a photograph studio, a sauna, massage, and fitness center, 14 meeting halls (Maximum (sqm/cap) 621/700 – (Minimum (sqm/cap) 36/12) in terms of the general services provided by the hotel.</p>	


<b>Name: SÜRMEİ ADANA (*****)</b>	
<b>Location:</b> Seyhan	
<b>Total Number of Rooms:</b> 159 (84 of these are superior rooms with two separate beds and 64 superior queen rooms, 4 junior suits (with Jacuzzi), 5 senior suits (with Jacuzzi), 10 superior non-smoking rooms, and 2 superior rooms for the handicapped)	
<b>Room Prices:</b> Single Standard Room 105 TL, Double Standard Room 140 TL, (Prices are inclusive of breakfast and VAT.)	
<p><b>General Features of the Hotel:</b> Sürmeli Adana is in the city center of Adana and it is at a 3.5 km. distance from the Adana Şakirpaşa Airport. All rooms have 24-hour room service, a mini bar, a study table, high speed wireless internet, an interactive TV, a telephone line open to external calls, a private bathroom and shower, a hair-dryer, an automatic air-conditioning system, a letter and note pad, and suit rooms contain a Jacuzzi and an LCD flat screen television set. As the general services provided by the Hotel, there is a Turkish Bath, sauna, an outdoor swimming pool, massage, hairdressers for men and women, a solarium, 7/24 information service, 5 meeting halls, a brasserie, a bar, a poolside restaurant, a health club, a gymnasium, a garden, child care service, a telephone line for calling the doctor, a business center, a garage, concierge services (for carrying luggage and suitcases), a gift shop, car rental, dry-cleaning, laundry, inner city transportation, and city tour services.</p>	


<b>Name: ZAIMOĞLU HOTEL ( * * * * )</b>	
<b>Location:</b> Seyhan	
<b>Total Number of Rooms:</b> 77 (69 of them are luxury rooms and 8 suit rooms.)	
<b>Room Prices:</b> Single Standard Room 70 TL, Double Standard Room 100 TL, (Prices are inclusive of breakfast and VAT.)	
<p><b>General Features of the Hotel:</b> The Zaimoğlu Hotel is in the city center of Adana and it is at a 3.70 km. distance from the Adana Şakirpaşa Airport. All rooms contain an independently controlled air-conditioning system, a direct telephone line, a color TV with satellite connection, a radio, a sunken bathtub, a hair-dryer, a safe, and a mini bar. Among the general services provided by the hotel are an indoor car park, dry-cleaning services, laundry services, hairdressers for men and women, gift stands, 24-hour room service, and 3 meeting halls.</p>	

<b>Name: ERTEN HOTEL ( * * * * )</b>	
<b>Location</b> Seyhan	
<b>Total Number of Rooms:</b> 38 (31 of these rooms are normal and 6 double rooms and 1 suit room)	
<b>Room Prices:</b> Single Standard Room 90 TL, Double Standard Room 130 TL, (Prices are inclusive of breakfast and VAT.)	
<p><b>General Features of the Hotel:</b> The Adana Erten Hotel is in the city center of Adana and it is at a 3.50 km. distance from the Adana Şakirpaşa Airport. All rooms contain air-conditioning, a mini bar, a television with satellite connection, a direct telephone line, a safe with electronic password, a fire detector, 24-hour hot water, a hair-dryer, and an automatic alarm system. Among the general services provided by the hotel are 24-hour room service, a restaurant, a meeting hall, a rental car service, and a private car parking area.</p>	

<b>Adı: HOTEL İNCİ ( * * * * )</b>	
<b>Location:</b> Seyhan	
<b>Total Number of Rooms:</b> 89 (80 of them are normal rooms and 9 suit rooms)	
<b>Room Prices:</b> Single Standard Room 80 TL, Double Standard Room 110 TL, (Prices are inclusive of breakfast and VAT.)	
<p><b>General Features of the Hotel:</b> Hotel İnci is in the city center of Adana and it is at a 3.50 km. distance from the Adana Şakirpaşa Airport. All rooms contain a sunken bathtub, an automatic telephone, a mini bar, a radio, a satellite antenna, and a split air conditioner. Among the general services provided by the hotel are 24-hour room service, a restaurant, a bar, 2 ball rooms, a disco bar, a seminar hall, indoor car park, sauna, a Turkish Bath, a steam room, massage, a sports room, and hairdressers for men and women.</p>	

<b>Name: EMİR ROYAL HOTEL LUXURY ( * * * * )</b>	
<b>Location:</b> Seyhan	
<b>Total Number of Rooms:</b> 62 (60 of them are normal rooms and 2 suit rooms)	
<b>Room Prices:</b> Single Standard Room 100 TL, Double Standard Room 140 TL, (Prices are inclusive of breakfast and VAT.)	
<p><b>General Features of the Hotel:</b> The Emir Royal Hotel Luxury is in the city center of Adana and it is at a 3.50 km. distance from the Adana Şakirpaşa Airport. All rooms contain a mini bar, an orthopedic bed, a central air-conditioning system, a satellite TV, wired and wireless internet line, an LCD TV, and a specially equipped bathroom. Among the general services provided by the hotel are 24-hour room service, a restaurant, a multi-purpose meeting hall, and a lobby bar.</p>	

<b>Name: ÇUKUROVA PARK HOTEL ( * * * * )</b>	
<b>Location:</b> Seyhan	
<b>Total Number of Rooms:</b> -	
<b>Oda Fiyatı:</b> Single Standard Room 100 TL, Double Standard Room 150 TL, (Prices are inclusive of breakfast and VAT.)	
<p><b>Otelin Genel Özellikleri:</b> The Çukurova Park Hotel is in the city center of Adana and it is at a 3.50 km. distance from the Adana Şakirpaşa Airport. All rooms contain a central heating and cooling system, air-conditioning, an LCD TV with satellite connection, a bathroom with a shower cabin, a hair-dryer, wireless internet, and internal and external telephone lines. Among the general services provided by the hotel are 24-hour room service, a restaurant, a bar, a multi-purpose meeting hall, and a multi-story car park.</p>	

<b>Adı: HOTEL MAVİ SÜRMEİ ( * * * * )</b>	
<b>Yer:</b> Seyhan	
<b>Toplam Oda Sayısı:</b> 117 (101 of them are standard rooms, 2 for the handicapped, 2 king suits, and 12 suit rooms)	
<b>Oda Fiyatı:</b> Single Standard Room 110 TL, Double Standard Room 150 TL, (Prices are inclusive of breakfast and VAT.)	
<p><b>Otelin Genel Özellikleri:</b> The Hotel Mavi Sürmeli is in the city center of Adana and it is at a 3.00 km. distance from the Adana Şakirpaşa Airport. All rooms contain air-conditioning and central heating and cooling, a mini bar, a satellite TV, a sunken bathtub, a hair-dryer, a data link, and a telephone line. Among the general services provided by the hotel are 24-hour room service, a restaurant, a bar, a café, sauna, a steam room, massage, a vitamin bar, 4 halls, dry-cleaning, laundry, and ironing services, a car park, child care services, doctor, a foreign currency exchange office, a hairdresser, a business center, secretarial services, a wireless internet system, and newspaper and journal stalls.</p>	



**Summary Chart:**

HOTELS	Company price/single room*		Company price/double room*	
SÜRMEİ	89 TL	35 €	83 TL	33 €
ZALMOĞLU	60 TL	24 €	85 TL	34 €
ADANA ERTEN	76 TL	30 €	110 TL	43 €
OTEL İNCİ	67 TL	26 €	93 TL	37 €
EMİR ROYAL	84 TL	33 €	118 TL	47 €
ÇUKUROVA PARK	84 TL	33 €	127 TL	51 €
HOTEL MAVİ SÜREMELİ	93 TL	37 €	127 TL	50 €
AVERAGE PRICE	79 TL	31€	106 TL	42 €

\* VAT excluded, breakfast included.

**SECTION 4**

**TITLE DEED AND ZONING INFORMATION  
OF THE REAL ESTATE**

**SECTION 4****TITLE DEED AND ZONING INFORMATION OF THE REAL ESTATE****4.1 Title Deed Information of the Real Estate**

Province	:	Adana
District	:	Seyhan
Subdistrict	:	Çınarlı
Village	:	-
Quarter	:	-
Locality	:	-
Plot No	:	-
Section No	:	585
Parcel No	:	2
Area	:	2.213 sqm
Quality	:	Land
Owner	:	Akfen Gayrimenkul Yatırım Ortaklığı Anonim Şirketi*
Share	:	Exact

*\*While the immovable property was previously owned by Mehmet Ali BOĞA, it was sold to Akfen Gayrimenkul Yatırım Ortaklığı Anonim Şirketi on 03 August 2010, with journal no 9826. The relevant documents of encumbrance are included in the attachments section.*

**4.2 Title Deed Examination of the Real Estate**

The investigation of the appraisal commission on the title deed records of the property under appraisal, is conducted for purposes of the determination of the rights that constitute the ownership of the property under appraisal, and the limitations imposed on such rights.

The following rights and limitations have been identified on the appraised property according to the document of encumbrances obtained on 13.09.2011 and according to the inspections held at the 2nd Regional Title Deed Registry Directorate of the Seyhan District of the Province of Adana on 13.09.2011. (The certificate of encumbrances dated 13.09.2011 on the properties is also enclosed.)

- There is a mortgage in the amount of EURO 11,250,000.00 dated 03 August 2010, with journal no 9873 in favor of Türkiye İş Bankası A.Ş., and Türkiye Sınai Kalkınma Bankası Anonim Şirketi and against Akfen Gayrimenkul Yatırım Ortaklığı Anonim Şirketi with a variable interest at the annual rate of 4.75% + Euribor.

TASINMAZ BİLGİLERİ								
Zemin Tipi	: Ana Tapınmaz	Ada/Parsel	: 5852					
Zemin No	: 25870954	Yüzölçüm	: 2.213,00 m2					
İli / İlçe	: ADANA/SEYHAN	Ana Tap. Niteliği	: Arsa					
Kurum Adı	: Seyhan TM							
Mahalle / Köy Adı	: ÇINARLI Mah.							
Mevki	:							
Çizir / Sayfa No	: 17 / 2028							
Kayıt Durum	: Aktif							
MÜLKİYET BİLGİLERİ								
Sistem No	Mallık	Ebirliği No	Hisse Pay/Payda	Metrekare	Edinme Sebebi - Tarih - Yev.	Terkin Sebebi - Tarih - Yev.		
114183499	AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ	TAM		2.213,00	Satış - 03/08/2010 - 9826			
İpotek								
Alacaklı	Mühteremi	Borç	Faiz	Derece/Sıra	Süre	Tesis Tarih - Yev.	Borçlu	SDF Halka
(SN:40) TÜRKİYE İŞ BANKASI A.Ş. Vergi No: 4810058590 Sicil No: 431112378694 (SN:6420955) TÜRKİYE SİNAİ KALKINMA BANKASI ANONİM ŞİRKETİ Vergi No: 8790033309 Sicil No: 8790033309	Hayır	11.250.000,00 EUR	YILLIK%4,75 1/0 +EURIBOR DEĞİŞKEN		F.B.K.	03/08/2010-9873	AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ	Yok
İpotek Konusundaki Hisse Bilgisi								
Tapınmaz	Hisse Pay/Payda	Borçlu Mallık	Mallık Borç	Tesis Tarih - Yev.	Terkin Sebebi - Tarih - Yev.			
Seyhan TM - ÇINARLI Mah. 585 Ada 2 Parsel	1/1	AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI 11.250.000,00 EUR	ANONİM ŞİRKETİ	03/08/2010-9873				
İpotek S/B/İ Bilgisi								
S/B/İ	Açıklama	Mallık	Tarih/Yevmiye	Terkin Sebebi - Tarih - Yev.				

#### 4.2.1 The Buying and Selling Transactions for the Property in the Last Three-Year Period, if Any

It was determined based on the information document of encumbrance obtained from the 2nd Regional Title Deed Registry Directorate of the Seyhan District of the Province of Adana that the immovable property with parcel no 2 on block 585 was formed with the amalgamation of the parcels no 184, 185, and 186 on block 1362 in the Çınarlı Neighborhood on 10 January 2008, with journal no 706 and while it was previously owned by Mehmet Ali BOĞA, it was sold to Akfen Gayrimenkul Yatırım Ortaklığı Anonim Şirketi on 03 August 2010, with journal no 9826.

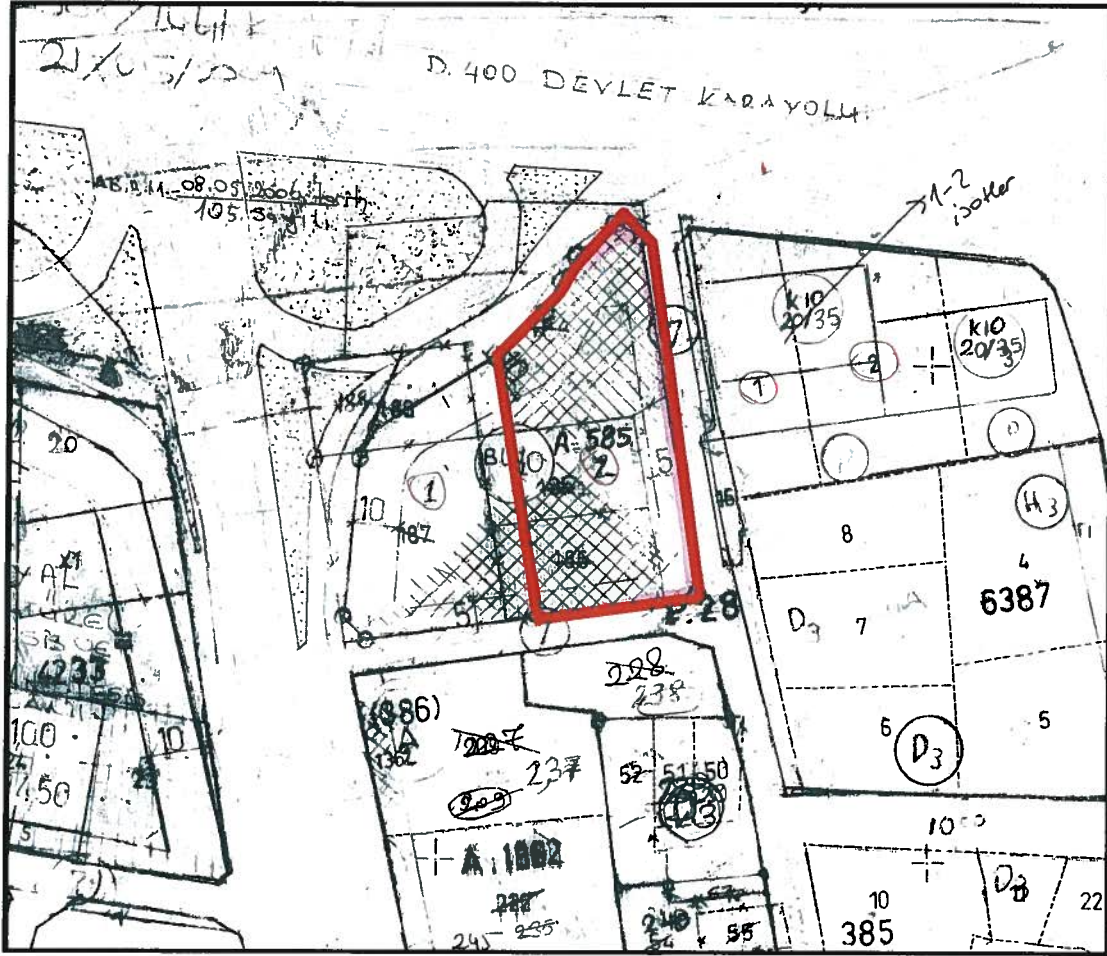
#### 4.3 Zoning Information of the Real Estate

The zoning regulations regulate the utilization of the land and the density of its development. The appraisal expert should also consider all possible changes expected in the up-to-date regulation and specifications during his inspection on the zoning and construction regulations. Zoning plans define the general purposes of use such as housing, commerce and industry, and identify the density of construction that is to be performed further to the relevant purposes of use.

According to the According to the inspection dated 13.09.2011, at Adana Province, Seyhan District zoning directorate and zoning cadastre no 105 and dated 08 May 2006, which was approved by the Adana Metropolitan Municipality Council, the immovable property under appraisal remains in "Commercial" area and the construction conditions are as follows;

- Block construction style,
- 10 floors (building height = max. 30.75 m. and floor height = max. 3.00 m.),
- TAKS (Base Area Coefficient) = 0.40

- The setback distances are 10 m. from the front, 5 m. from the back and sides, and 6 m. from the neighboring parcel.



✓ **Licenses and Permits:**

- The approved architectural project dated 01 December 2010, which belongs to the immovable property under appraisal, was found in the archive file and examined.
- A Construction Permit is available for the immovable property subject to appraisal, dated 01.12.2010, no. 12/13, issued for a total closed area of 9,047 sqm, as 6533 sqm "Hotel or Similar Guest-House" and 2514 sqm "Common Area".

**Building License and Permits Summary Table**

License – Occupancy Permit Date/No	Reason of Issue	Area (m <sup>2</sup> )	Explanation
01.12.2010 -12/13 (Building Licence)	New Construction	9.047	Hotel or Similar Guest-House and Common Area

*Handwritten signature*

**✓ Building Supervision:**

- The building inspection for the hotel building to be constructed on the immovable property under appraisal, which has a "Foundation License", has been conducted by Pegasus Yapı Denetim Ltd. Şti. located at the address Güzelyalı Mah. 81106 Sok. No: 4 Çukurova/ADANA.

**4.3.1 Information Regarding the Changes in the Legal Status of the Property in the Last Three Years (Changes in the Zoning Plan, Expropriation Procedures, etc.)**

It was determined based on the information document of encumbrance obtained from the 2nd Regional Title Deed Registry Directorate of the Seyhan District of the Province of Adana that the immovable property with parcel no 2 on block 585 was formed with the amalgamation of the parcels no 184, 185, and 186 on block 1362 in the Çınarlı Neighborhood on 10 January 2008, with journal no 706.

**4.4 Opinions About the Property, the Property Project or the Rights and Benefits Associated with the Property in line with the Capital Market Regulations**

It is considered that there are no obstacles preventing the subject hotel project from being included in the portfolio of the Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. as "project" pursuant to the provisions of the Capital Markets Legislation.

**4.5 Civil Liability**

It has been detected that the mortgage on the subject property, dated 03.08.2010, with journal no 9873, in favor of Türkiye İş Bankası A.Ş., Türkiye Sınai Kalkınma Bankası Anonim Şirketi, against Akfen Gayrimenkul Yatırım Ortaklığı Anonim Şirketi, with annual 4,75%+Euribor variable, worth € 11.250.000,00 was established for the purpose of funding the project. The official letter regarding the said mortgage has been obtained from the relevant bank and is attached.

**4.6 Environmental and Ground Contamination**

Ground research and ground contamination work at the real estate are in the professional limits of the field of "Environmental Geophysics".

A detailed research in this field was not done as our company does not have expertise in this field. However, the real estate was observed to have no negative impacts on the environment during the on-site observations. Thus, the appraisal was done assuming that there was no negative impact on the environment.

**SECTION 5**

**PHYSICAL INFORMATION OF THE REAL ESTATE**

## SECTION 5

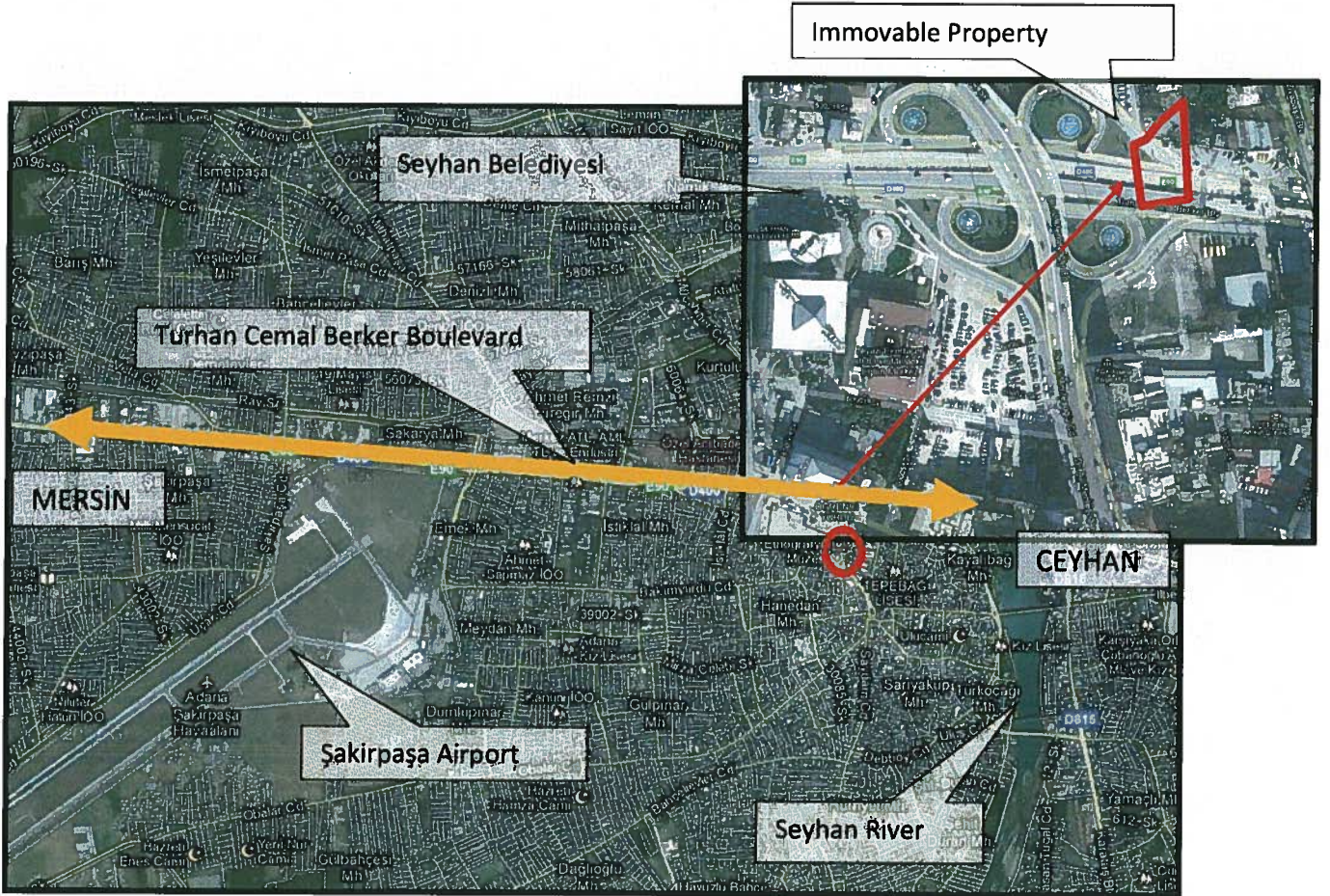
## PHYSICAL INFORMATION OF THE REAL ESTATE

## 5.1 Situation, Position and Environmental Features of the Real Estate

**Full address of the property:** Çınarlı Quarter, Dr. Ali Menteşoğlu Avenue, 61004. Street, 585 Section, 2 Parcel, Seyhan/ADANA.

In order to reach the immovable property under appraisal, the Seyhan Municipality Building located on the right-hand side and the crossover road must be passed by while moving in the direction of the east on the Turhan Cemal Beriker Boulevard. The subject property is the vacant building plot located adjacent to BMC (İsotlar) located on the right-hand side before reaching the Atilla Altikat Bridge. On the plot subject to appraisal, there is a 3-star hotel construction, the rough-works of which have been completed, as of the date of the appraisal.

BMC (İsotlar), the Seyhan Municipality, the Adana Title Deed Registry Directorate, the Seyhan Cultural Center, the Çetinkaya Store, well-known buildings such as most of the hotels located in the Seyhan district, as well as such important connection axes as the Turhan Cemal Beriker Boulevard, the Dr. Ali Menteşoğlu Avenue, the Ziyapaşa Boulevard, the Kurtuluş Avenue, and the Sefa Özler Avenue are located in the close surroundings of the immovable property under appraisal, which is positioned in the center of the Seyhan district of the Province of Adana. The property has a side of approximately 43 m. facing the linking road, approximately 74 m. facing the 61004th street located in the east, approximately 34 m. facing the 61004th street located in the south, and approximately 53 m. facing the parcel no 1 on block 585. The topography of the property is close to level.





The distances of the property to various centers are indicated below:

Location	Distance (km)
Seyhan Municipality	~250 m.
Title Deed Registry Directorate of the Seyhan	~400 m.
Adana Şakirpaşa Airport	~3,00 km.

## 5.2 Current Status Of The Real Estate

The property under appraisal is the immovable property qualified as "Building Plot", which is owned by "Akfen Gayrimenkul Yatırım Ortaklığı Anonim Şirketi" and registered under block 585 and parcel no 2 in the Province of Adana, Seyhan District, and Çınarlı Neighborhood.

The subject building plot is located in the Seyhan District of the Province of Adana and it is close to the region where important hotels of the city are located. Access to the property, which is in a central location where commercial activities are intense, can be realized by private and mass transportation vehicles. Even though the subject immovable property has a side facing the crossroads, it has lower accessibility compared to parcel no 1, which is located adjacent to it.

The immovable property under appraisal, which is in a central position, has a topography that is close to level. Its geometrical shape is similar to a rectangle. The immovable property is located adjacent to BMC (İsotlar) and on the plot subject to appraisal, there is a 3-star hotel construction, the rough-works of which have been completed, as of the date of the appraisal. The architectural design of the hotel project, subject to appraisal, has been approved and construction permit has been received. According to the information received from the customer, the aforementioned hotel construction has been started on 29.12.2010, and the rough construction of the hotel is completed as of the date of the appraisal. The floor areas and floor utilization plans of the hotel, which is designed as the 3-star Hotel Ibis, are given below.

Akfen Gyo Adana İbis Hotel- Architectural Project- The Function and area of the Floors		
Hotel Block- According to approved architectural project		
Floors	Area(sqm)	Function
2. Basement Floor	1149,66	Emergency, Water depot, Pump Room, Business Center, Welcome Hole
1. Basement Floor	1149,66	15 Car Park, Shop Store, Personal Rooms, Laundry, Technical Rooms, Welcome Hole
Ground Floor	885,08	Shop(548,99 sqm), Technical Room
1. Floor	853,47	Lobby, Managerial Rooms, Restaurant, Kitchen, Meeting Room, Technical Rooms, Terrace
2. Floor	853,47	3 Meeting Room, Foyer, Technical Rooms, 11 Rooms
3. Floor	693,76	Technical Rooms, 25 Rooms, Terrace
4. Floor	693,76	Technical Rooms, 25 Rooms
5. Floor	693,76	Technical Rooms, 25 Rooms
6. Floor	693,76	Technical Rooms, 25 Rooms
7. Floor	690,53	Technical Rooms, 25 Rooms
8. Floor	690,53	Technical Rooms, 25 Rooms
Total enclosed area of the hotel block(sqm)	9.047,44	
Total parking area		19 closed, 8 open, totally 27 car park
Total room		161

**SECTION 6**

**THE HIGHEST AND THE BEST USE ANALYSIS**

**SECTION 6****THE HIGHEST AND THE BEST USE ANALYSIS**

It is the use, which is physically the most appropriate to the building, permitted by the laws, financially executable and providing the highest revenue is the most efficient use. The factors defining the highest and best use contain the answer to the following questions.

- Is the use reasonable and probable?
- Is the use legal and is there a possibility to obtain a legal right for the use?
- Is the property physically fit for use or can it be made fit?
- Is the proposed use financially executable?
- The efficient, highest and best use chosen from the use forms passing the initial four questions is indeed the most productive use of the land.

The zoning plans, which are the most defining factors of the real estate sector legally and technically have not, in our country, shown a development parallel to the economic development and due to this lack of revision have a static appearance. As a natural result of the negative structure unwanted cases such as failure to bring into execution phase the optimum alternative which could provide financially and technically the highest efficiency and in addition to that which had obtained financing can occur quite often in our sector. In other words, in the conditions prevailing in our country the best project is not only the option providing the highest return and the most perfect technical results, but also the project which can meet the requirements of the laws and regulations.

The zoning plans in our country cannot keep up with the speed of urbanization and remain somewhat static. This situation is causing the legal prohibition of the use of a property in the best possible implementable levels and generation of the highest proceeds by an immovable property that has been appraised. As a consequence, any use that is not allowed by the laws and not possible physically may not be accepted as the optimal use.

The property location, the development plan for the development of the issues and the environment are examined, and in accordance with the current zoning status of the highest and best use of the property is "Tourism".

**SECTION 7**  
**FACTORS THAT AFFECT THE VALUE**  
**OF THE REAL PROPERTY**

**SECTION 7**

**FACTORS THAT AFFECT THE VALUE OF THE REAL PROPERTY**

**7.1 Factors That Affect The Value Of The Real Property**

STRENGTH	WEAKNESS
<ul style="list-style-type: none"> <li>✓ The immovable property under appraisal faces the linking road.</li> <li>✓ The immovable property under appraisal is close to level in topographical terms and its infrastructure is ready since it is located in the center.</li> <li>✓ There are immovable properties intensely used for commercial purposes in the close surroundings of the property.</li> <li>✓ There are many hotels located in the vicinity of the property.</li> <li>✓ The immovable property under appraisal is located close to BMC (İsotlar), the Seyhan Municipality, the Adana Title Deed Registry Directorate, the Seyhan Cultural Center, the Çetinkaya Store, well-known buildings such as most of the hotels located in the Seyhan district, as well as such important connection axes as the Turhan Cemal Beriker Boulevard, the Dr. Ali Menteşoğlu Avenue, the Ziyapaşa Boulevard, the Kurtuluş Avenue, and the Sefa Özler Avenue.</li> </ul>	<ul style="list-style-type: none"> <li>* The immovable property under appraisal has lower accessibility compared to parcel no 1, which it faces.</li> </ul>
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>✓ The subject immovable property is located in a central position.</li> <li>✓ It was learned that the Atilla Altıkat Bridge, located to the north of the subject property would be demolished and a crossroads would be constructed at this point. If the subject crossroads is constructed, the transit road connecting to the E-5 Highway will pass by the immovable property under appraisal.</li> </ul>	<ul style="list-style-type: none"> <li>* The economic developments in the world and in our country are influencing the real estate sector adversely, as is also the case in the other sectors.</li> </ul>

**7.2. The Analysis of methods Used in the Appraisal**

In this section of the study, development approach and sales comparison method are used for the value of the real estate.

**7.2.1. Equivalent Comparison Approach Analysis**

Upon the investigations made in the close vicinity of the immovable property, the following equivalent information that may present equivalence to the aforementioned immovable property has been received.

- For the "Commercial" zoned plot of 2,400 sqm area, owned by Isotlar, having a building of total 1,000 sqm closed area on it, adjacent to the aforementioned immovable property, a price of 5,000,000 TL has been proposed. It has been found out that the price demanded for the plot is 7,500,000 TL and that and its sales have been cancelled. (Assuming that the unit price of the building is TL 500 /sqm, the unit price of the building plot would be TL 1,850 /sqm, € 735 /sqm)
- For the "Commercial" zoned plots, with a total area of 1,400 sqm, on parcels no. 7 and 8, behind the aforementioned immovable property, a price of 4,500,000 TL is being demanded. It has been found out that the rate it could be sold at is 3,500,000 TL. (2.500 TL/sqm, 993 €/sqm)
- For parcel no. 1, adjacent to the aforementioned immovable property, a unit price of 4,000 TL/sqm has been demanded, however, in the discussions made with the related real estate agents, it has been noted that this value could not be more than 2,000 TL/sqm. (2.000 TL/sqm, 903 €/sqm)
- It has been determined that a sales value of 10,000 TL/sqm was being demanded for "Commercial" zoned parcel no. 3, located near the immovable property, but that the opinion is that it cannot be sold at this rate.
- For the 720 sqm, "Commercial" zoned plot located near the immovable property subject to appraisal, but having a more central location, a price of 5,000,000 US\$ is being demanded. The immovable property is currently being used as a parking lot and it has a permit for 10 stories. (12.846 TL/sqm, 5.106 €/sqm)
- It has been found out that the 4-star Zaimoğlu hotel on Seyhan Sefa Özler Street has been sold 2 months ago for a price of 8,500,000 TL.
- It was learned from the information obtained from the real estate agents in the surroundings about the immovable property under appraisal that its unit price would be TL 1,800-2,000 /sqm.

**Equivalent Shops for Sale:**

- A 120 sqm store on Turgut Özal Boulevard is on sale for 300,000 TL. (2,500 TL/sqm, 993 EURO/sqm)
- For a business place located on Turgut Özal Boulevard with 1,325 sqm area, composed of a basement, ground and mezzanine floors, a rate of 3,500,000 TL is being demanded. (2.641 TL/ sqm, 1.050 EURO/ sqm)

- For a store of 110 sqm area, with a mezzanine floor, located on Ziyapaşa Boulevard, a rate of 500,000 TL is being demanded. (4.545 TL/ sqm, 1.806 EURO/ sqm)
- For a store of 165 sqm total area, as 100 sqm ground floor and 65 sqm basement, located on Ziyapaşa Boulevard, a rate of 560,000 TL is being demanded. (3.393 TL/ sqm, 1.349 EURO/ sqm)
- For a store of 84 sqm area located on Ziyapaşa Boulevard, a rate of 215,000 TL is being demanded. (2.559 TL/ sqm, 1.017 EURO/ sqm)

No	Area (sqm)	Quality	Unit Price (TL/sqm)	Explanation
<b>Equivalent Lans for Sale</b>				
1	2.400	Land	1.850	Near the immovable property
2	1.400	Land	2.500	7 and 8 parcels
3	-	Land	2.000	1 parcel
4	1.000	Land	10.000	3 parcel
5	720	Land	12.846	More Central Location
<b>Equivalent Shops for Sale</b>				
1	120	Shop	2.500	Located on Turgut Özal Boulevard
2	1.325	Shop	2.641	Located on Turgut Özal Boulevard
3	110	Shop	4.545	Located on Ziyapaşa Boulevard
4	100	Shop	3.393	Located on Ziyapaşa Boulevard
5	84	Shop	2.559	Located on Ziyapaşa Boulevard

✓ **Professional Opinion of the Appraiser:**

Given the location, environment, the roads it is facing, transportation conditions, zoning status, and the buildings in its surroundings, it has been considered that the unit price of the subject building plot would be **TL 2,000 /sqm**.

The Subjected Property	Total Land Area (sqm)	1 sqm Land Value(TL/sqm)	
585 section 2 parcel	2,213.00	2,000	
<b>TOTAL LAND VALUE (-TL)</b>		<b>4,426,000</b>	<b>.-TL</b>
<b>APPROXIMATE LAND VALUE (-TL)</b>		<b>4,430,000</b>	<b>.-TL</b>
<b>TOTAL LAND VALUE (-EURO)</b>		<b>1,759,351</b>	<b>.-EURO</b>
<b>APPROXIMATE LAND VALUE (-EURO)</b>		<b>1,760,000</b>	<b>.-EURO</b>

**7.2.2 Cost Formation Analysis**

In this analysis, the building cost values of the property have been calculated with cost formation approach; according to the costs estimated by basing on the technical properties and the materials of the buildings, the construction costs of other buildings with same properties in the market and our past experiences. The depreciation margin of the buildings has been calculated by considering the visible physical condition of the building as based on the appraiser's experiences.

**The construction costs considered for the calculation of the current status of the property is the completed construction cost of the project as of the date of appraisal. The value of the construction costs have been taken from the accounting records of Akfen GYO A.Ş.**

from which the advance payments were deducted, and they are annexed to the report. The detail of the following table is included in the construction cost calculation in the "Development Approach" section.

<b>TOTAL COST (€)</b>	
Construction Cost (€)	6,310,732
Infrastructure Cost (€)	631,073
Environmental Design and Landscape Cost (€)	126,215
Project General Expenses (€)	706,802
<b>TOTAL (€)</b>	<b>7,774,822</b>
<b>FLAT COST (€/m<sup>2</sup>)</b>	<b>859</b>

SPENT COST RATE (€)	40%
SPENT COST(€)	3,109,929
REST COST(€)	4,664,893

TOTAL LAND VALUE(€)	1,759,351
REALIZED CONSTRUCTION COST(€)	3,109,929
TOTAL VALUE(€)	4,869,280
TOTAL VALUE(TL)	12,249,648
APPROXIMATE VALUE (TL)	12,250,000

### 7.2.3 Development Approach

The project value of the immovable property has been calculated with the project evaluation method by using the information included in the approved architectural project belonging to the hotel to be developed on the immovable property under appraisal.

#### Assumptions regarding the Hotel

- The spatial information contained in the approved architectural project has been used during the valuation study.
- In the project development approach, it was assumed that a 3-star Ibis Hotel would be constructed and operated on the subject parcel.
- It was projected that the 3-star hotel would have a capacity of 165 rooms and 330 beds.
- It was assumed that the hotel project under construction will be completed within 18 months and the Hotel would be commissioned in April 2012.
- It was assumed that the average room capacity occupancy rate of the hotel would be 50% in 2012 and this rate would increase by years and reach 78% in 2015, and remain fixed during the subsequent years.
- The prices in the hotel have been projected to be according to the room-breakfast system. As a result of the research conducted in the tourism sector and the region, it was assumed that the price for the rooms would be € 41,40.- with the commissioning of the hotel in 2012 and that this price would increase by years at a rate of 3.5%.

<b>ROOM PRICE INCREASE BY YEARS (€)</b>				
2011	2012	2013	2014	2015
40.00	41.40	42.85	44.35	45.90

- It was assumed that all the costs would be realized by the investor company.





- Such expenditures as lunch and dinner, beverages, laundry, etc., which are qualified as extra expenditures throughout the 3-star hotel were added to other revenues. The income projected for this item is 27% of the total income. It was assumed that this rate would remain fixed and the income would increase together with the revenues of the hotel.
- It was assumed that the GOP (Gross Operating Profit) in the 3-star hotel would rise to 56% from 35% together with the increase in the profit rate by years.
- It was projected that the replacement cost for the 3-star hotel would be around 1.5% of the fixed asset investment and start in 2012.
- Apart from the advance payment, certain portions of the project overhead costs such as design drawing and approval costs, construction site installation and license fees have been realized, and the realized cost value is based on the ratio in Akfen GYO A.Ş. accounting records, which is calculated as %40. The remaining construction cost has been reflected on the cash flow.
- It was assumed within the scope of the project that the functions used in the areas and floors according to the approved architectural project would be as given below.
- In the appraisal study, 5,20% which is the year 2020 last 6 months Euro based Eurobond rate has been accepted as the "Risk-free Proceeds Rate". (In this appraisal study, the longest-term year 2020 Euro based Eurobond rate, has been chosen as the risk-free proceeds rate.)
- The capitalization rate was determined as 11.00% in the projection.
- It was assumed that all payments were made in advance.
- EURO was used during the studies.
- Tax was not included in the studies pursuant to the IVSC (International Valuation Standards).
- It was learned from the Seyhan Municipality that the current value of the building plot under appraisal was TL 935 /sqm (Euro 371 /sqm).

Akfen Gyo Adana Ibis Hotel- Architectural Project- The Function and area of the Floors		
Hotel Block- According to approved architectural project		
Floors	Area(sqm)	Function
2. Basement Floor	1149,66	Emergency, Water depot, Pump Room, Business Center, Welcome Hole
1. Basement Floor	1149,66	15 Car Park, Shop Store, Personal Rooms, Laundry, Technical Rooms, Welcome Hole
Ground Floor	885,08	Shop(548,99 sqm), Technical Room
1. Floor	853,47	Lobby, Managerial Rooms, Restaurant, Kitchen, Meeting Room, Technical Rooms, Terrace
2. Floor	853,47	3 Meeting Room, Foyer, Technical Rooms, 11 Rooms
3. Floor	693,76	Technical Rooms, 25 Rooms, Terrace
4. Floor	693,76	Technical Rooms, 25 Rooms
5. Floor	693,76	Technical Rooms, 25 Rooms
6. Floor	693,76	Technical Rooms, 25 Rooms
7. Floor	690,53	Technical Rooms, 25 Rooms
8. Floor	690,53	Technical Rooms, 25 Rooms
Total enclosed area of the hotel block(sqm)	9.047,44	
Total parking area		19 closed, 8 open, totally 27 car park

Total room	161
------------	-----

- It was assumed that the tables showing the costs made and to be made for the 3-star hotel project realized on the subject immovable property would be as follows.

Akfen GYO Adana Ibis Hotel Architectural Project(sqm)	
Hotel Block - Approved Architectural Project	
2. Basement Floor	1149,66
1. Basement Floor	1149,66
Ground Floor	885,08
1. Floor	853,47
2. Floor	853,47
3. Floor	693,76
4. Floor	693,76
5. Floor	693,76
6. Floor	693,76
7. Floor	690,53
8. Floor	690,53
Total enclosed area of the hotel block(sqm)	9047,44

Total Terrace Area in 1st and 3rd floors	186
Shop Area	548,99
Shop Store Area	89,53

Area Dispersion	Construction Area (sqm)	2011 Unit Construction Cost (€/sqm)	Cost (€)
Car park, emergency, Terrace	2,299	250	574,830
Normal Floors	6,748	850	5,735,902
<b>Total</b>	<b>9,047.44</b>		<b>6,310,732</b>

INFRASTRUCTURE COST			
Indoor Area Total Construction Cost (€)	Rate	Cost (€)	
6,310,732	10%	<b>631,073</b>	

ENVIRONMENTAL DESIGN AND LANDSCAPE COSTS			
Indoor Area Total Construction Cost (€)	Rate	Cost (€)	
6,310,732	2%	<b>126,215</b>	

TOTAL COST (€)	
Construction Cost (€)	6,310,732
Infrastructure Cost (€)	631,073
Environmental Design and Landscape Cost (€)	126,215
<b>TOTAL (€)</b>	<b>7,068,020</b>

PROJECT GENERAL EXPENSES			
Total Cost(€)	Rate	Cost (€)	
7,068,020	10%	<b>706,802</b>	

TOTAL COST(€)	
Construction Cost (€)	6,310,732
Infrastructure Cost (€)	631,073
Environmental Design and Landscape Cost (€)	126,215
Project General Expenses (€)	706,802
<b>TOTAL (€)</b>	<b>7,774,822</b>
FLAT COST(€/sqm)	859

SPENT COST RATE (€)	40%
SPENT COST(€)	3,109,929
REST COST(€)	4,664,893

DISPERSION OF COST BY YEARS			
YEARS	2011 (3 MONTHS)	2012 (6 MONTHS)	TOTAL
RATE	30%	70%	100%
COST (€)	1,399,468	3,265,425	4,664,893

IBIS HOTEL SUMMARY CHART	
NUMBER OF ROOMS	165
NUMBER OF BEDS	330
OPERATION DAYS	365
ROOM CAPACITY FOR YEAR	60,225
ROOM PRICE (€)(2010)	40.00
ROOM PRICE INCREASE RATE (%)	3.5%
OTHER INCOME RATE (%)	27%
RENEWEL COSTS RATE	1.5%
REAL ESTATE TAX INCREASE RATE	2.5%
INSURANCE COSTS INCREASE RATE ORANI	2.5%
CAPITALIZATION RATE-operating model	8.5%
CAPITALIZATION RATE-leasing model	6.0%

ROOM PRICE INCREASE BY YEARS (€)				
2011	2012	2013	2014	2015
40.00	41.40	42.85	44.35	45.90

Real Estate Tax Calculation (Lot)				
Parcel No	Current Value (sqm/TL)	Area	Total Value (TL)	Total Value (EURO)
2	935	2,213	2,068,380	822,189
<b>TOTAL VALUE</b>			<b>2,068,380</b>	<b>822,189</b>

2011 Ministry of Public Works/Unit Value

Real Estate Tax Calculation (Building)	Class	Unit Cost (TL)	Area (m <sup>2</sup> )	Total (TL)	Total (EURO)
Otel	V-B	819	6,748	5,526,710	2,196,888
Otopark	III-A	482	2,299	1,108,272	440,542
<b>TOPLAM BİNA MALİYETİ</b>				<b>6,634,983</b>	<b>2,637,430</b>

Land Value (€)	Building Cost (€)	Total (€)
822,189	2,637,430	3,459,619

Building Insurance (USD)	8,440
Land Rent Expense (USD)	13,838
<b>TOTAL</b>	<b>22,278</b>
<b>Inflation</b>	<b>2.5%</b>

- The commercial unit with a total indoor area of 638.52 sqm comprising of the 548.99 sqm store and 89.53 sqm storage area belonging to this store, which will be included in the hotel was rented at a price of EURO 15,52 /sqm/month.

Shop Area (sqm)	638,52
Shop Unit Rent Price (EURO/sqm)	15,52
Shop Rent Price Monthly (EURO)	9.913,02

SHOP RENT PRICE INCREASE BY YEARS (€)-monthly				
2011	2012	2013	2014	2015
9.913,02	10.259,98	10.619,07	10.990,74	11.375,42

# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

	2011 YILI	2012 YILI	2013 YILI	2014 YILI	2015 YILI	2016 YILI	2017 YILI	2018 YILI	2019 YILI	2020 YILI	2021 YILI	2022 YILI
Building Insurance Cost (€)	8,440	8,651	8,867	9,089	9,316	9,549	9,788	10,032	10,283	10,540	10,804	11,074
Real Estate Tax Cost (€)	13,838	14,184	14,539	14,903	15,275	15,657	16,048	16,450	16,861	17,282	17,714	18,157
Inflation	2.5%											

3 STAR HOTEL CASH FLOW	1	2	3	4	5	6	7	8	9	10			
<b>YEARS</b>	<b>30.09.2011</b>	<b>31.12.2011</b>	<b>31.12.2012</b>	<b>31.12.2013</b>	<b>31.12.2014</b>	<b>31.12.2015</b>	<b>31.12.2016</b>	<b>31.12.2017</b>	<b>31.12.2018</b>	<b>31.12.2019</b>	<b>31.12.2020</b>	<b>31.12.2021</b>	<b>31.12.2022</b>
Occupancy Rate (%)			50%	60%	70%	78%	78%	78%	78%	78%	78%	78%	78%
Room Capacity			30,360	60,225	60,225	60,225	60,225	60,225	60,225	60,225	60,225	60,225	60,225
Room Price(€)			41.40	42.85	44.35	45.90	47.51	49.17	50.89	52.67	54.52	56.42	58.40
Room Income (€)			628,452	1,548,349	1,869,631	2,156,219	2,231,686	2,309,795	2,390,638	2,474,311	2,560,911	2,650,543	2,743,312
Other Incomes (€) (%25)			169,682	418,054	504,800	582,179	602,555	623,645	645,472	668,064	691,446	715,647	740,694
<b>Total Hotel Income (€)</b>			<b>798,134</b>	<b>1,966,403</b>	<b>2,374,431</b>	<b>2,738,398</b>	<b>2,834,242</b>	<b>2,933,440</b>	<b>3,036,110</b>	<b>3,142,374</b>	<b>3,252,357</b>	<b>3,366,190</b>	<b>3,484,007</b>
GOP (%)			35%	40%	50%	56%	56%	56%	56%	56%	56%	56%	56%
GOP (€)			279,347	786,561	1,187,216	1,533,503	1,587,175	1,642,726	1,700,222	1,759,730	1,821,320	1,885,066	1,951,044
Cost (€)			-516,787	-1,179,842	-1,187,216	-1,204,895	-1,247,066	-1,290,714	-1,335,889	-1,382,645	-1,431,037	-1,481,124	-1,532,963
<b>Hotel Area Net Cashflow</b>			<b>279,347</b>	<b>786,561</b>	<b>1,187,216</b>	<b>1,533,503</b>	<b>1,587,175</b>	<b>1,642,726</b>	<b>1,700,222</b>	<b>1,759,730</b>	<b>1,821,320</b>	<b>1,885,066</b>	<b>1,951,044</b>
Renewal Costs (%1,5)			-47,720	-97,028	-99,453	-101,940	-104,488	-107,100	-109,778	-112,522	-115,335	-118,219	-121,174
Real Estate Tax (Increase %2,5)			0	0	0	0	0	-8,090	-16,450	-16,861	-17,282	-17,714	-18,157
Building Insurance (Increase %2,5)			-4,361	-8,867	-9,089	-9,316	-9,549	-9,788	-10,032	-10,283	-10,540	-10,804	-11,074
Shop Rent Income(€)			62,066	127,429	130,615	133,880	137,227	140,658	144,174	147,778	151,473	155,260	159,141
Construction Costs			-1,399,468	-3,265,425									
<b>Hotel Net Cash Flow</b>			<b>0</b>	<b>-1,399,468</b>	<b>0</b>	<b>1,209,288</b>	<b>1,556,127</b>	<b>1,610,365</b>	<b>1,658,406</b>	<b>1,708,136</b>	<b>1,767,842</b>	<b>1,829,635</b>	<b>1,893,589</b>
<b>TERMINAL VALUE</b>													
<b>NET CASH FLOW</b>			<b>0</b>	<b>-1,399,468</b>	<b>1,209,288</b>	<b>1,556,127</b>	<b>1,610,365</b>	<b>1,658,406</b>	<b>1,708,136</b>	<b>1,767,842</b>	<b>1,829,635</b>	<b>1,893,589</b>	<b>25,016,014</b>

Appraisal Table			
Risk free Rate of Return	5.20%	5.20%	5.20%
Risk Premiums	4.80%	5.80%	6.80%
Discount Rate	10.00%	11.00%	12.00%
<b>NET PRESENT VALUE (€)</b>	<b>12,140,398</b>	<b>10,934,644</b>	<b>9,843,746</b>
<b>NET PRESENT VALUE (TL)</b>	<b>30,541,600</b>	<b>27,508,285</b>	<b>24,763,913</b>
<b>APPROXIMATE VALUE (TL)</b>	<b>30,540,000</b>	<b>27,510,000</b>	<b>24,760,000</b>

REPORT DATE: 30.09.2011  
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REPORT NO: 2011REV367



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# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

The commercial unit with a total indoor area of 638.52 sqm comprising of the 548.99 sqm store and 89.53 sqm storage area belonging to this store, which will be included in the hotel would be sold at a price of EURO 2,070 /sqm.

Shop Area(sqsm)	638,52
Shop Unit Sale Price(EURO/sqm)	2.070
Shop Sale Price (EURO)	1.321.736

YILLARA YAYGIN MAĞAZA SATIŞ FİYAT ARTIŞI (€)				
2011	2012	2013	2014	2015
1.321.736	1.367.997	1.415.877	1.465.432	1.516.722

	2011 YILI	2012 YILI	2013 YILI	2014 YILI	2015 YILI	2016 YILI	2017 YILI	2018 YILI	2019 YILI	2020 YILI	2021 YILI	2022 YILI
Building Insurance Cost (€)	8.440	8.651	8.867	9.089	9.316	9.549	9.788	10.032	10.283	10.540	10.804	11.074
Real Estate Tax Cost (€)	13.838	14.184	14.539	14.903	15.275	15.657	16.048	16.430	16.861	17.282	17.714	18.157
Inflation	2,5%											

YEARS	1	2	3	4	5	6	7	8	9	10
3 STAR HOTEL CASH FLOW										
Occupancy Rate (%)	70%	78%	78%	78%	78%	78%	78%	78%	78%	78%
Room Capacity	60.225	60.225	60.225	60.225	60.225	60.225	60.225	60.225	60.225	60.225
Room Price(€)	44,35	45,90	47,51	49,17	50,89	52,67	54,52	56,42	58,40	60,42
Room Income (€)	1.869.631	2.156.219	2.231.686	2.309.795	2.390.638	2.474.311	2.560.911	2.650.543	2.743.312	2.840.007
Other Incomes (€) (%25)	504.800	582.179	602.555	623.645	645.472	668.064	691.446	715.647	740.694	766.694
Total Hotel Income (€)	2.374.431	2.738.398	2.834.242	2.933.440	3.036.110	3.142.374	3.252.357	3.366.190	3.484.007	3.606.701
GOP (%)	35%	40%	40%	40%	40%	40%	40%	40%	40%	40%
GOP (€)	833.151	1.095.559	1.133.777	1.173.376	1.214.246	1.256.550	1.299.343	1.342.676	1.387.603	1.434.121
Cost (€)	1.541.280	1.642.839	1.700.465	1.760.064	1.821.864	1.884.824	1.948.014	2.012.514	2.078.404	2.145.580
Hotel Area Net Cashflow	833.151	1.095.559	1.133.777	1.173.376	1.214.246	1.256.550	1.299.343	1.342.676	1.387.603	1.434.121
Renewal Costs (%1,5)	-1.179.842	-1.179.842	-1.179.842	-1.179.842	-1.179.842	-1.179.842	-1.179.842	-1.179.842	-1.179.842	-1.179.842
Real Estate Tax (Increase %2,5)	-47.720	-47.720	-47.720	-47.720	-47.720	-47.720	-47.720	-47.720	-47.720	-47.720
Building Insurance (Increase %2,5)	-4.361	-4.361	-4.361	-4.361	-4.361	-4.361	-4.361	-4.361	-4.361	-4.361
Shop Rent Income(€)	0	0	0	0	0	0	0	0	0	0
Construction Costs	0	0	0	0	0	0	0	0	0	0
Hotel Net Cash Flow	-1.399.468	-1.399.468	-1.399.468	-1.399.468	-1.399.468	-1.399.468	-1.399.468	-1.399.468	-1.399.468	-1.399.468
TERMINAL VALUE	0	0	0	0	0	0	0	0	0	0
NET CASH FLOW	0	0	0	0	0	0	0	0	0	0

Appraisal Table		
Risk free Rate of Return	5.20%	5.20%
Risk Premiums	4.80%	5.80%
Discount Rate	10.00%	11.00%
NET PRESENT VALUE (€)	11.895.637	9.770.168
NET PRESENT VALUE (TL)	29.925.854	24.578.812
APPROXIMATE VALUE (TL)	29.930.000	24.580.000

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**7.2.4. The Value of the Property According to the Rental Income**

Pursuant to the Ibis Hotel Adana Rental Contract dated 7 September 2010;

- **The international hotel management company Accor Group will pay as the annual rental fee for the Hotel which is under appraisal and the construction right of which belongs to Akfen Gayrimenkul Yatırım Ortaklığı A.Ş., the highest of the twenty five percent (25%) of the gross income (excluding VAT) or seventy percent (70%) of the adjusted gross operation income obtained by deducting a total amount of 8% (4% for operation expenses and 4% for replacement costs) from the gross income.**
- The construction right of the hotel under appraisal belongs to Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. and it will be operated by the Accor Group, which is an international hotel management company. Such items as occupancy rates, bed/room prices that affects the potential of the hotel was assumed that the hotel would be operated in 3 star city hotel concept.
- It was assumed that the number of beds of the hotel would remain fixed by years as specified in the approved architectural project.
- It was assumed that the hotel would be open for 365 days during the year.
- The prices in the hotel have been projected to be according to the room-breakfast system. As a result of the research conducted in the tourism sector and the region, it was assumed that the price for the rooms would be € 41,40.- with the commissioning of the hotel in 2012 and that this price would increase by years at a rate of 3.5%.
- It was assumed that the average room capacity occupancy rate of the hotel would be 50% in 2012 and this rate would increase by years and reach 78%, and remain fixed during the subsequent years.
- It was assumed that the profit margin of the facility would be 35% in 2012 and this rate would rise to 56% by years and remain fixed at this rate.
- The replacement cost for the rent model of the hotel was taken as 0.05% of the replacement cost calculated in the operation alternative. It was assumed that such replacement works of the hotel would be performed by the tenant in the rent model.
- EURO was used during the studies and 1 Euro was taken as TL 2.5157.
- Tax and VAT was not included in the studies pursuant to the IVSC (International Valuation Standards).
- In the appraisal study, 5,20% which is the year 2020 last 6 months Euro based Eurobond rate has been accepted as the "Risk-free Proceeds Rate". (In this appraisal study, the longest-term year 2020 Euro based Eurobond rate, has been chosen as the risk-free proceeds rate.)
- Low capitalization rate and risk premium were given by considering that the rental incomes guaranteed by the international recognition level and brand power of Accor would be determined by years.
- In this study, the rental revenues of the hotel rented to the Accor group with a 25 –year rental contract, have been guaranteed under a contract. It was assumed that the risk premium in Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. obtaining the rental revenues would be quite low. The capitalization rate was projected to be 8.50% by adding a "Risk Premium" of 3.30% to the 5.20 % "Risk-Free Rate of Return."

- The commercial unit with a total indoor area of 638.52 sqm comprising of the 548.99 sqm store and 89.53 sqm storage area belonging to this store, which will be included in the hotel was rented at a price of EURO 15,52 /sqm/month.

IBIS HOTEL CASH FLOW	30.09.2011	31.12.2011	31.12.2012	31.12.2013	31.12.2014	31.12.2015	31.12.2016	31.12.2017	31.12.2018	31.12.2019	31.12.2020	31.12.2021	31.12.2022
IBIS HOTEL INCOME	0	199,534	150,847	491,601	593,608	684,599	708,560	733,360	759,028	785,594	813,089	841,547	871,002
AGOP IBIS HOTEL	0	150,847	440,474	491,601	698,083	920,102	952,305	985,636	1,020,133	1,055,838	1,092,792	1,131,040	1,170,626
IBIS HOTEL RENTAL INCOMES	0	199,534	0	491,601	698,083	920,102	952,305	985,636	1,020,133	1,055,838	1,092,792	1,131,040	1,170,626
INSURANCE COSTS (EURO)	0	-4,361	0	-8,867	-9,089	-9,316	-9,549	-9,788	-10,032	-10,283	-10,540	-10,804	-11,074
REAL ESTATE TAX	0	0	0	0	0	0	0	0	0	0	0	0	0
RENEWAL COSTS (EURO)	0	-2,386	-4,851	-4,851	-4,973	-5,097	-5,224	-5,355	-5,489	-5,626	-5,767	-5,911	-6,059
TOTAL NET OPERATING PROFIT (EURO)	0	192,787	152,787	477,882	684,021	905,689	937,532	962,403	988,162	1,023,068	1,059,203	1,096,611	1,135,337
SHOP RENT INCOME	0	62,066	127,429	130,615	130,615	133,880	137,227	140,658	144,174	147,778	151,473	155,260	159,141
TOPLAM NET İŞLETME GELİRLERİ	0	294,852	284,852	605,311	814,636	1,039,569	1,074,759	1,103,061	1,132,337	1,170,846	1,210,676	1,251,871	1,294,478
CONSTRUCTION COST	0	-1,399,468	-3,265,425	605,311	814,636	1,039,569	1,074,759	1,103,061	1,132,337	1,170,846	1,210,676	1,251,871	1,294,478
NET CASH FLOW (EURO)	0	-1,399,468	-3,010,573	605,311	814,636	1,039,569	1,074,759	1,103,061	1,132,337	1,170,846	1,210,676	1,251,871	1,294,478

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- The commercial unit with a total indoor area of 638.52 sqm comprising of the 548.99 sqm store and 89.53 sqm storage area belonging to this store, which will be included in the hotel would be sold at a price of EURO 2,070 /sqm.

IBIS HOTEL CASH FLOW	30.09.2011	31.12.2011	31.12.2012	31.12.2013	31.12.2014	31.12.2015	31.12.2016	31.12.2017	31.12.2018	31.12.2019	31.12.2020	31.12.2021	31.12.2022
IBIS HOTEL INCOME	0	199,534	150,847	491,601	593,608	684,599	708,560	733,360	759,028	785,594	813,089	841,547	871,002
AGOP IBIS HOTEL	0	150,847	440,474	491,601	698,083	920,102	952,305	985,636	1,020,133	1,055,838	1,092,792	1,131,040	1,170,626
IBIS HOTEL RENTAL INCOMES	0	199,534	0	491,601	698,083	920,102	952,305	985,636	1,020,133	1,055,838	1,092,792	1,131,040	1,170,626
INSURANCE COSTS (EURO)	0	-4,361	0	-8,867	-9,089	-9,316	-9,549	-9,788	-10,032	-10,283	-10,540	-10,804	-11,074
REAL ESTATE TAX	0	0	0	0	0	0	0	0	0	0	0	0	0
RENEWAL COSTS (EURO)	0	-2,386	-4,851	-4,851	-4,973	-5,097	-5,224	-5,355	-5,489	-5,626	-5,767	-5,911	-6,059
TOTAL NET OPERATING PROFIT (EURO)	0	192,787	152,787	477,882	684,021	905,689	937,532	962,403	988,162	1,023,068	1,059,203	1,096,611	1,135,337
SHOP RENT INCOME	0	1,367,997	0	0	0	0	0	0	0	0	0	0	0
TOPLAM NET İŞLETME GELİRLERİ	0	1,560,783	0	477,882	684,021	905,689	937,532	962,403	988,162	1,023,068	1,059,203	1,096,611	1,135,337
CONSTRUCTION COST	0	-1,399,468	-3,265,425	477,882	684,021	905,689	937,532	962,403	988,162	1,023,068	1,059,203	1,096,611	1,135,337
NET CASH FLOW (EURO)	0	-1,399,468	-1,704,642	477,882	684,021	905,689	937,532	962,403	988,162	1,023,068	1,059,203	1,096,611	1,135,337

Appraisal Table	5.20%	5.20%
Risk free Rate of Return	2.80%	3.30%
Risk Premiums	8.00%	8.50%
Discount Rate	5.583,797	9,885,696
NET PRESENT VALUE (€)	14,047,158	24,869,446
APPROXIMATE VALUE (TL)	14,050,000	13,230,000

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**7.2.5 Evaluation of The Analysis Results**

In this valuation study, the sales comparison approach was used in determining the value of the building plot and the project development approach was used for the hotel in general.

- According to the sales comparison approach, the value of the building plot under appraisal was calculated as TL 4.430.000.-.
- According to the project development approach, where the commercial unit to be developed on the parcel and included in the hotel was assumed to be rented, the final value was assessed to be € 10.770.000/ TL 27.080.000 (Twentysevenmillioneighty thousand.-Turkish Liras) which is the average of € 10.930.000.- (the project value) and € 10.600.000 (net present value of the rental income).
- According to cost approach analysis the fair market value of the hotel under construction has been appraised as TL 12.250.000 (Fivemillioneight hundredseventhousan.-Turkish Liras)( € 4.870.000)
- The architectural project for the 3-star hotel currently being developed on the parcel has been approved and the relevant building license has been obtained.
- It is considered that there are no obstacles preventing the subject hotel project from being included in the portfolio of the Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. as "project" pursuant to the provisions of the Capital Markets Legislation.

The sales comparison approach was used in determining the current value in this valuation study. The value of the hotel based on the income capitalization method was calculated with the use of 2 methods according to the rental income and the operation income. The hotel is currently rented to the Accor group to be operated under a rental contract. The value was found based on the rental income by capitalizing the rental revenues guaranteed under the contract with a low risk premium. In addition, the value of the property to be calculated based on the total revenues provided by it was found according to the operating incomes. In this method the total potential of the hotel, which brings profit for both the owner of the property and the operator, was taken into consideration and it was thought that this value would be important in case of any sales. Therefore, the value of the immovable property, which was found based on the income capitalization approach, was calculated by taking the average of the two values through capitalizing the rental income guaranteed with the rental contract and the revenues to be provided with the total operating potential. Since the value of the property depends on the performance of such property in income generating facilities, it was considered that the income capitalization value to be calculated with the 2 methods would be much sounder.

**VAT APPLICATION**

It is assumed that routine VAT will apply to the property. The VAT rate to be applied on commercial property sales is assumed as 18%.

**SECTION 8  
CONCLUSION**

**SECTION 8**  
**CONCLUSION**

All characteristics which might have an influence on the value of the property such as its location in Istanbul Thrace Free Zone, infrastructure and means of access, its facade to the street, land area, its zoning status, the construction system of the building, its age, the workmanship and the quality of the products, the construction completion rate of interior design have been taken into account and detailed market research has been undertaken on location. Taking into consideration the economic conditions experienced in the recent period the value of the immovable has been estimated as follows by TSKB Gayrimenkul Değerleme A.Ş.

**TOTAL FAIR MARKET VALUE OF THE PROJECT AS OF 30.09.2011 (Excluding VAT)****27.080.000.-TL****(Twentysevenmillioneightythousand.-  
TurkishLiras)****10.770.000.- EURO****(Tenmillionsevenhundredseventythousand.-  
EURO)****TOTAL PRESENT STATUS VALUE OF THE PROJECT ON 30.09.2011 (Excluding VAT)****12.250.000.-TL****(Twelvemilliontwohundredfiftythousand.-  
TurkishLiras)****4.870.000.-EURO****(Fourmillioneighthundredseventythousand.-  
EURO)****TOTAL FAIR MARKET VALUE OF THE PROJECT AS OF 30.09.2011 (Including VAT)****31.954.400- TL****(Thirtyonemillionninehundredfiftyfourthousand  
fourhundred.-TürkLirası)****12.708.600- EURO****(Twelvemillionsevenhundredeightthousand  
sixhundred.-EURO)****TOTAL PRESENT STATUS VALUE OF THE PROJECT ON 30.09.2011 (Including VAT)****14.455.000.-TL****(Fourteenmillionfourhundredfiftyfivethousand.-  
TurkishLiras)****5.746.600.-EURO****(Fivemillionsevenhundredfourtysixthousandsix  
hundred.-EURO)**

- 1- These identified values are the fair market values respectively for cash sales payments.
- 2- Exchange rate has been taken as EURO 1 = TL 2,5157. The value in EURO is given only for information.
- 3- This report has not been prepared further to the related provisions of the Capital Markets Regulation
- 4- This page is an unseperatable part of the appraisal report. The report is a whole with all the detailed information in it an cannot be used independently.

**We hereby submit our report expressing our point of view and opinion with respects.**

**Mehmet ASLAN**  
**Appraiser (401124)****Fatih TOSUN**  
**Appraiser in Charge (400812)**

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**SECTION 9**  
**ANNEX**

**SECTION 9****ANNEX**

1	Title Deed Photocopies
2	Zoning Plan Photocopy
3	Approved Encumbrance Certificate
4	Licence Photocopies
5	Rental Contract
6	Related Bank Letter on the Mortgage Established for Financing the Project
7	Land Market Price
8	Photos
9	C.V's
10	SPK Licences