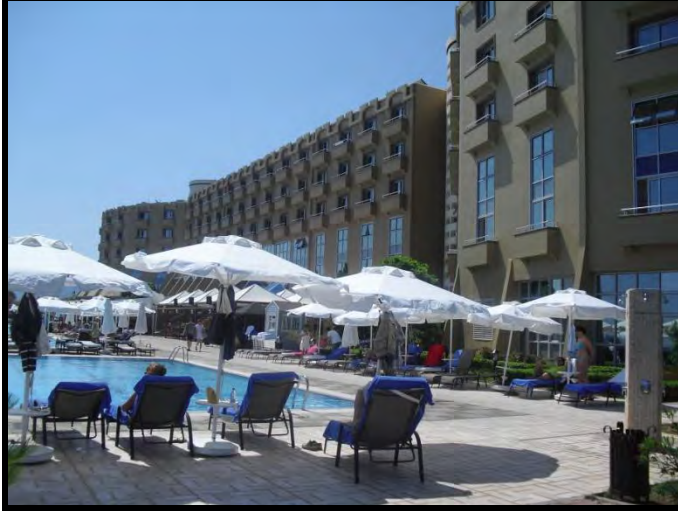


# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.



## REAL ESTATE APPRAISAL REPORT

**Date: 30.09.2011**

**R.No: 2011REV362**



ISO9001:2008  
FS 509685

**AKFEN  
GAYRİMENKUL  
YATIRIM ORTAKLIĞI  
A.Ş.**

**HOTEL IN  
KARAOĞLANOĞLU**

**GİRNE / KUZAY  
KIBRIS TÜRK  
CUMHURİYETİ**

# **AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

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 **2011REV362**;

- 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.
-

# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## EXECUTIVE SUMMARY

### OPEN ADDRESS OF PROPERTY

Kervansaray Mevkii, Karaoğlanoğlu / Mersin 10, Girne / KUZEY KIBRIS  
TÜRK CUMHURİYETİ

### USE OF PROPERTY

5-star hotel on 30 donums, 1 evlek, 2000 square feet size (40,654.37 sqm  
according to the metric system) land

### TITLE DEED INFORMATION

Superficies established on Girne city, Karaoğlanoğlu town or village,  
Kuzguncuk locality, plot XII, plan no. 10 E1 E2, parcel no. 91/5 by the  
landlord "KKTC Ministry of Finance, Department of Real Estate and  
Materials of State" for "Akfen Gayrimenkul Ticareti ve İnşaat Anonim  
Şirketi" for 49 years beginning from 01 August 2003 to 31 July 2052.

### ZONING STATUS

Stated under the heading 4.3. of the report.

#### FAIR MARKET VALUE OF THE SUPERFİCİES DATED 30.09.2011 (VAT Excluded)

204,810,000.-TL (Two hundred four million eight hundred thousand.- Turkish Liras)	81,400,000.-EURO (Eighty one million four hundred thousand.- EURO)
---	--

#### ANNUAL RENT VALUE OF THE HOTEL AS OF 30.09.2011 (VAT Excluded)

11,950,000.-TL (Eleven million nine hundred fifty thousand.-Turkish Liras)	4,750,000.-EURO (Four million seven hundred fifty thousand .-EURO)
--	--

#### FAIR MARKET VALUE OF THE SUPERFİCİES DATED 30.09.2011 (VAT Included)

241,667,702.-TL (Two hundred fourty one million six hundred sixty seven thousand and seven hundred two.-Turkish Liras)	96,063,800.-EURO (Ninety six million six hundred thirty three thousand and eight hundred.-EURO)
--	---

#### ANNUAL RENT VALUE OF THE HOTEL AS OF 30.09.2011 (VAT Included)

14,100,499.-TL (Fourteen million one hundred thousand four hundred ninety nine Turkish Liras)	5,605,000.-EURO (Five million six hundred fifty thousand.-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)

# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## INDEX

HOTEL IN KARAOĞLANOĞLU .....	0
SECTION 1.....	6
REPORT, COMPANY AND CUSTOMER INFORMATION .....	6
1.1 Report Date and Number .....	6
1.2 Report Type.....	6
1.3 People Issuing the Report .....	6
1.5 Base Contract .....	6
1.6 Factors Affecting the Appraisal Process Negatively .....	6
1.7 The Scope of the Client Demands and Delimitation .....	6
1.8 The Information on the Last Three Appraisal Studies Performed by Our Company on the Subject Property of the Study on Previous Dates .....	7
1.9 Company's Information .....	7
1.10 Client Information.....	7
SECTION 2.....	9
DEFINITION AND SCOPE OF THE APPRAISAL .....	9
2.1 The Methods Used in the Appraisal .....	9
2.1.1 Sales Comparison Approach .....	9
2.1.2 Income Capitalization Approach .....	9
2.1.3 Cost Analysis Approach.....	9
2.1.4 Development Approach Method .....	9
2.2 Definitions and Model of the Calculation Methodology .....	10
2.2.1 Definitions and Model of the Calculation Methodology.....	10
Risk Free Rate .....	10
Market Risk Premium- Market Index.....	11
Discount Rate (Risk Free Rate+ Market Risk Premium = Discount Rate) .....	11
Other point of view: The Capital Asset Pricing Model (CAPM) .....	12
2.2.2 Project Development Approach.....	12
2.3 The Value Definitions.....	13
2.3.1 Fair Market Value (Market Value) .....	13
In the case of a 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: .....	13
- The buyer and seller are acting in a reasonable and sensible manner.....	13
- 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.....	13
- A reasonable timeframe has been allowed for the sale of the real estate. ....	13
- The payment is being effected in cash or by similar instruments. ....	13
- 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. ....	13
2.3.2 Orderly Liquidation Value .....	13
2.3.3 Forced Liquidation Value .....	13
SECTION 3.....	15
GENERAL AND SPECIAL DATA.....	15
3.1 General Data- Social and Economic Data .....	15
3.1.1 Demographic Data .....	15
3.1.2 Economic Data .....	15
3.1.3.1 Global Tourism Sector .....	16
3.1.3.3 Hotel Industry Research.....	24
3.2 Special Data - Analysis of the Area Where the Property is Located .....	28
3.2.1 Turkish Republic of Northern Cyprus .....	28
3.2.2 Girne Province .....	29
SECTION 4.....	32
TITLE DEED AND ZONING INFORMATION OF THE REAL ESTATE .....	32
4.1 Title Deed Information of the Real Estate .....	32
4.2 Title Deed Examination of the Real Estate .....	32
4.2.1 Exchange Transactions Related with the Subject Property of Appraisal in the Last Three Years, if there are any.....	33
4.3 Zoning Information of the Real Estate.....	34

# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

4.3.1 Information regarding the Legal Status of the Subject Property in the Last Three Years, if there is (The Changes in the Zoning Plan, Nationalization Works, etc.).....	38
4.4 Opinion on the Property, the Design of the Property or the Rights and Benefits Associated with the Property within the Framework of the Capital Market Regulation .....	38
4.5 Legal Liabilities .....	38
4.6 Environmental and Ground Contamination .....	38
PHYSICAL INFORMATION.....	39
SECTION 5.....	40
PHYSICAL INFORMATION OF THE REAL ESTATE .....	40
5.1 Situation, Position and Environmental Features of the Real Estate .....	40
Open address of the property: Kervansaray Mevkii, Karaoğlanoğlu / Mersin 10, Girne / KUZEY KIBRIS TÜRK CUMHURİYETİ.....	40
5.2 Definition of the Subject Property of Appraisal .....	41
SECTION 6.....	48
THE HIGHEST AND THE BEST USE ANALYSIS.....	48
SECTION 7.....	50
FACTORS THAT AFFECT THE VALUE OF THE REAL PROPERTY.....	50
7.1 Factors That Affect The Value Of The Real Property.....	50
7.2. The Analysis of methods Used in the Appraisal .....	50
7.2.1. Equivalent Comparison Approach Analysis.....	50
7.2.2 Construction Cost Analyse .....	53
7.2.3 Revenue Reduction Method .....	54
7.2.4. Value of the Property According to Rent Income .....	58
7.2.5 Analysis of the Conclusion .....	62
SECTION 8.....	64
CONCLUSION .....	64
SECTION 9.....	66
ANNEX .....	66

***SECTION 1***

***REPORT,  
COMPANY AND CUSTOMER INFORMATION***

# **AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

## **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 2011REV362 with reference to the request dated on 06.09.2011 and made by the firm, titled as Akfen Gayrimenkul Yatırım Ortaklığı A.Ş.

#### **1.2 Report Type**

This is the appraisal report prepared in order to identify the fair market value in Turkish Liras on 30.09.2011 of the superficieses established on Girne city, Karaoğlanoğlu town or village, Kuzguncuk locality, plot XII, plan no. 10 E1 E2, parcel no. 91/5 by the landlord "KKTC Ministry of Finance, Department of Real Estate and Materials of State" for "Akfen Gayrimenkul Ticareti ve İnşaat Anonim Şirketi" for 49 years beginning from 01 August 2003 to 31 July 2052.

#### **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 19.09.2011 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.

# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

	Rapor-1	Rapor-2	Rapor-3
Report Date	30.06.2010 (Rev. Tarih:06.10.2010)	31.12.2010	28.02.2011
Report No	2010REV195-1	2010REV387-1	2011REV78-1
Report Prepared by	Hüsniye BOZTUNÇ – Adem YOL	Hüsniye BOZTUNÇ – Adem YOL	Hüsniye BOZTUNÇ – Adem YOL
Proper Total Value (TL)	148.126.000.-TL	163.473.000. -TL	177.757.000.-TL

*\*The value differences in the reports are due to exchange rate and hotel performance differences.*

## 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

# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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).

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.

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

## 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.

# **AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

## **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 census in 2006, the population of the Turkish Republic of Northern Cyprus is nearly 265,000 including expatriates and settlers from Turkey. Nearly the entire population is Turkish Cypriots and they speak the Cypriot dialect of Turkish. This population consists of three main societies: native Cypriot Turks, immigrants from Turkey, and they consist of two sections. Those who were born on the island and those who went to the island from Turkey for work. Turkish Military Forces are also currently on the island with 33,000 people force. There are still Greek Cypriots and Maronites who live in Dipkarpaz and Koruçam. TRNC owns the northern side of the capital city Lefkosa (Nicosia). Most of Turkish Cypriots emigrated after 1974. Especially England, Australia and Turkey received high immigration from the Northern Cyprus. Some of the emigrants were obliged to go to different countries due to unfavorable economic conditions. The biggest reason for those bad economic conditions was the great difficulties in trade to third countries due to the economic embargo implemented. TRNC's population increases further with the tourists who visit the island in summer.

İLÇE	İLÇEYE BAĞLI BUCAK	DE-FACTO				DE JURE			
		Toplam	% DAĞILIM	E	K	Toplam	% DAĞILIM	E	K
TOPLAM		265100	100	143843	121257	256644	100	138568	118076
LEFKOŞA	TOPLAM	85579	32,3	46828	38751	84776	33	46187	38589
	DEĞİRMENLİK BUCAĞI	11722	4,4	6640	5082	10457	4,1	5887	4570
	LEFKOŞA MERKEZ BUCAĞI	73857	27,9	40188	33669	74319	28,9	40300	34019
GAZİ MAĞUSA	TOPLAM	64269	24,2	34407	29862	63603	24,8	33781	29822
	AKDOĞAN BUCAĞI	10788	4,1	5525	5261	10823	4,2	5570	5253
	GEÇİTKALE BUCAĞI	7248	2,7	3787	3459	6828	2,7	3518	3410
	MAĞUSA MERKEZ BUCAĞI	46237	17,4	25095	21142	45952	17,9	24893	21159
GİRNE	TOPLAM	62158	23,5	34838	27320	57902	22,6	32433	25469
	GİRNE MERKEZ BUCAĞI	57152	21,6	32185	24967	53067	20,7	29856	23211
	ÇAMLIBEL BUCAĞI	5006	1,9	2653	2353	4835	1,9	2577	2258
GÜZELYURT	TOPLAM	31116	11,7	16330	14786	29264	11,4	15271	13993
	GÜZELYURT MERKEZ BUCAĞI	20045	7,5	10434	9611	18582	7,2	9574	8988
	LEFKE BUCAĞI	11071	4,2	5896	5175	10702	4,2	5697	5005
İSKELE	TOPLAM	21978	8,3	11440	10538	21099	8,2	10896	10203
	MEHMETÇİK BUCAĞI	5889	2,1	3083	2806	5431	2,1	2889	2562
	YENİ ERENKÖY BUCAĞI	8091	3,1	4029	4062	7888	3,1	3910	3856
	İSKELE MERKEZ BUCAĞI	8198	3,1	4348	3850	7802	3,1	4117	3685

Source: TRNC Prime Ministry State Planning Organization (<http://nufussayimi.devplan.org>)

**3.1.2 Economic Data**

The economy of TRNC is generally in a rapid growth trend. GNP increased 277% between 1997 and 2006 (according to 1997 prices). An economic regression was experienced which began with the banking industry crisis in 2000-2001, and continued with the problems caused by foreign exchange rates, and negatively impacted the entire economy. After the banking crisis was overcome with the financing provided from Turkey and with the legislation change in the banking industry, together with the hopes for solution in the Cyprus problem



## **AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

and increase in the EU membership expectations, the increase in domestic and foreign investors and employment led to a strong growth tendency beginning from 2002. The economy of TRNC reached the highest growth speed in the last five years.

Despite the rapid growth in economy, it is not possible to say that positive developments have been experienced on all macro economic indicators and in all industries. The economy of TRNC maintains its fragile structure despite all positive developments and the requirement for financing continues.

Leading factors which play a role in the growth of the economy are the overall growth in sectors, new and continuous growth of sectors in economy and the increases in import taxes due to increasing foreign trade.

One of the most important sectors in the economy of TRNC is the tourism industry. 78.8% of the tourists who visited the country came from Turkey. Visitors from 45 different countries have visited the country. Apart from Turkey, most of the tourists come from the UK, Germany, Iran, Moldova, USA, Syria, Bulgaria, Russia and Italy.

The universities in the TRNC create an important sector with great contribution to the economy of the country. In the country, there are nearly 45,000 university students. Approximately 25% of these students are NRTC citizens, 60% are Turkish citizens and 4% are from other nationalities. The contribution of the universities to the economy is estimated as around US\$ 200 million per annum. The universities in the TRNC are Doğu Akdeniz University, Yakın Doğu University, Girne Amerikan University, Lefke Avrupa University, International Cyprus University, METU TRNC Campus, Anadolu University, and Nursing Vocational College.

### **3.1.3 Tourism Sector**

Tourism industry is among the most rapidly developing and growing sectors in the world. As the borders are removed, the world has begun to shrink further and people have tended to travel to long distances. The main reasons are; the increasing share of tourism and holiday in the spendable personal income,

The rapid development in transportation and communication technology and people's desire to visit the regions that they have not seen and wondered so far.

Due to its highly diversified structure, tourism includes both typical tourism activities such as accommodation, planning, travel organization and sales; and the transportation, car rental activities which are not only related to tourists' consumption but used by them. At present, tourism constitutes a significant part of the global gross revenues. This dynamic industry maintains its growth despite the economic slowdown in the entire world, and it also functions as the locomotive of other industries.

In addition to its contribution to national income, tourism also plays an important role for closing the balance of payments with the provided foreign exchange income. As it provides employment for wide masses, it is one of the largest employment-creating industries and also an effective marketing and advertising instrument for the country.

#### **3.1.3.1 Global Tourism Sector**

The investments in the tourism industry are ongoing with 4% growth expectation of the World Tourism Organization. According to the information from the organization's reports, the analysis of the situation in the region is as follows.

## **AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

In terms of the number of hotels and rooms currently being constructed, the Asia & Pacific zone is by far ahead of the others and it is followed by the Middle East and Europe.

**Asia & Pacific Zone:** There are 956 hotels and 232,460 beds in investment stage as of December 2009, and it is estimated that the place with highest supply of rooms will be Shanghai city of China.

In Shanghai, the realization of totally 13,723 rooms tourism investment is expected, while it is believed that Shanghai will be followed by Thailand's capital Bangkok (planned number of rooms 8,849).

New Delhi in India and China's capital city Beijing are also among the noteworthy cities with over 5,000 rooms investments. Accordingly, 6,604 rooms are expected to be opened in New Delhi and 6,089 rooms in Beijing in the forthcoming period.

The investments which can be defined as middle-upper class account for 23.4% of the total investment. Accordingly, 54,295 rooms are included in this class and total share of the investments in the upper class is indicated as 22.5%. Accordingly, the number of rooms addressing to the upper income group is 52,305.

**Caribbean and Mexico:** The number of planned hotels in the Caribbean and Mexico is 127. The number of rooms to be commissioned in this region in the forthcoming period is estimated as 17,528. It is believed that Mexico will include most of these investments under its body. Accordingly, commissioning of 10,324 rooms is planned after the hotel investments in Mexico. Mexico is also among the countries with the highest number of rooms currently under construction.

Meanwhile, it is indicated that the construction process of 895 rooms among the planned 1,698 rooms is ongoing in the Bahamas, and it is closely followed by Puerto Rico with 666 of the 1,130 planned room investments under construction.

**Americas:** It is stated that there are totally 128 projects with 19,887 rooms in the Central and South America. Among the countries of the region, Brazil leads with 8,372 rooms and it is followed by Panama with 4,175 rooms. Apart from these two countries, the other countries with over 1000 rooms construction are Argentina (1,808 rooms), Costa Rica (1,164 rooms) and Columbia (1,161 rooms).

**Europe:** In the overall Europe, the planned number of hotel investments is 587, while the number of rooms to be supplied is 100,013. London, the capital city of the UK, which is to host the Olympic Games of 2012, is the most favorite city of investors with 5,794 rooms investment. Most of the investments in London (3,360) are currently in the construction stage.

Russia's capital city Moscow is among the prominent cities. The number of rooms planned within the investments is 4,837, and 2,095 rooms in this figure are currently under construction. 4,204 rooms investment is planned in Germany's capital city Berlin, and 1,514 rooms in this figure are currently under construction.

**Middle East & Africa:** The number of planned hotel investments in the Middle East is 442, and the total room supply will reportedly be 120,440 after the investments are completed. Dubai is the favorite city of investors with 29,727 planned rooms, and the construction works for most of the planned investments (15,291 rooms) have already started. After Dubai, another favorite destination of the investors is Abu Dhabi and the number of planned hotel rooms in Abu Dhabi has been disclosed as 13,701 room, with 6,939 already under construction.

# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## 3.1.3.2 Tourism in TRNC

Various details regarding the tourism facilities according to the activity report of the Ministry of Economy and Tourism of TRNC for 2009 are as follows. The number of beds, which was 15,705 in October 2009 represents a slight increase from 15.440 in December 2008. The figure in December 2007 was 15.832.

- Dispersion of the bed capacity in tourism as per months.

MONTHS	BED CAPACITY		
	2008	2009	%
JANUARY	15 094	15 044	-0,3
FEBRUARY	15 094	15 044	-0,3
MARCH	14 996	15 044	0,3
APRIL	14 794	15 111	2,1
MAY	14 794	15 219	2,9
JUNE	15 026	15 219	1,3
JULY	15 184	15 219	0,2
AUGUST	15 440	15 523	0,5
SEPTEMBER	15 440	15 551	0,7
OCTOBER	15 440	15 705	1,7

- Dispersion of the bed capacity of tourism facilities as per regions

REGION	FACILITY NUMBER		(%)	BED NUMBER
GİRNE	91	76	11 065	71
GAZİMAĞUSA	8	6	1 484	10
İSKELE	14	12	2 414	15
LEFKOŞA	3	3	524	3
GÜZELYURT	3	3	218	1
TOPLAM	119	100	15 705	100

# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

- Dispersion of the number of currently active tourism accommodation facilities and bed capacity as per classes.

FACILITY TYPE	FACILITY NUMBER	(%)	BED NUMBER	(%)
5 Yıldızlı otel	12	10	6.712	43
4 Yıldızlı otel	6	5	1.644	10
3 Yıldızlı otel	16	13	2.045	13
2 Yıldızlı otel	19	16	1.361	9
1 Yıldızlı otel	19	16	581	4
Özel belgeli otel	1	1	34	0
II. Sınıf T.K.	6	5	1.005	6
Turistik bungalov	32	27	1.851	12
Apart otel	6	5	300	3
Yöresel Ev	1	1	34	0
Butik Otel	1	1	42	0
<b>TOPLAM</b>	<b>119</b>	<b>100</b>	<b>15.705</b>	<b>100</b>

- Dispersion of occupancy rates of tourism accommodation facilities as per months

The average occupancy rate of tourism accommodation facilities in the first 10 months of 2009 was 37.4%, and the average occupancy rates in 2008 and 2007 were respectively 33.3% and 32.5%.

MONTHS	BED CAPACITY		
JANUARY	16,3	20,4	25,2
FEBRUARY	18,8	20,0	6,4
MARCH	26,4	21,5	-18,6
APRIL	28,8	32,7	13,5
MAY	39,0	39,6	1,5
JUNE	37,7	43,8	16,2
JULY	42,8	50,0	16,8
AUGUST	55,8	53,3	-4,5
SEPTEMBER	39,7	44,8	12,8
OCTOBER	40,5	40,3	-0,5
	35,3	37,4	5,9

On looking at the occupancy ratios per regions in 2009, the highest rate for the first ten months is observed in Girne (Kyrenia) region with 45.6%. It is followed by Gazimağusa (Famagusta) with 34.6%, Lefkoşa (Nicosia) with 29.2%, İskele (Trikomo) with 23.8% and Güzelyurt (Morphou) with 2.5%.

On looking at the occupancy ratios per regions in 2008, the highest rate is observed in Lefkoşa (Nicosia) region with 39.9%. It is followed by Girne (Kyrenia) with 36.5%, Gazimağusa (Famagusta) with 32.0%, İskele (Trikomo) with 20.4% and Güzelyurt (Morphou) with 3.6%.

## **AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

The occupancy rate was realized as 48.5% in the first ten months of 2009 at the hotels with casinos and as 28.1% at the hotels without casinos.

According to the statements of the TRNC Minister of Tourism, Culture and Environment, the highest numbers since 1974 have been achieved in tourism in 2011. The minister, advising that they are expecting the tourism revenues to reach 430-460 dollars in 2011 with a ten percent increase as compared to the previous year and that 112 thousand 949 foreign citizens have visited the country during the January-July period; noted that 76 thousand 714 foreign tourists have lodged and that total 319 thousand 900 tourists have made total 1 million 165 thousand 970 overnight stays. The minister stating that they are expecting to take 20 more hotels of 2-3 thousand bed capacity into operation through the interest supported credit program for the incomplete hotels, announced that a total of 5 million TL funds have been reserved for this purpose.

The Minister of Culture and Environment said that they had started charter flights from 13 different destinations with the incentive system they are applying with Turkish resources; and that Northern Cyprus thus is beginning to get known as a touristic destination, and that they were expecting significant increases in the number of foreign tourists visiting the country.

The Minister of Tourism, Üstel explained that the number of foreign citizen passengers entering the country from the land and sea ports had reached the highest number in the January-July period, with a figure of 112 thousand 949, since 1974; and that the number of passengers had increased by 30 percent over the last 4 years, with figures being 87 thousand 119 in 2008; 89 thousand 611 in 2009; and 86 thousand 608 last year.

Ünal Üstel advising that the number of foreign tourists lodging at hotels during the first 7 months of the year has increased by 40 percent as compared to 2008 and reached nearly 77 thousand, informed that they had increased overnight stays by 70 percent with the incentives applied; and that the foreign citizens' overnight stay figure which was 261 thousand 381 in 2008 had reached nearly 444 thousand this year.

Ünal Üstel explained that the number of Turkish citizen tourists lodging at touristic facilities, which was 181 thousand 704 in 2008, had increased by 21 percent this year and had reached nearly 220 thousand. Üstel noted that the overnight stay figures had reached 680 thousand in the January-July period.

Noting that the English market, which was on the decline for a long time, had entered into a recovery period, Üstel explained that they were carrying out multilateral projects to improve the tourist satisfaction; and that they were implementing professional promotional campaigns in Turkey and the United Kingdom.

Ünal Üstel advised that they had entered the stage of using outdoor areas in England within the framework of the 2011 Northern Cyprus Promotion and Advertisement Campaign, and during the campaign which had been started around the middle of last month and will be continued until August 15<sup>th</sup>, Northern Cyprus promotional posters will be hung at London, Manchester and Birmingham train station in turns.

# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

- Analysis of the Hotels in Girne (Kyrenia)

Sıra No	HOTEL NAME	TYPE	ADRESS	PHONE NUMBER	FAX	CAPACITY
1	Acapulco Hotel	*****	Çatalköy	824 4110-1	824 4455	930
2	Kyrenia Jasmine C.Hotel	*****	Girne	815 1450	815 1488 - 89	392
3	Malpas Hotel	*****	Çatalköy	824 4757 - 650 3000	824 5452	268
4	Mercure Hotel	*****	K/oğlu	650 2500	650 2559	606
5	Merit Crystal Cove Hotel	*****	Alsancak	821 2345 (50 hat)	821 8774	632
6	Rocks Hotel	*****	Girne	8152238-379	815 5712	314
7	The Colony Hotel	*****	Girne	815 1518	815 1040	200
8	Vuni Palace Hotel	*****	Girne	816 0920/...23	816 0924	272
9	Deniz Royal Hotel	****	Alsancak	821 2676-80	821 2727	108
10	Dome Hotel	****	Girne	815 2453/...7	815 2772	320
11	Kyrenia Oskar Club	****	Girne	815 4801-2363	815 3980-81	454
12	LA Holiday Centre	****	Lapta	821 8981	821 8992-6	224
13	Olive Tree Dedeman	****	Çatalköy	824 4200/...8	824 4209	250
14	Pia Bella Hotel	****	Girne	815 5321-3	815 5324	180
15	Ada Hotel	***	Alsancak	821 8236/...9	821 2509	140
16	Celebrity Hotel	***	Lapta	821 8751/...3	821 2672	180
17	Chateau Lambousa	***	Lapta	821 8751/...3	821 2672	108
18	Club Lapethos	***	Lapta	821 8961/...3	821 8966	230
19	Deniz Kızı Otel	***	Alsancak	821 8710/20/024	821 8433	114
20	Dorana Hotel	***	Girne	815 3521-22	815 5822	66
21	Grand Avrasya Hotel	***	Girne	815 1172/...3	815 1174	107
22	Hotel Sempati	***	Lapta	821 2770/...3	821 2774	68
23	Manolya Hotel	***	Lapta	821 8498/133/138	821 8124	122
24	Onar Holiday Village	***	Girne	815 5850/...2	815 5853	128
25	The Ship Hotel	***	Girne	815 6701-704	815 6705	170
26	Topset Hotel	***	K/oğlu	822 2204-3418	822 2478	144

# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

27	Anadol Hotel	**	Girne	815 2319-1009	815 5262	66
28	Bristol Hotel	**	Girne	815 6570-556	815 7365	36
29	Club Güzelyalı	**	Karşıyaka	825 2017-2462	825 2020	88
30	Green Coast Bungalows	**	Alsancak	821 1211/..2	821 1213	142
31	Hotel Liman	**	Girne	815 2001-2	815 5892-9920	32
32	Kaşgar Court	**	Girne	815 5934/-35/36	815 5937	68
33	Life Hotel	**	Girne	815 6521/..3	8156659	123
34	Nil Burak Otel	**	Girne	815 8980/..2	815 6413	36
35	Pine Bay Club	**	Alsancak	822 3032	822 3035	36
36	Sammy's Hotel	**	Girne	815 6279/281/..3	815 6280	44
37	The Watermill Hotel	**	Girne	815 1741	815 1740 - 815 3492	40
38	Canowindra Villa	*	Zeytinlik	815 2916	815 2916	20
39	Hacı Ali Otel	*	Lapta	821 2991/...7	821 2998	22
40	Harbour Scene Hotel	*	Girne	815 6855-6	815 6857	30
41	Hotel British	*	Girne	815 2240-5731	815 2742	36
42	Jel's Friends	*	Alsancak	821 3026	-	32
43	Lighthouse Hotel	*	Girne	815 9676	815 9926	40
44	Nostalgia Hotel	*	Girne	815 3079	815 9005	52
45	Sea Breeze Hotel	*	K/oğlu	822 2743	822 2776	38
46	Tervetuloa Otel	*	Alsancak	821 1220/29/92	821 1231	24
47	The Abbey Inn at Bellapaix	*	Beylerbeyi	815 9444-5	815 9446	21
48	The Fez Hotel	*	Çatakköy	824 4600	-	24
49	Tortum Otel	*	Çatakköy	824 5179	-	20
50	White Pearl Hotel	*	Girne	815 0429	816 0110	20
51	Altınkaya Bung &The Armonia	II.Sınıf T. K.	Ozanköy	815 5001-2	815 5003	138
52	Bellapais Monastery Village	II.Sınıf T. K.	Beylerbeyi	815 9171	815 9058	130
53	Club Z	II.Sınıf T. K.	Girne	815 1549	815 1838	156
54	Pitoresk Tatil Köyü	II.Sınıf T. K.	Girne	815 8825	815 8275	117
55	Riverside Holiday Village	II.Sınıf T. K.	Alsancak	821 8906	821 8908	266

# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.


56	Bellaview Hotel	Bunik Otel	Ozanköy	816 1155	816 1199	42
57	Bellapais Gardens	Özel B.	Beylerbeyi	815 6066 - 8157668	815 7667	34
58	A & K 2000 Tatil Köyü	T.Bung.	Lapta	821 2930/..2	821 2929	41
59	Alkan Erdoğan Holiday V.	T.Bung.	Esentepe	823 6280	823 6281	46
60	Ambelia Village	T.Bung.	Beylerbeyi	815 3655	815 7701	144
61	Bare Hill Bungalow	T.Bung.	Alsancak	821 2609-10	821 2611	56
62	Club Alda	T.Bung.	Lapta	821 8780	821 8228	28
63	Club Ali Bey Holiday Village	T.Bung.	Çataköy	824 4869	824 4871	42
64	Club Asena	T.Bung.	Lapta	821 8947-48	821 2482	36
65	Club Simena	T.Bung.	Karşıyaka	825 2476/..8	825 2486	104
66	Club Tropicana	T.Bung.	Ozanköy	815 5188	815 1635	32
67	Citrus Tree Gardens	T.Bung.	Alsancak	821 2872/..4	821 2875	38
68	Fian Bungalow's	T.Bung.	K/oğlu	822 2718	822 2216	24
69	Five Fingers Bungalows	T.Bung.	Ozanköy	815 4096	815 6889	20
70	Flipper's Tatil Köyü	T.Bung.	Lapta	821 2729/30/31	821 8129	40
71	Green Holiday Village	T.Bung.	Alsancak	821 3300	821 3234	108
72	High Life Holiday Village	T.Bung.	Girne	815 3383-1660/1	815 1662	42
73	Hilarion Village	T.Bung.	Karaman	822 2562	822 2767	52
74	La Siesta Holiday Village	T.Bung.	Lapta	821 8999	821 2006	40
75	M. Savarona Bungalows	T.Bung.	K/oğlu	822 2215	822 2207	54
76	Monte Perle	T.Bung.	Karşıyaka	825 2365/67/68	825 2358	20
77	Moon Rose Tatil Köyü	T.Bung.	K/oğlu	822 3570/..2	822 3573	64
78	Paradissia Court	T.Bung.	K/oğlu	822 2800	822 2800	44
79	Primary Holiday Village	T.Bung.	Alsancak	821 8157	8218153-2283094	48
80	Riviera Beach Bung. & Mocamp	T.Bung.	K/oğlu	822 2026/2877-78	822 2062	92
81	Rose Gardens	T.Bung.	Lapta	821 8927-74	821 8975	88
82	Santoria Bungalows	T.Bung.	Alsancak	822 3430	822 3429	30
83	Sunny Beach Bungalows	T.Bung.	Lapta	821 8924	2284067-8211697	45
84	The Almond	T.Bung.	Alsancak	821 2885 (4 hat)	821 2889	68
85	The Hideaway H.V.	T.Bung.	Edremit	822 2620	822 2622	62
86	The Villa Club	T.Bung.	Yeşiltepe	821 8400	821 8047	62
87	King's Court	A-Otel	Alsancak	821 8499	821 2220	56
88	Osman's Hotel Apt.	A-Otel	Girne	815 4085	815 2892	68
89	Silver Waves Otel-Apt.	A-Otel	K/oğlu	822 3208 - 2439		40
90	Şerif Otel-Apt.	A-Otel	K/oğlu	822 2455	822 2714	48
GİRNE TOPLAM						10.482




# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.


## 3.1.3.3 Hotel Industry Research

NAME: ACAPULCO BEACH CLUB & RESORT HOTEL (*****)	
<b>Location:</b> GİRNE	
<b>Total Number of Rooms:</b> 200 rooms and 230 bungalows	
<b>Bed Capacity:</b> 1.400	
<b>General Features of the Hotel:</b> There is a casino, an aqua park and SPA at the 5-star hotel. In addition, convention service is offered at 5 meeting rooms with totally 3,215 sqm area.	
<b>Room Prices:</b> The full board plus company room prices of the facility in the October-February period is on the average, single 130-135 TL, including VAT.	


NAME: ROCKS HOTEL (*****)	
<b>Location:</b> GİRNE	
<b>Total Number of Rooms:</b> 156	
<b>Bed Capacity:</b> 312	
<b>General Features of the Hotel:</b> The hotel has 27 sqm standard rooms and 56 sqm suite rooms; and its customers include Turkish, English and Israeli tourists. The hotel has a casino, a SPA center and totally 600 people capacity meeting rooms.  At the hotel, where the room occupancy remains at 60-80% and the other revenue items of the hotel have been indicated as near to 30% of room revenues.	
<b>Room Prices:</b> It has been determined that the VAT included rate during the summer period, on a bed + breakfast basis is 90€ for a single room, and 120€ for a double room, the half-board difference in 15€ per person, and the difference for a sea-view room is 10€ per person.	


## AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NAME: MERIT CRYSTAL COVE HOTEL (*****)	
<b>Location:</b> GİRNE (10 km. to city center)	
<b>Total Number of Rooms:</b> 307	
<b>Bed Capacity:</b> 614	
<b>General Features of the Hotel:</b> The hotel includes a 1,600-people capacity convention hall, a SPA center and a casino run by Voyager Kıbrıs Ltd, a venture of Net Holding. Standard room size is 28 sqm, and the sizes of suites are between 28 and 72 sqm. The average occupancy rate of the rooms of the hotel is at around 72%. The peak season is between June and September, and the average room occupancy during these months is at around 86%.	
<b>Room Prices:</b> During the week 225 TL per single person, 340 TL for double person; weekend 315 TL for single person and 460 TL for double person (price is full-board, inclusive of VAT)	

NAME: MALPAS OTEL & CASINO (*****)	
<b>Location:</b> GİRNE (şehir merkezine 7 km.)	
<b>Total Number of Rooms:</b> 174	
<b>Bed Capacity:</b> 428	
<b>General Features of the Hotel:</b> 9 of the rooms are bungalow, 8 are mini villas, 1 is junior suite, 4 are executive suites and 1 is royal suite. The hotel is built on nearly 35,000 sqm area. There is a SPA center and a casino at the hotel.	
<b>Room Prices:</b> During the summer period, half-board company VAT included rates are at the levels of 160 TL for single room and 220 TL for a double room. (Half-board price)	

# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NAME: JASMINE COURT HOTEL&CASINO (*****)	
<b>Location:</b> GİRNE (şehir merkezine 1 km.)	
<b>Total Number of Rooms:</b> 192	
<b>Bed Capacity:</b> 500	
<b>General Features of the Hotel:</b> It is located 1 km away from Girne city center, on the sea side, on a land with nearly 55,000 sqm area. The rooms at the hotel have very big areas; its room types are 55 sqm junior suite, 70 sqm deluxe suite, 72 sqm executive suite and 155 sqm royal suite. The hotel serves with half-board and bed & breakfast systems. It has 641 sqm meeting rooms and the largest casino of the Eastern Europe and Asia with 5,000 sqm area. The average annual occupancy rate of the hotel is at around 70%. It is foreseen that the revenue from other items at the hotel will be equal to 30% of the room rate.	
<b>Room Prices:</b> During the summer period, company standard room prices, exclusive of VAT, on a bed + breakfast basis are 50€ for single person and 65€ for double person.	

NAME: CRATOS OTEL (*****)	
<b>Location:</b> GİRNE	
<b>Total Number of Rooms:</b> 410	
<b>Bed Capacity:</b> 820	
<b>General Features of the Hotel:</b> The 5-star Cratos Premium Hotel opened in 2010 in “Deluxe Premium” concept includes a <u>Hotel</u> + <u>Marina</u> + <u>Casino</u> + <u>Spa</u> + <u>Convention Center</u> .	
<b>Room Prices:</b> It has been determined that the VAT excluded, annual average bed prices is 100 Euros.	

# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## Summary Chart:

NAME	QUALITY	NUMBER OF ROOMS	ROOM PRICE
ACAPULCO BEACH CLUB & RESORT HOTEL	5 Star	430	The full board plus company room prices of the facility in the October-February period is on the average, single 130-135 TL, including VAT.
ROCKS HOTEL	5 Star	156	It has been determined that the VAT included rate during the summer period, on a bed + breakfast basis is 90€ for a single room, and 120€ for a double room, the half-board difference in 15€ per person, and the difference for a sea-view room is 10€ per person.
MERIT CRYSTAL COVE HOTEL	5 Star	307	During the week 225 TL per single person, 340 TL for double person; weekend 315 TL for single person and 460 TL for double person (price is full-board, inclusive of VAT)
MALPAS OTEL & CASINO	5 Star	174	During the summer period, half-board company VAT included rates are at the levels of 160 TL for single room and 220 TL for a double room. (Half-board price)
JASMINE COURT HOTEL&CASINO	5 Star	192	During the summer period, company standard room prices, exclusive of VAT, on a bed + breakfast basis are 50€ for single person and 65€ for double person.
CRATOS PREMIUM	5 Star	400	It has been determined that the VAT excluded, annual average bed prices is 100 Euros.

## ✓ Evaluation of the Results of the Research on Hotels

Five star hotels in the Turkish Republic of Northern Cyprus are mostly located around Girne. These facilities are open throughout the 365 days of the year and they mostly serve half board. The hotels reach the highest occupancy in June-July-August period.

At the hotels in the TRNC, Casino is an important element in terms of keeping occupancy rates high both in winter and in summer. All five star hotels and lower scale hotels have Casinos. The tourists who visit the region in summer mostly visit the region for sea tourism, while it is noted that especially the customers of casinos and relatively the customers of conventions accommodate at the hotel and increase the occupancy rates in winter and spring.

# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

### 3.2.1 Turkish Republic of Northern Cyprus



It is located on the northern side of the Cyprus Island in the Mediterranean Sea. Its nearest neighbors are Turkey at 70 km north, Syria at 100 km east, Lebanon and Israel at 170 km southeast, Egypt at 370 km south and Greece at 950 km northwest. The territory of TRNC extends from Dikarpaz (Rizokarpasia) on the north to Güzelyurt (Morphou) on the west and Akıncılar (Lurucina) on the south. Cyprus island is located between 30.33 and 35.41 latitudes and 32.23 and 34.55 longitudes.

Its governance regime is Republic and official language is Turkish. Its capital city is Lefkoşa (Nicosia). (Population: 265,000). Land: 3,355 sq km Currency: Turkish Lira (TL). Major cities; Lefkoşa (Nicosia), Gazi Mağusa (Famagusta), Girne (Kyrenia), Güzelyurt (Morphou), and İskele (Trikomo).

The population of the Turkish Republic of Northern Cyprus is nearly 265.000 including expatriates and settlers from Turkey. The population mostly consists of Turkish Cypriots (99%) and Greeks and Maronites as the other ethnic groups (1%). Most of Turkish Cypriots emigrated after 1974. Especially England, Australia and Turkey received high immigration from the Northern Cyprus. Some of the emigrants were obliged to go to different countries due to unfavorable economic conditions. The biggest reason for those bad economic conditions was the great difficulties in trade to third countries due to the economic embargo implemented. TRNC's population increases further with the tourists who visit the island in summer.

The climate of the TRNC is the Mediterranean climate. Summers are hot and dry, winters are warm and rainy. The average annual temperature is 19°C (66°F). Mid-summer temperature is around 40°C (105°F) and as the hottest part of the Mediterranean, its average temperature is 21°C'dir (75 F°). In winter, the weather is really mild and the annual average rainfall is 500 mm.

In addition to evergreen pine trees, citrus fruit trees, olive trees; shrub lands, deciduous trees, small trees and bushes, as well as various flower types compose the general flora of the Northern Cyprus. The arable fertile land accounts for 45% of the total area and 20% of that land is irrigated. 20% of the TRNC is forest and an intense forestation program is ongoing.

In the TRNC, a special attention is paid to agriculture and forestation activities. 57% of the country is arable field. Citrus fruits, wheat, barley, olive oil, potato, carrot, fruit and vegetable growing have developed, and the country has become self sufficient in terms of vegetables and fruits. Considering scarce water resources of the country, modern irrigation systems have been established and efforts have been spent for most rational use of the scarce water resources. Ovine breeding is performed at the mountainous areas, and bovine breeding at the farms. Apiculture has developed. Between 1980 and 1995, more than 184,000 live lambs, 737 live calves, over 54,000 live goats, 2,800 live yearlings and 1,000 live sheep have been exported. In addition, an area of 3,000 hectares has been afforested.

## AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

The industry has not developed very much, and very important improvements have been obtained in the branches of food, construction and clothing. The industry has been established as small and medium scale enterprises, the number of facilities in the manufacturing industry increased to 726 and the number of employed people to 11,382 in 1995. Organized industry zones have been established in Lefkoşa (Nicosia), Gazimagosa (Famagusta) and Girne (Kyrenia), and with the free port founded in Gazimagosa, there are currently 22 enterprises acting in the region in the fields of cement, leather, packaging, vehicle maintenance and repair, ready wear manufacture and transit trade. Electric power generation has reached the level to cover the country's need.

Transportation to the TRNC is provided by air and sea. The ports of the country are Ercan International Airport, Geçitkale Airport, İlker Karter Airport, Pınarbaşı Airport, Topel Airport, Girne Port and Gazimagosa Port. The airports and ports of the TRNC are closed to international voyages. The reason is its prevention by the Greek Section. All efforts initiated by Turkey at both the UN and the EU in order to overcome this bottleneck has been blocked by the Greek Side. Due to the pressure of the Greek Southern Side of Cyprus, direct flight to the TRNC is not organized from any countries than Turkey, and Ercan International Airport and Geçitkale Airport are legally recognized as airport only by Turkey and Azerbaijan.

Besparmak Mountains are located on its north and Meserya Plainland (Inner plainland) on its south. TRNC has very clean beaches which are hardly found in the Mediterranean. On the eastern coast line between Gazimagosa and Boğaz, golden beaches reach 15 miles length. On the north, at both sides of Kyrenia, there are beaches with bars and various sports activities. In addition, the bays extend along 20 miles. Escape, Alagadi, Altın Kum, Sunset, Mare Monte, and Camelot are the most important beaches.

### 3.2.2 Girne Province



The area of Girne city, which is located on the north of Cyprus -the third biggest country of the Mediterranean Sea- is 50 sq km. Girne Mountain Range on the south of Girne begins on the shore near to Kayalar village on the west and extends to Yedikonuk village on the east. It consists of Mount Kayalar, Mount Lapta, Besparmak Mountains and Kanatara Mountains. In the meantime, three important straits which connect the inner sides of the island to the coast from the west to east are respectively Geçitköy Strait, Girne Strait and Mersinlik – Tatlısu Strait.

The highest point is Servili Hill at 1023 meters. Partial plainlands in the midst of these mountains are noted up to Karpaz Peninsula. Northern skirts of Girne mountain range are occupied by Aleppo pines. Citrus fruits, olive and locust grow in Girne, which is a fertile earth line.

Typical Mediterranean climate is dominant in Girne city. Summers are long and dry, winters are short and rainy. The precipitation is generally in the form of rain, and rarely snow falls on Girne mountain range and it melts in a short time. The average of the coldest month, January, is 9 degrees and that of July, the hottest month is 40 degrees. Sea shores are cool in summer and they are hotter

## **AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

compared to inner sections because they are humid. The temperature of the sea water is 21.5 degrees in average and the average humidity is 68.8%.

A Byzantine castle from the 7<sup>th</sup> century was renewed by Lusignans and Venetians and it took its present form. There is a Sunken Vessel Museum in the castle. The oldest sunken ship of the history is exhibited here. Balabayis Monastery, Public Arts Museum, Arhangelos Mihail Ikon Museum, St Hillarion Castle, Peace and Freedom Museum, Girne Marina are the historical places of Girne.

***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**

According to the Chamber of Land Registry and Cadastre Treasury Property Lease Certificate dated 04 September 2003, the ownership details are as follows.

City	:	Girne (Kyrenia)
Town or Village	:	Karaoğlanoğlu
Quarter	:	-
Locality	:	Kuzguncuk
Plot No.	:	XII
Section No.	:	-
Property	:	Empty Land (Hali)*
Parcel No.	:	91/5
Area**	:	30 sqm, 1 evlek, 2,000 square feet
Landlord	:	TRNC Ministry of Finance, Department of Real Estate and Materials of the State
Tenant	:	Akfen Gayrimenkul Ticareti ve İnşaat Anonim Şirketi (Akfen Real Estate Trade and Construction Joint Stock Company)
Term of the Lease	:	49 years from 01 August 2003 to 31 July 2052.
Annual Rent Amount	:	As indicated in section 28.29 of the file no. D--294/08.

\* The lands within the scope of the contract are defined as "hali land" (empty land) within the ownership system of the TRNC. These properties are owned by the Ministry of Finance of the TRNC.

\*\*In the TRNC, the area measurement units used are donum, evlek and square foot.

1 donum=1.337,8037800057044 sqm, 1 evlek= 334,4509400013988 sqm, 1 square foot =0.09290304 sqm. In addition, 1 donum=4 evleks, 1 evlek=3,600 square feet.

**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.

According to the certificate of encumbrances obtained by the client regarding the appraised property; there is a mortgage dated 04 September 2008 in favor of ING Bank for €42,000,000. The letter of encumbrances dated on 17.10.2011 is annexed to the report.

[illegible]

## 33

# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

title “T-T Turizm İnşaat Tarım Besicilik Sanayi ve Ticaret Anonim Şirketi” to “Akfen Gayrimenkul Ticareti ve İnşaat Anonim Şirketi”. (Annexed.)

Agreement on the provision of “Casino operation privilege” was verified with the protocol 2 signed on 19 April 2007 between Akfen Gayrimenkul Ticaret ve İnşaat Anonim Şirketi and the Directorate of Real Estate and Materials of the State. (Annexed.)

In the protocol 3 dated 27 December 2007 and signed between Akfen Gayrimenkul Ticaret ve İnşaat Anonim Şirketi and the Directorate of Real Estate and Materials of the State, agreement has been reached on the “Consent and approval for renting the hotel operation titled Mercure between 01 January 2008 and 31 December 2012 to Serenas Turizm Kongre ve Organizasyon Hizmetleri Ltd Şti.” (Annexed.)

In the protocol 4 dated 03 June 2008, signed between Akfen Gayrimenkul Ticaret ve İnşaat Anonim Şirketi and the Directorate of Real Estate and Materials of the State, the area of the property has been determined as 30 donums, 1 evlek, 2,000 square feet although it was identified as nearly 37 donums in the Land Registry and Cadastre Department, Governmental Treasury Property Lease Certificate for the period the property was hired by “T-T Turizm İnşaat Tarım Besicilik Sanayi ve Ticaret Anonim Şirketi”. In addition, the payment plan has been revised as shown in the annex of this protocol. (Annexed.)

## 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 zoning status certificate approval dated 2 March 2011 obtained from Lefkoşa (Nicosia) City Planning Department –the body authorized to preliminary permit for any constructions in the NRTC” and according to the annexed preliminary permission certificate;

### ✓ Zoning Status:

- ❖ In the TRNC, unlike the zoning system in Turkey, constructions are realized through ordinances instead of zoning plans. In addition, the regions are divided in the ordinances and multiple zoning rights are in question for construction in those regions.

According to Girne Zone 2 Ordinance, the appraised property is located on the “Coast Line”.

- ❖ The subject property of appraisal is located on the “Coast Line”. The ordinances in this regard are;
  - Ordinance dated 16 November 2006 and no. 192, Annex III (It is annexed.)
  - Ordinance dated 30 January 2007 and no. 17, Annex III (It is annexed.)
  - Ordinance dated 15 May 2007 and no. 84, Annex III (It is annexed.)
  - Ordinance dated 30 November 2007 and no. 213, Annex III (It is annexed.)
  - Ordinance dated 12.01.2009 and no 6, Annex III, AE: 28 (It is annexed.)
  - Ordinance dated 01.03.2010 and no36, Annex III, AE: 127 (It is annexed.)
- ❖ “Coast Line”, coast line for the purposes and scope of Girne 2<sup>nd</sup> Region Ordinance, is the place announced with the Resolution of the Board of Ministers dated 23 September 1992 and no. E-967-92, and published on Annex IV of the official gazette dated 30 September 1992 further to the law of equivalent property as defined in Article 38 of the 1985 Constitution of the TRNC.

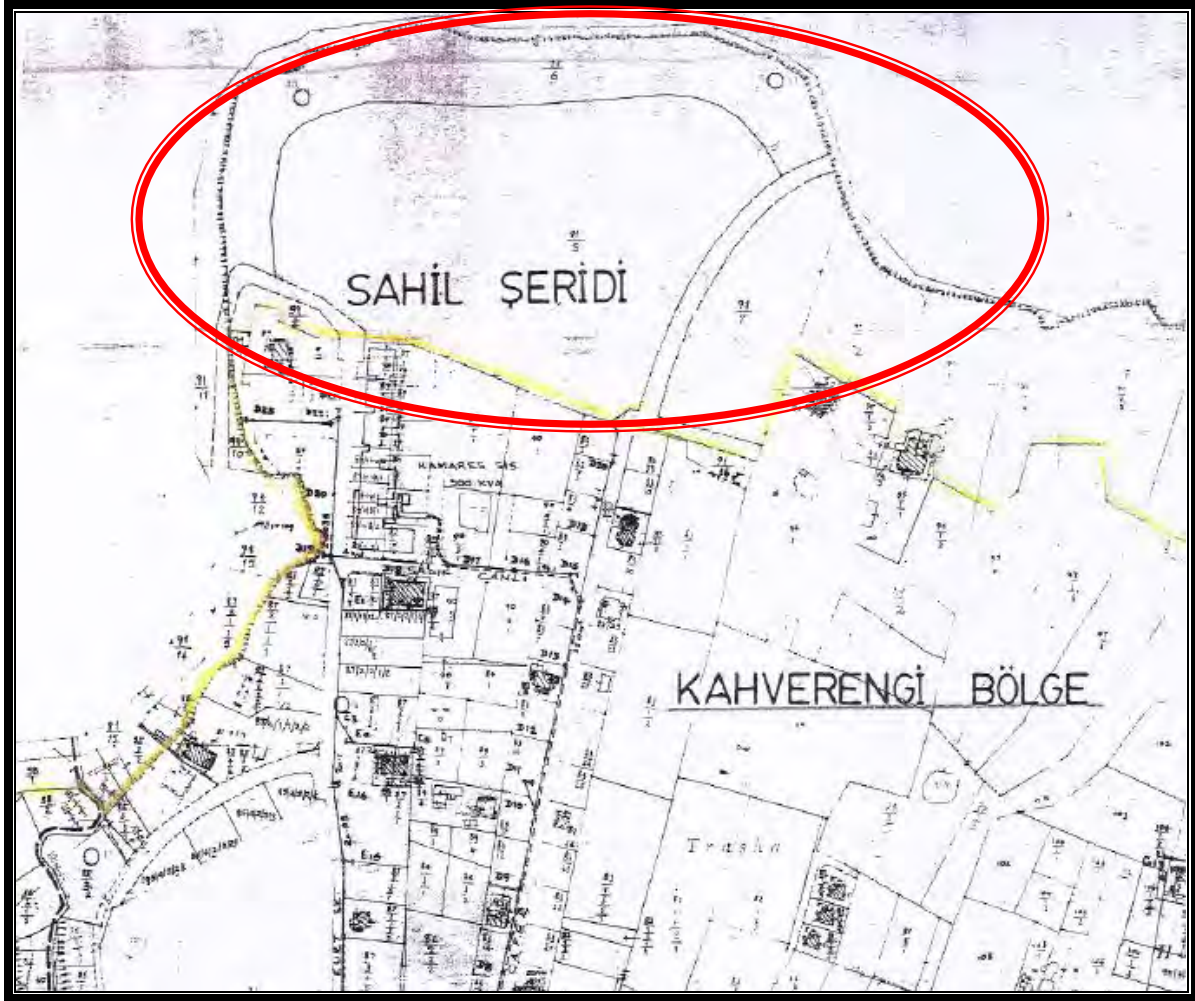
## AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

- ❖ In the region defined as the “Coast Line”, if the Planning Body considers it appropriate and necessary, then in accordance with the rules and conditions of the Ordinance, showers, dressing cabinets, Baywatch tower, any kind of water games and similar other properties to serve the beaches, and the construction of pedestrian roads, sewage, lighting, communication and similar other infrastructures is realized. However, none of the improvements may be done in a manner to prevent public access to the coast line.
- ❖ (Article 10, paragraph 2) As shown on the 1/25000 scale development decisions map of the ordinance and/or the equivalent property law on settlement area assignment, on the parcels which have had a land title and owned as private property before the Resolution of the Board of Ministers dated 23 September 1992 and no. E-967-92 published on the annex IV of the official gazette dated 30 September 1992; but which were included in the coast line with the mentioned Resolution of Board of Ministers and marked accordingly on the 1/25000 scale development decisions; construction is allowed on the condition that the total construction area does not exceed 150 square meters of the zone, and the number of floors 2, and the total building height 8.20 meters (27 feet).
- ❖ With the Ordinance Amendment dated 30 November 2007 regarding the “**Coast Line**”, provided that the Planning Body approves, on the condition that the approvals and opinions from other authorized bodies and organizations within the framework of the laws related with the Ports Agency and Animal Agency, as well as from the specialized institutions and academic institutions on marine sciences, and marine biology are obtained, and the precautions to prevent impact from marine movements of the shore’s natural morphological structure, the shore topography, and the overall natural structure and ecology are taken and other similar conditions are complied with; the construction is allowed so long as the Total Construction Area Ratio does not exceed 0.03/11, and in order to ensure public access to the sea and public use of the shore.
- ❖ In “**Brown Zones**”; (Indicated for information purposes)
  1. In the developments with tourism use purpose for **hotel and apart hotel** type of accommodation facilities, the ratio of construction area to the total area may not exceed 0.50/1, the Construction Plot Area Ratio may not exceed 15% and the Total Building Height may not exceed 16.20 meters (53 feet)
  2. At the Bungalow type of accommodation facilities which are to be constructed as a part of a **Mixed Tourism Accommodation Facility**, the Number of Building Floors may not exceed 1 (one), and the Building Total height may not exceed 5.20 meters (17 feet),
  3. In the developments with tourism use purpose for **Holiday Village** type of accommodation facilities, the ratio of construction area to the total area may not exceed 0.45/1, the Construction Plot Area Ratio may not exceed 25%, the Number of Building Floors may not exceed 2 (two) and the Total Building Height may not exceed 8.20 meters (27 feet)
  4. In the developments to be realized for tourism use as a part of a **Mixed Tourism Accommodation Facility where the types of accommodation facilities stated in Articles (1) and (2) are both included**, the ratio of construction area to the total area may not exceed 0.50/1, the Construction Plot Area Ratio may not exceed 15% and the Total Building Height may not exceed 16.20 meters (53 feet)

## AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

5. **For all other developments on the land**, the ratio of construction area to the total area may not exceed 0.25/1, the Construction Plot Area Ratio may not exceed 20%, the Number of Building Floors may not exceed 2 (two) and the Total Building Height may not exceed 8.20 meters (27 feet)
  6. The developments for **traditional dormitory type of use** through restoration and/or new construction and/or modification and/or supplement and developments for similar structure and construction and/or use modifications may be allowed so long as the ratio of construction area to the total area does not exceed 0.40/1, the Construction Plot Area Ratio does not exceed 15%, the Number of Floors does not exceed 4 (four), and the Total Building Height does not exceed 13.70 meters (45 feet)
- According to Article 38 titled “Protection of Shores” of the Constitution of the TRNC;
    - “The shores are under the rule and disposition of the State, and they may only be used for public benefit.
    - In the region within one hundred meters line of the shores outside of municipal borders, only the facilities owned by the State, which are essential and for the public benefit can be constructed. However, such facilities shall not ruin the natural beauty of the shores. The future status of the existing buildings and facilities are organized with law.
    - The protection of shores within the municipal borders and the structures and facilities which can be constructed win the region within the one hundred meters shore line, and the status of those existing facilities are regulated by law according to the requirements of the public benefit and city planning.
    - Unless restricted by law due to natural security, public order, public benefit, protection of the general health and environment; no one may prevent or charge cost for citizens’ entry to the one hundred meters long coast line. However, this rule may not be interpreted in a manner which means violating the property rights”.

## AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.



➤ **Licenses and Permissions:**

- According to “Girne Municipality, Building, Road, Allotment, Division License” certificate dated 27 February 2004; “According to the approved designs and specifications; there are restaurants, shops, cooling warehouses, swimming pool and administrative rooms, hotel service technical rooms, social utility areas on the basement floor; 50 (fifty) bedrooms, administrative buildings, social areas, swimming pool, 4 (four) floor offices on the ground floor; 70 bedrooms, an done office floor on the 1st floor; 70 bedrooms and four floor offices on the 2nd floor, and two royal suites, 48 bedrooms, 4 floor offices on the 3rd floor”. (Annexed.)
- According to “Girne Municipality Building, Road, Allotment, Division License” certificate dated 19 February 2008; “During the construction of the building licensed by our Municipality with the license no. 3095 dated 27 February 2004 further to the approved designs and specifications; a modification has been required during the construction for cancelling the swimming pool shown on the layout drawing and constructing a new one instead, modifying the place of the amphitheater, and additionally constructing a garbage room, treatment plant and a prefabricated warehouse; thus constructing a tourism hotel on the parcel with 2 (two) basement floors, 4 (four) meeting rooms respectively on the ground floor + 1st + 2nd + 3rd + 4+ floors, 4 (four) restaurants), recreation, dressing and shower



# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

areas, toilets, transformer and generator room, water tank and 299 rooms (606 beds)". **(Annexed.)**

- According to the "Final Approval of Girne Municipality" dated 07 April 2008, the permits dated 27 February 2004 and 19 February 2008, and no. 4621 have been approved. (This document is equivalent to the building use permit in the Turkish system). **(Annexed.)**
- The data of the approved layout according to this Final Approval sheet are detailed in annex. **(Annexed.)**
- The inspection of the zoning archive file regarding the appraised property at Girne Municipality has not been allowed and the license, settlement and architectural design data have been provided by the client. However, the approvals of the authorized bodies on each document have been identified.
- The approved architectural design of the facility is dated 19 February 2008 and no. 4621.

\*Any differences between the actual status and legal status have not been noted during the on site inspections of the mentioned property. *The existing building is in accordance with the "Building Use Permit".*

## 4.3.1 Information regarding the Legal Status of the Subject Property in the Last Three Years, if there is (The Changes in the Zoning Plan, Nationalization Works, etc.)

- The changes that have occurred regarding the legal status of the appraised properties in the last three years are summarized in section "4.3 Zoning Information of the Property".

## 4.4 Opinion on the Property, the Design of the Property or the Rights and Benefits Associated with the Property within the Framework of the Capital Market Regulation

Because the existing mortgage on the land registry of the property was due to refinancing the mortgage established for financing the project, the inclusion of the appraised property in the REIT portfolio as a "real estate" is not considered doubtful due to the mortgage.

## 4.5 Legal Liabilities

It has been identified that the mortgage in favor of ING Bank dated 04 September 2008 with €42,000,000 value on the appraised property was set for financing the project. The official letter for the mortgage in question has been obtained from the related bank and it is annexed.

## 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***



# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## SECTION 5

### PHYSICAL INFORMATION OF THE REAL ESTATE

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

**Open address of the property:** Kervansaray Mevkii, Karaoğlanoğlu / Mersin 10, Girne / KUZEY KIBRIS TÜRK CUMHURİYETİ

The appraised property is in Girne (Kyrenia). From Ercan Airport; after driving to towards Lefkosa (Nicosia) from the main connection axis, turn to Girne at Gönyeli crossroad, and drive by Karaoğlanoğlu locality. The appraised property is located on the right side of the road in Karaoğlanoğlu locality as a 5-star hotel and a casino on the sea side.

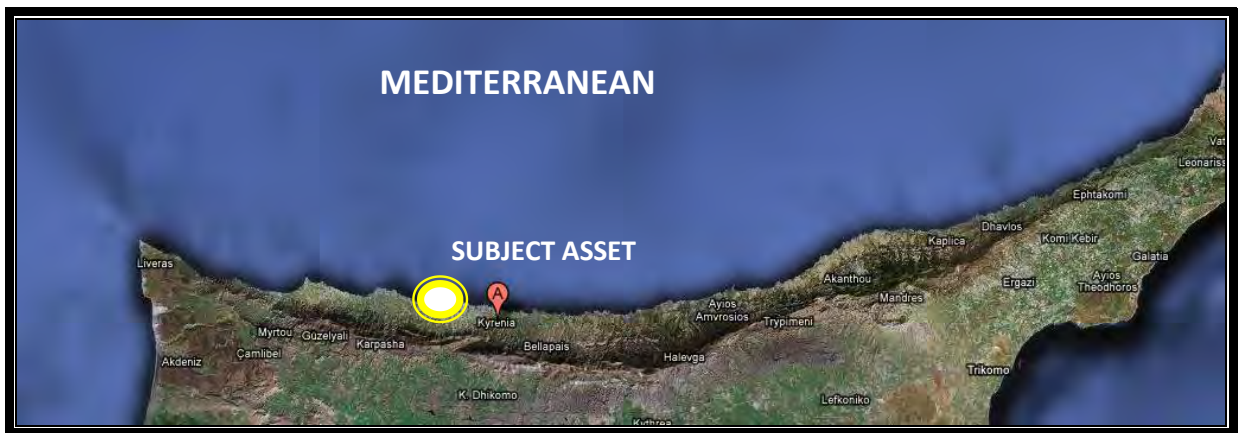
Because mass transportation vehicles are limited in overall TRNC, access in the overall country is provided by private cars. Therefore, access to the property is possible by private cars, and the hotel services include passenger transfer from the airport.

The appraised property is located in the region described as Kervansaray locality, in Girne, and the region is named after Kervansaray houses located here. In the region, single floor or duplex villa projects on road sides, and there are also some touristic restaurants.

The land of the hotel is partially flat and partially hilly. These height differences have been used for taking advantage of the view. The facility's own beach area constitutes the lowest level. The air distance of the project area to various centers is listed as follows:

#### Distances of the Subject Real Estate to Identified Important Points;

Location	Distance (km)
Ercan Airport	53,0 km.
Girne	48,0 km.
Lefkoşa	23,0 km.





## 5.2 Definition of the Subject Property of Appraisal

The appraised property is the 5-star Mercure hotel, which is located in Karaoglanoglu region of Girne, and the construction of which was completed in 2007, and opened in the same year. The hotel has a casino which greatly contributes for hotel circulation. The parcel's projection towards the Mediterranean Sea as a peninsula provides panoramic sea view to the rooms on the northern side, and partial sea view to the rooms on the southern side.

The parcel of the appraised hotel is owned by the Real Estate Department of the Turkish Republic of the Northern Cyprus. According to the superficies contract signed between the mentioned administration and Akfen Gayrimenkul Ticareti ve İnşaat A.Ş., superficies have been established for Akfen Gayrimenkul Ticareti ve İnşaat A.Ş. by 31 July 2052. Akfen Gayrimenkul Ticareti ve İnşaat A.Ş. has rented the hotel constructed on the subject parcel to Serenas Turizm ve Organizasyon Hizmetleri Ltd. for 5 years with 5th year optional, and the casino on the basement floor of the hotel to Voyager Kıbrıs Limited company on 15 March 2007 for 5 years with the 5th year optional.

The appraised property has 2 basement floors, a ground floor and 4 normal floors. The hotel building consists of 3 blocks. Block A has 7 floors, Block B has 7 floors and Block C has 6 floors. The hotel has 279 standard rooms, two disabled rooms, 14 normal suites, 2 deluxe suites, and 2 royal apartments totaling 299 rooms. The hotel's total capacity of beds is 660.

For standard type of rooms, the room sizes vary between 23 and 36.6 sqm. Bathroom sizes are between 4.9 and 6.2 sqm. Suite rooms have 43.5 sqm room, 9 sqm bathroom, and the WC has 3.2

## AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

sqm area. Deluxe suite rooms have 67.3 sqm room, 14.2 sqm bathroom, and the WC has 2.5 sqm area. The royal suites have 150 sqm room area and 18.6 sqm bathroom.

In the hotel building, there is an indoor swimming pool with 113 sqm water surface, and an outdoor swimming pool on the sea side, where the restaurant is located, with 996 sqm water surface. The main restaurant of the hotel has 928 sqm area.

The area of the casino on the 1<sup>st</sup> basement floor is 1,250 sqm, and its entrance is separated from the hotel. Other occupancy areas in the hotel are meeting rooms, banquet room, hairdresser, restaurants used by two tenants, boutiques, billiard room, TV room, SPA center with a Turkish bath, sauna, steam bath, massage rooms, gym, and a swimming pool, and a club for children.

The hotel building is accessed from three entrances: the main entrance section of the hotel, casino entrance and service entrance. In addition, there is an exit to the outdoor swimming pool section of the hotel on the sea side. Apart from the hotel building, there is a treatment plant, two tennis courts and a warehouse on the parcel.

### Hotel Block Floor Areas

Floor	Area (m <sup>2</sup> )	Rooms
2. Basement Floor	2.981	
1. Basement Floor	7.387	
Ground Floor	5.414	43
1.Floor	4.363	62
2.Floor	3.667	68
3. Floor	3.667	64
4. Floor	3.752	62
<b>Total</b>	<b>31.231</b>	<b>299</b>

### Auxiliary Building Areas

Floor	Area (m <sup>2</sup> )
Recreation, Dressing Rooms, WC's and Showers	320
Transformer + Generator Building	216
Service Yards	414
Amphitheater and Dressing Rooms	195
Treatment Facilities	392
Evaporator	9
Prefabricated Warehouse	300
Garbage Room	62
Water Tank	248
<b>Total</b>	<b>2.156</b>

# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.





# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## 5.3 Construction Properties of the Hotel

Type of Building	:	Reinforced concrete carcass, steel carcass (main restaurant)
Subject Area of Appraisal	:	31,860 sqm (according to the building license)
Total Space	:	31,315 sqm (according to the architectural design and actual status)
Roof Coating	:	Partially terrace roof, partially skylight roof
Exteriors Coating	:	Paint for exteriors
Age	:	Nearly 3 years (Opening date of the hotel is July 2007)
Electrical	:	Connected to the public network
Water	:	Provided with a purification plant at the hotel.
Sewage	:	The waste water treated with a biological treatment system is used for landscaping irrigation.
The heating system	:	Chiller
Chilling System	:	Air-cooled Chiller groups.
Ventilation System	:	There is a central ventilation system.
Security System	:	Intruder alarm system and 24 hours security.
Fire Safety System	:	There is a fire safety and detection system connected to the automation system. Fire extinguishing system is a sprinkler system, and there are also fire cabinet and fire tubes.
Elevator	:	There are totally 4 lifts: respectively two lifts at blocks A and C.
Fire Escape	:	Available.
Car park	:	Available

## 5.4 Construction Details and Floor Uses per Floors

2. Basement Floor	
The entire floor with 2,981 sqm area is used as a Casino. The floor is both accessed by staircases and lift within the hotel building, and by a separate entrance from the outside of the building. There is a parking lot area at the entrance of this section. The floor contains an entrance hall, cloakroom, casino, bar, floor offices, fire escape stairs, technical volumes, service entrance and a depot.	
Flooring	: Carpet Coating (casino), granite coating (merdivenler)
Walls	: Decorative Coating
Ceiling	: Plaster, Suspended Roof Applications
Joineries	: Woodwork (Door), PVC (windows)
Lighting	: Decorative Spot illumination

1. Basement Floor	
The main restaurant opening to the outdoor swimming pool of the hotel is on this floor. In addition, there is a restaurant, kitchens and cold warehouses of the restaurants, 5 small meeting rooms, a grand meeting room and a foyer area, child club, laundry room, personnel dining hall, water tank, and technical offices on this floor. The personnel section can both be accessed from the inside of the hotel and from the service section. The grand meeting room on this floor can also be used as a single volume if desired. The room can be divided when the meeting groups are small.	
Flooring	: Carpet (meeting rooms, child club), ceramic + carpet (common areas), ceramic (restaurant)
Walls	: Partially paper and partially decorative coated

# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

Ceiling	: Plaster, Suspended Roof Applications
Joineries	: Woodwork (Door), PVC (windows)
Lighting	: Decorative Spot illumination

<b>Ground Floor</b>	
On this floor, which is the entrance floor of the hotel, there is an entrance hall, a lobby, a lobby bar, a restaurant run by a tenant, a hairdresser, shops, floor offices, 41 bedrooms and 2 disabled rooms. On the ground floor, there is also a swimming pool, Turkish bath, sauna, steam bath, fitness center and dressing rooms for the SPA center with two floors.	
Flooring	: Carpet (meeting rooms, child club), granit (common areas)
Walls	: Partially paper and partially decorative coated
Ceiling	: Plaster, Suspended Roof Applications
Joineries	: Woodwork (Door), PVC (windows)
Lighting	: Decorative Spot illumination

<b>1. Floor</b>	
The upstairs of the SPA center is located on this floor. There are private massage rooms used by the SPA center. In addition, there are 62 standard type of bedrooms.	
Flooring	: Carpet Coating (rooms), ceramic
Walls	: Partially paper and partially decorative coated
Ceiling	: Plaster, Suspended Roof Applications
Joineries	: Woodwork (Door), PVC (windows)
Lighting	: Decorative Spot illumination

<b>2. Floor</b>	
There are 64 standard type of bedrooms, four suite rooms and floor offices on this floor.	
Flooring	: Carpet Coating (rooms), ceramic
Walls	: Partially paper and partially decorative coated
Ceiling	: Plaster, Suspended Roof Applications
Joineries	: Woodwork (Door), PVC (windows)
Lighting	: Decorative Spot illumination

<b>3. Floor</b>	
There are 58 standard type of bedrooms, four suite rooms, two deluxe suite rooms and floor offices on this floor.	
Flooring	: Carpet Coating (rooms), ceramic
Walls	: Partially paper and partially decorative coated
Ceiling	: Plaster, Suspended Roof Applications
Joineries	: Woodwork (Door), PVC (windows)

## AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

Lighting	: Decorative Spot illumination
----------	--------------------------------

### 4. Floor

There are 54 standard type of bedrooms, six suite rooms, two royal apartments and floor offices on this floor.

Flooring	: Carpet Coating (rooms), ceramic
Walls	: Partially paper and partially decorative coated
Ceiling	: Plaster, Suspended Roof Applications
Joineries	: Woodwork (Door), PVC (windows)
Lighting	: Decorative Spot illumination

### Swimming Pool:

The swimming pool with ceramic coated inner wall consists of the merger of 3 swimming pools with totally 996 sqm water surface. The total swimming pool area including the sunbathing terrace and the pool bar is 2,000 sqm. There are showers, WC's and a boiler room under the swimming pool.

### Amphitheater:

It consists of the stage, audience platform and areas. It has approximately 195 sqm area, and the floor is ceramic coated.

### Treatment Plant and Vaporizer:

The total area of the treatment plant, which treats the sea water and provides it for the disposal of the hotel has totally 401 sqm area. It is a reinforced concrete structure.

### Prefabricated Warehouse:

The warehouse next to the greenhouse has 300 sqm area.

### 5.5 Exterior and Miscellaneous Works:

The external and miscellaneous works include concrete sites, paved stone tiling, surrounding walls, outdoor parking lots, landscaping areas, external illumination, environmental arrangement, water tank, green house, tennis courts and beaches.

***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**

<b>STRENGTH</b>	<b>WEAKNESS</b>
<ul style="list-style-type: none"><li>✓ The peninsula form of the parcel of the hotel enables the hotel rooms to have panoramic sea view.</li><li>✓ The hotel is one of the well known hotels on Cyprus.</li><li>✓ Being a new hotel with a modern architecture, equipment and furniture creates a positive impression on the customers.</li><li>✓ Despite the water shortage on the island, this problem has been overcome at the hotel with a treatment plant.</li><li>✓ The hotel has a private beach area.</li></ul>	<ul style="list-style-type: none"><li>✗ The hotel is far from Ercan airport.</li></ul>
<b>OPPORTUNITIES</b>	<b>THREATS</b>
<ul style="list-style-type: none"><li>✓ The tourism demand in the Turkish Republic of the Northern Cyprus is positively influenced by the legally running casinos in the TRNC.</li><li>✓ The climate offers an ideal holiday for 12 months,</li><li>✓ The TRNC has a rich history and cultural heritage,</li><li>✓ Investments including construction on the coast line are difficult to realize in terms of obtaining the permits stated in the related Ordinance. Because there are not any lands suitable for construction on the sea side in the vicinity, the arise of new investments competing with the hotel seems a small possibility.</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><li>✗ Lack of direct flight from any other country than Turkey to the island.</li><li>✗ TRNC is not politically recognized by any states other than Turkey.</li></ul>

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

In this section of the study, revenue reduction, cost approach and sales comparison are used for the value of the real estate.

**7.2.1. Equivalent Comparison Approach Analysis**

The similar sales values that have been obtained as a result of the researches in the vicinity of the property are stated as follows.

- Pound Sterling is used for property sales in the TRNC.
- Near to the appraised property, 30 donums property facing the sea, rented from the government for 49 years, obtained project approval and with completed EIA report, casino and marina permits, and with an approved project foreseen to be developed as a hotel with

## AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

350 beds capacity with every required approvals taken and ready to begin construction is for sale at £3,500,000. We have been informed that the price has a bargaining share. The land also has same type of title deed. (£116,000 /donum)

- Near to the appraised property, 17 donums parcel on the seaside with all permits for starting the construction are obtained and rented from the government for 49 years is for sale at £4,500,000. The land is for rent from the state and it is a Turkish Property. (£265,000 /donum)
- In Karaoğlu, Girne, 724 sqm land with a suitable zoning for villa construction, which is not on the seaside but at walking distance to the sea is for sale at £60,000. (£83/sqm) (£133,000/donum)
- In Çatalköy, Girne, 26,000 sqm tourism zoned land near the sea, which is suitable for 1<sup>st</sup> class holiday village construction and which has an incomplete hotel (265 beds) construction that has been left unfinished for a long time is for sale at £10,000,000. (£384/sqm), (£514,000/donum)
- In Girne Zeytinlik locality, 1,500 sqm villa zoned land with nature and sea view and Turkish property title is for sale at £150,000. (£100/sqm) (£160,000/donum)
- In Çatalköy locality of Girne, 900 sqm villa zoned land facing Alsancak belt line with nature and sea view and Turkish property title is for sale at £90,000. (£100/sqm) (£160,000/donum)
- In Zeytinlik locality of Girne, 16,000 sqm villa zoned land located near to the new bowling hall with nature and sea view and Turkish property title is for sale at £1,350,000. (£84/sqm) (£135,000/donum)
- In Çatalköy, Girne; tourism zoned land with 6,155 sqm area is for sale at £450,000. (£73/sqm) (£117,000/donum)
- In Lapta, 8,000 land on the coast line facing the sea was sold at £8,000,000 nearly 2.5 years ago. (£100,000 /donum)
- In Lapta, 1 donum land on the coast line, at 500 m distance to the sea was sold at £75,000 nearly 3.5 years ago. (£75,000 /donum)
- The appraised property is one of the most popular facilities in Girne and the TRNC, which affects the land value positively.
- At the same location with the appraised property, lands suitable for residence construction can be sold in £40,000-60,000/donum range.
- In the brown zone, near to the appraised property, 75 donums land was sold at £5,000,000 2.5 years ago. (£66,666/donum)
- In the same location as the appraised property, it is indicated that the land price would decrease as the land size increases, but this inverse relation would change towards a correlation when a tourism investment is in question.
- We have been informed that the mentioned land could be sold in £50,000 - 60,000 range if it wasn't on the seaside.
- Further to the zoning system in the TRNC, there are multiple zoning possibilities on the property in question. This is valid for all lands marked on the coast line zoning area in the TRNC.
- Due to the unavailability of land supply for tourism investment in the region of the property, any sales have not been realized recently. It is indicated that the prices have remained stable for a long time.
- In the city center of Lefkosa, a business hotel with 118 rooms has been on sale for \$45,000,000. (£272,000/room).

## AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

No	Area	Quality	Unit price	Explanation
1	30 donum	Land	116.000 Sterlin/donum	Casino and marina permission, 350 bed capacity/ hotel land
2	17 donum	Land	265.000 Sterlin/donum	Boundrt to seaside, Turkish land
3	6.155 sqm	Land	117.000 Euro/donum	Tourism zoned land
4	75 donum	Parcel	66.666 Sterlin/donum	Brown region
5	Business hotel with 118 rooms		272.000 Euro/ room	
6	38.000 sqm	Land	118.400 Sterlin/donum	Tourism and residential zoned land

### ✓ Professional Opinion of the Appraisal Expert:

Considering the location of the property, means of access, existence of a well-known prestigious facility on it, the establishment of superficieses on the property, and assuming that it is free from any legal issues; also according to the similar sales values identified in the vicinity, the land price per donum (according to Cypriot measurement system) is estimated as **€140,000/donum**.

SUPERFICIES VALUE OF THE LAND				
1 donum Land Value (*) 41.4/49 years(**)	81.671	.-€/m <sup>2</sup>		
Land Size	30,39	dönüm		
Total Land Value	2.481.982	.-€		
			<b>2.481.982</b>	<b>EURO</b>
<p>(*) Unit Land Value Estimated as 140.000 €/donum. 70% is taken as the superficieses value for 49 years.</p> <p><b>(**) On the land owned by The Department of the Real Estate of the State of the TRNC,</b> Superficies have been established for Gayrimenkul Ticareti ve İnşaat A.Ş. by 31 July 2052. The Detail of the Land Value Calculation = (zoned parcel value x 49 years superficieses coefficient x time period)</p> <p style="text-align: center;">= 140.000 €/dönüm x 0,70 x 0,8333</p> <p style="text-align: center;">= 81.671 €/dönüm</p>				

# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## 7.2.2 Construction Cost Analyse

In this analysis, the building cost values have been evaluated with cost approach, considering the technical qualifications of the buildings, the materials used during construction of the buildings, the construction costs of the buildings that are constructed with the same qualities in the market and depending on our past experiences, considering the calculated costs thereby. Depending on the depreciation of the buildings, and the experience of the appraisal expert, and considering the visible physical condition of the building, the cost calculation below has been concluded.

LAND VALUE			
1 donum Land Value	81.671	.-€	
Total Land Area	30,39	donum	
Land Value	2.481.981,69	.-€	
TOTAL			<b><u>2.481.982</u> .-€</b>

VALUE OF THE BUILDING			
<u>Hotel</u>			
Construction Cost per 1 sqm Building	1.200	.-€	
Total Indoor Area of the Building (basement floor included)	31.231,00	m <sup>2</sup>	
Total Construction Cost	37.477.200	.-€	
Wear and tear Allowance	5,5%		
Building Cost according to the Actual Status	2.061.246	.-€	
Building Value	35.415.954	.-€	<b><u>35.415.954</u> .-€</b>
<u>Auxiliary Buildings</u>			
Construction Cost per 1 sqm Building	250	.-€	
Total Indoor Area of the Building (basement floor included)	2.156,00	m <sup>2</sup>	
Total Construction Cost	539.000	.-€	
Wear and tear Allowance	5,5%		
Building Cost according to the Actual Status	29.645	.-€	
Building Value	509.355	.-€	<b><u>509.355</u> .-€</b>
<u>Pools</u>			
Construction Cost per 1 sqm Building	600	.-€	
Total Indoor Area of the Building (basement floor included)	996,00	m <sup>2</sup>	
Total Construction Cost	597.600	.-€	
Wear and tear Allowance	5,5%		
Building Cost according to the Actual	32.868	.-€	

## AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

Status			
Building Value	564.732	.-€	<b>564.732</b> .-€
<b>Total Land Value</b>			<b>2.481.982</b> .-€
<b>Total Building Value</b>			<b>36.490.041</b> .-€
<b>External Miscellaneous Works</b>			<b>950.000</b> .-€
<b>TOTAL VALUE</b>			<b>39.922.023</b> .-€
<b>TOTAL APPROXIMATE VALUE</b>			<b>39.930.000</b> .-€

### 7.2.3 Revenue Reduction Method

The income projection has been prepared with the assumption that the property is run in its current situation. The average room rate, average occupancy rate and other revenue items of the income projection have been identified as a result of the inspections at the similar hotels in the region.

- ❖ The construction right of the subject hotel is owned by Akfen Gayrimenkul Ticareti ve İnşaat Anonim Şirketi while it is being operated by the international hotel operation company Serenas Group. During this study, it was assumed that the hotel will be operated in the existing concept throughout the term of the construction right.
- ❖ It is assumed that the appraisal study will be conducted according to the cash flows obtained due to the operation of the real estate during the years utilized within the income discount method.
- ❖ The appraisal study has been conducted according to the current capacity of the hotel. It is assumed that in the forthcoming years the hotel;
  - Will be operated as a five-star hotel,
  - The hotel will have 299 rooms and 600 beds capacity,
  - Will run for 365 days of the year,
  - The casino in the hotel will be run by a tenant and the hotel and casino will positively influence the occupancies of each other.
- ❖ It is assumed that the hotel will serve for 12 months: as a vacation hotel in summer and as a casino and business hotel in winter. Although the hotels run as business hotel sell rooms, considering that the hotel would mostly serve as a vacation hotel, the selling is assumed to be realized per bed. At the hotel, where bed/room ratio is calculated as 2, it is assumed that the average annual bed occupancy will begin at 52% and reach and remain stable at 55% in the 5<sup>th</sup> year.
- ❖ It is foreseen that the income from the bed will be €65 for 2011, and the bed price will increase by 3% in the first 10 years. Due to the increase in the hotel's advertising capacity, recognition and premium, the room rates are foreseen to increase by 3% and reach saturation for the first 10 years and then increase by 2.5% for another 10 years, and increase steadily at 2% afterwards.
- ❖ Morning breakfast, lunch and dinner, beverages, laundry, etc. expenditure which are considered as extra expenditure in the overall hotel are also added in other expenses. In the meantime, invitation and meeting income, among the most important revenues of the hotel have been considered within the other income item. It is foreseen that the other income item in the hotel will be equal to 30% of the income from beds. This rate is assumed to remain unchanged, but increase in proportion to the revenues per bed.

## **AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

- ❖ The rent income from the shops such as two restaurants, a hairdresser, and a gift shop which have been rented in the hotel has been considered within the other income item.
- ❖ The rent income of the casino which is located on the basement floor of the hotel and where the rental continues according to the current rent contract has also been added among the income items of the hotel. It is foreseen that the casino rent income will be €3,210,000 for 2011 in accordance with the additional casino contract, and the casino rent is foreseen to increase by 3% for the first 10 years and steadily increase by 2% afterwards.
- ❖ The GOP (Gross Operating Profit) of the hotel is assumed to remain unchanged at 31% per year.
- ❖ It is assumed that 1.5% of the hotel's construction cost will be spared as renewal cost for the first year, and the rate will remain unchanged at 2% for the following years.
- ❖ Other expense items of the hotel include a superficies rent paid to the Real Estate Department of the State, the real estate tax and the building insurance. The superficies rent amount has been identified according to the contract, and it has been taken into account with 3% increase per year until the ending date of the contract as stated in the contract.
- ❖ It is assumed that all payments are made in cash.
- ❖ Considering that the hotel may be handed over after the 49-years superficies is completed, the hotel capitalization ratio has not been used in the projection. According to the superficies contract, it is assumed that the superficies will end on 31 July 2052, and the projection has been realized according to the operating income by that date.
- ❖ The current equipment, furniture and technical equipment of the hotel are considered for the appraisal.
- ❖ It is assumed at all legal procedures of the property have been completed.
- ❖ EURO is used during the studies and TL 1=€2,5157 is considered.
- ❖ Taxes and VAT are not included in the studies within IVSC (International Valuation Standards Coverage).
- ❖ In the appraisal study, Euro-based Eurobond rate for the last 6 months of 2019, which is 4.70%, is considered as the "Risk-free Rate of Return".
- ❖ Discount ratio is foreseen as 9.50%.
- ❖ The real estate tax and building insurance have been included in the calculations in accordance with the client's declarations, and they have been assumed to increase by 2% every year.



## AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

MERCURE HOTEL (5 STAR)	
ROOMS	299
NUMBER OF BEDS	600
OPERATING DAYS	365
YEARLY CAPACITY	219.000
ADR (EURO)(2011)	65,00
OTHER INCOME (%)	30%
RENEWAL COST	1,5%
Room Price Increase Rate in first 10 years (%)	3,0%
Room Price Increase Rate in second 10 years (%)	2,5%
FOR THE REST OF THE YEARS INFLATION RATE (%)	2,00%

INCOME AND EXPENSES	
<b>CASINO RENT INCOME (€) (2011)</b>	<b>3.210.000</b>
CASINO RENT INCOME INCREASE RATE (FIRST 10 YEARS)	3,00%
<b>LAND RENT PAID TO REAL ESTATE DEPT. (€)</b>	<b>7.407</b>
INCREASE RATE OF LAND RENT PAID TO REAL ESTATE DEPT.	3,00%
<b>REAL ESTATE TAX (€)</b>	<b>5.000</b>
<b>BUILDING INSURANCE (€)</b>	<b>11.108,00</b>
INFLATION	2,00%

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

MERCURE OTEL CASHFLOW																	
YEARS	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	31.12.2023	31.12.2024	31.12.2025	31.12.2026
CAPACITY (%)		52%	53%	53%	54%	55%	55%	55%	55%	55%	55%	55%	55%	55%	55%	55%	55%
NUMBER OF BEDS SOLD		28.704	116.070	116.070	118.260	120.450	120.450	120.450	120.450	120.450	120.450	120.450	120.450	120.450	120.450	120.450	120.450
ADR(EURO)		65,00	66,95	68,96	71,03	73,16	75,35	77,61	79,94	82,34	84,81	86,93	89,10	91,33	93,61	95,96	98,35
ROOMS INCOME (EURO)		1.865.760	7.770.887	8.004.013	8.399.683	8.811.890	9.076.247	9.348.534	9.628.990	9.917.860	10.215.395	10.470.780	10.732.550	11.000.864	11.275.885	11.557.782	11.846.727
OTHER INCOME (EURO)		141.082	2.331.266	2.401.204	2.519.905	2.643.567	2.722.874	2.804.560	2.888.697	2.975.358	3.064.619	3.141.234	3.219.765	3.300.259	3.382.766	3.467.335	3.554.018
TOTAL INCOME (EURO)		2.006.842	10.102.152	10.405.217	10.919.588	11.455.457	11.799.121	12.153.094	12.517.687	12.893.218	13.280.014	13.612.014	13.952.315	14.301.123	14.658.651	15.025.117	15.400.745
GOP (%)		31%	31%	31%	31%	31%	31%	31%	31%	31%	31%	31%	31%	31%	31%	31%	31%
GOP (EURO)		622.121	3.131.667	3.225.617	3.385.072	3.551.192	3.657.727	3.767.459	3.880.483	3.996.897	4.116.804	4.116.804	4.116.804	4.433.348	4.544.182	4.657.786	4.774.231
CASINO RENT INCOME(EURO)		809.096	3.306.300	3.405.489	3.507.654	3.612.883	3.721.270	3.832.908	3.947.895	4.066.332	4.188.322	4.272.088	4.357.530	4.444.681	4.533.574	4.624.246	4.716.731
RENEWAL COST(EURO) (%1,5)		149.584	605.326	617.433	629.781	642.377	655.224	668.329	681.696	695.329	709.236	723.421	737.889	752.647	767.700	783.054	798.715
REAL ESTATE TAX(EURO)		1.260	5.100	5.202	5.306	5.412	5.520	5.631	5.743	5.858	5.975	6.095	6.217	6.341	6.468	6.597	6.729
INSURANCE COST(EURO)		2.800	11.330	11.557	11.788	12.024	12.264	12.509	12.760	13.015	13.275	13.541	13.811	14.088	14.369	14.657	14.950
LAND RENT COST(EURO)		1.867	7.629	7.858	8.093	8.336	8.586	8.844	9.109	9.382	9.664	9.954	10.252	10.560	10.877	11.203	11.539
EXPENSES (EURO)		-1.540.232	-7.599.870	-7.821.649	-8.189.484	-8.572.414	-8.822.988	-9.080.948	-9.346.512	-9.619.905	-9.901.360	-10.248.220	-10.603.680	-10.651.410	-10.913.883	-11.182.842	-11.458.447
HOTEL OPERATION PROFIT		1.275.706	5.808.582	5.989.057	6.237.757	6.495.926	6.697.402	6.905.054	7.119.070	7.339.644	7.566.976	7.635.883	7.706.165	8.094.393	8.278.342	8.466.521	8.659.028
NET NAKİT AKIŞLARI	0	1.275.706	5.808.582	5.989.057	6.237.757	6.495.926	6.697.402	6.905.054	7.119.070	7.339.644	7.566.976	7.635.883	7.706.165	8.094.393	8.278.342	8.466.521	8.659.028

31.12.2027	31.12.2028	31.12.2029	31.12.2030	31.12.2031	31.12.2032	31.12.2033	31.12.2034	31.12.2035	31.12.2036	31.12.2037	31.12.2038	31.12.2039	31.12.2040	31.12.2041	31.12.2042	31.12.2043	31.12.2044	31.12.2045	31.12.2046
55%	55%	55%	55%	55%	55%	55%	55%	55%	55%	55%	55%	55%	55%	55%	55%	55%	55%	55%	55%
120.450	120.450	120.450	120.450	120.450	120.450	120.450	120.450	120.450	120.450	120.450	120.450	120.450	120.450	120.450	120.450	120.450	120.450	120.450	120.450
100,81	103,33	105,92	108,56	110,74	112,95	115,21	117,51	119,86	122,26	124,71	127,20	129,74	132,34	134,99	137,69	140,44	143,25	146,11	149,04
12.142.895	12.446.467	12.757.629	13.076.570	13.338.101	13.604.863	13.876.961	14.154.500	14.437.590	14.726.342	15.020.868	15.321.286	15.627.711	15.940.266	16.259.071	16.584.252	16.915.937	17.254.256	17.599.341	17.951.328
3.642.869	3.733.940	3.827.289	3.922.971	4.001.430	4.081.459	4.163.088	4.246.350	4.331.277	4.417.902	4.506.261	4.596.386	4.688.313	4.782.080	4.877.721	4.975.276	5.074.781	5.176.277	5.279.802	5.385.398
15.785.764	16.180.408	16.584.918	16.999.541	17.339.532	17.686.322	18.040.049	18.400.850	18.768.867	19.144.244	19.527.129	19.917.671	20.316.025	20.722.345	21.136.792	21.559.528	21.990.719	22.430.533	22.879.144	23.336.727
31%	31%	31%	31%	31%	31%	31%	31%	31%	31%	31%	31%	31%	31%	31%	31%	31%	31%	31%	31%
4.893.587	5.015.926	5.141.325	5.269.858	5.375.255	5.482.760	5.592.415	5.704.263	5.818.349	5.934.716	6.053.410	6.174.478	6.297.968	6.423.927	6.552.406	6.683.454	6.817.123	6.953.465	7.092.535	7.234.385
4.811.065	4.907.287	5.005.432	5.105.541	5.207.652	5.311.805	5.418.041	5.526.402	5.636.930	5.749.668	5.864.662	5.981.955	6.101.594	6.223.626	6.348.099	6.475.061	6.604.562	6.736.653	6.871.386	7.008.814
814.689	830.983	847.603	864.555	881.846	899.483	917.472	935.822	954.538	973.629	993.102	1.012.964	1.033.223	1.053.887	1.074.965	1.096.465	1.118.394	1.140.762	1.163.577	1.186.848
6.864	7.001	7.141	7.284	7.430	7.578	7.730	7.884	8.042	8.203	8.367	8.534	8.705	8.879	9.057	9.238	9.423	9.611	9.803	9.999
15.249	15.554	15.865	16.182	16.506	16.836	17.173	17.516	17.867	18.224	18.588	18.960	19.339	19.726	20.121	20.523	20.933	21.352	21.779	22.215
11.885	12.242	12.609	12.988	13.377	13.778	14.192	14.618	15.056	15.508	15.973	16.452	16.946	17.454	17.978	18.517	19.073	19.645	20.234	20.841
-11.740.864	-12.030.261	-12.326.811	-12.630.692	-12.883.435	-13.141.238	-13.404.200	-13.672.426	-13.946.021	-14.225.092	-14.509.749	-14.800.104	-15.096.270	-15.398.365	-15.706.507	-16.020.817	-16.341.418	-16.668.438	-17.002.003	-17.342.245
8.855.965	9.057.433	9.263.539	9.474.390	9.663.748	9.856.889	10.053.889	10.254.825	10.459.775	10.668.820	10.882.042	11.099.523	11.321.349	11.547.606	11.778.384	12.013.772	12.253.862	12.498.748	12.748.527	13.003.295
8.855.965	9.057.433	9.263.539	9.474.390	9.663.748	9.856.889	10.053.889	10.254.825	10.459.775	10.668.820	10.882.042	11.099.523	11.321.349	11.547.606	11.778.384	12.013.772	12.253.862	12.498.748	12.748.527	13.003.295

31.12.2047	31.12.2048	31.12.2049	31.12.2050	31.12.2051	31.07.2052
55%	55%	55%	55%	55%	55%
120.450	120.450	120.450	120.450	120.450	70.290
152,02	155,06	158,16	161,32	164,55	167,84
18.310.355	18.676.562	19.050.093	19.431.095	19.819.717	11.797.347
5.493.106	5.602.969	5.715.028	5.829.328	5.945.915	3.539.204
23.803.461	24.279.530	24.765.121	25.260.423	25.765.632	15.336.551
31%	31%	31%	31%	31%	31%
7.379.073	7.526.654	7.677.187	7.830.731	7.987.346	4.754.331
7.148.990	7.291.970	7.437.809	7.586.565	7.738.297	4.606.089
1.210.585	1.234.797	1.259.493	1.284.683	1.310.377	779.979
10.199	10.403	10.611	10.824	11.040	6.571
22.659	23.112	23.574	24.046	24.527	14.599
21.466	22.110	22.774	23.457	24.161	14.522
-17.689.298	-18.043.299	-18.404.386	-18.772.702	-19.148.390	-11.397.892
13.263.153	13.528.201	13.798.544	14.074.287	14.355.538	8.544.747
13.263.153	13.528.201	13.798.544	14.074.287	14.355.538	8.544.747

# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

Appraisal Chart			
Risk Free Rate of Return	4,70%	4,70%	4,70%
Risk Premium	4,30%	4,80%	5,30%
Discount Rate	9,00%	9,50%	10,00%
NET PRESENT VALUE (EURO)	83.955.329	79.169.550	74.826.872

## 7.2.4. Value of the Property According to Rent Income

- The appraised hotel is owned by Akfen Gayrimenkul Ticareti ve İnşaat A.Ş (Akfen Real Estate Trade and Construction Joint Stock Company), and it is operated by the international hotel operating company Serenas Group. During this study, it was assumed that the hotel will be operated in the existing concept throughout the term of the construction right.
- For the appraised superficieses, according to the annex no. 04 of the hotel lease contract dated 31 March 2009 between Akfen Gayrimenkul Ticareti ve İnşaat A.Ş. and Serenas Turizm Kongre ve Organizasyon Otelcilik Anonim Şirketi, the hotel rent in 2011 is €1,500,000/year in 2011 and it is €2,000,000/year in 2012. From that date onwards, the hotel rent income is expected to increase by 3% until 2012, and then 2.5% until 2031, and remain stable at 2 afterwards.
- In appraisal method according to rent income, the cash flows obtained due to the operation of the property as per years include the sum of the cash flows acquired by Akfen Ticaret ve İnşaat Anonim Şirketi as the sum of casino and hotel rent revenues.
- The appraisal study has been conducted according to the current capacity of the hotel. It is assumed that in the forthcoming years the hotel;
  - Will be operated as a five-star hotel,
  - The hotel will have 299 rooms and 600 beds capacity,
  - Will run for 365 days of the year,
  - The casino in the hotel will be run by a tenant and the hotel and casino will positively influence the occupancies of each other.
- ❖ The rent income of the casino which is located on the basement floor of the hotel and where the rental continues according to the current rent contract has also been added among the income items of the hotel. It is foreseen that the casino rent income will be €3,210,000 for 2011 in accordance with the additional casino contract, and the casino rent is foreseen to increase by 3% for the first 10 years and steadily increase by 2% afterwards.
- It is assumed in the operation alternative of the hotel that the hotel's repair cost will be at 1.5% for the first year, and at 2% unchanged for the following years. This study considers 10% of the renovation cost which is included in the operation alternative of the hotel. It is assumed that the interior renovations of the hotel will be undertaken by the tenant, and all other major repairs will be covered from the insurance.
- Other expense items of the hotel include a superficieses rent paid to the Real Estate Department of the State, the real estate tax and the building insurance. The superficieses rent amount has

# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

been identified according to the contract, and it has been taken into account with 3% increase per year until the ending date of the contract as stated in the contract.

- It is assumed that all payments are made in cash.
- Considering that the hotel may be handed over after the 49-years superficies is completed, the hotel capitalization ratio has not been used in the projection. According to the superficies contract, it is assumed that the superficies will end on 31 July 2052, and the projection has been realized according to the operating income by that date.
- The current equipment, furniture and technical equipment of the hotel are considered for the appraisal.
- It is assumed at all legal procedures of the property have been completed.
- EURO is used during the studies and TL 1=€2,5157 is considered.
- Taxes and VAT are not included in the studies within IVSC (International Valuation Standards Coverage).
- In the appraisal study, Euro-based Eurobond rate for the last 6 months of 2019, which is 4.70%, is considered as the “Risk-free Rate of Return”.
- Discount ratio is foreseen as 8.0%. As the rent income risk is reduced due to the lease contract in the rent method, the risk premium is also considered low.
- The real estate tax and building insurance have been included in the calculations in accordance with the client’s declarations, and they have been assumed to increase by 2% every year.

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

IN TERMS OF AKFEN	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	31.12.2023	31.12.2024	31.12.2025	31.12.2026
HOTEL RENT INCOME		378.082	2.000.000	2.060.000	2.121.800	2.185.454	2.251.018	2.318.548	2.388.105	2.459.748	2.533.540	2.596.879	2.661.801	2.728.346	2.796.554	2.866.468	2.938.130
CASINO RENT INCOME (EURO)	-	809.096	3.306.300	3.405.489	3.507.654	3.612.883	3.721.270	3.832.908	3.947.895	4.066.332	4.188.322	4.272.088	4.357.530	4.444.681	4.533.574	4.624.246	4.716.731
TOTAL RENT INCOME (EURO)	-	1.187.178	5.306.300	5.465.489	5.629.454	5.798.337	5.972.287	6.151.456	6.336.000	6.526.080	6.721.862	6.868.967	7.019.331	7.173.026	7.330.129	7.490.714	7.654.861
TOTAL EXPENSES (EURO)	-	- 18.086	- 73.261	- 74.803	- 76.378	- 77.986	- 79.629	- 81.308	- 83.022	- 84.774	- 86.563	- 88.391	- 90.258	- 92.166	- 94.115	- 96.106	- 98.140
NET CASHFLOW (EURO)	-	1.169.093	5.233.039	5.390.686	5.553.076	5.720.351	5.892.658	6.070.148	6.252.978	6.441.306	6.635.299	6.780.576	6.929.073	7.080.860	7.236.014	7.394.608	7.556.721

31.12.2027	31.12.2028	31.12.2029	31.12.2030	31.12.2031	31.12.2032	31.12.2033	31.12.2034	31.12.2035	31.12.2036	31.12.2037	31.12.2038	31.12.2039	31.12.2040	31.12.2041	31.12.2042	31.12.2043	31.12.2044	31.12.2045	31.12.2046
3.011.583	3.086.873	3.164.044	3.243.146	3.308.009	3.374.169	3.441.652	3.510.485	3.580.695	3.652.309	3.725.355	3.799.862	3.875.859	3.953.376	4.032.444	4.113.093	4.195.355	4.279.262	4.364.847	4.452.144
4.811.065	4.907.287	5.005.432	5.105.541	5.207.652	5.311.805	5.418.041	5.526.402	5.636.930	5.749.668	5.864.662	5.981.955	6.101.594	6.223.626	6.348.099	6.475.061	6.604.562	6.736.653	6.871.386	7.008.814
7.822.648	7.994.159	8.169.477	8.348.687	8.515.660	8.685.974	8.859.693	9.036.887	9.217.625	9.401.977	9.590.017	9.781.817	9.977.453	10.177.002	10.380.542	10.588.153	10.799.916	11.015.915	11.236.233	11.460.958
- 100.218	- 102.341	- 104.511	- 106.727	- 108.991	- 111.305	- 113.669	- 116.084	- 118.552	- 121.074	- 123.650	- 126.283	- 128.973	- 131.722	- 134.531	- 137.401	- 140.335	- 143.332	- 146.395	- 149.525
7.722.430	7.891.818	8.064.966	8.241.960	8.406.669	8.574.669	8.746.024	8.920.803	9.099.073	9.280.903	9.466.366	9.655.534	9.848.480	10.045.280	10.246.011	10.450.752	10.659.582	10.872.583	11.089.838	11.311.432

31.12.2047	31.12.2048	31.12.2049	31.12.2050	31.12.2051	31.07.2052
4.541.187	4.632.011	4.724.651	4.819.144	4.915.527	2.925.883
7.148.990	7.291.970	7.437.809	7.586.565	7.738.297	4.606.089
11.690.177	11.923.980	12.162.460	12.405.709	12.653.823	7.531.972
- 152.724	- 155.994	- 159.334	- 162.749	- 166.238	- 99.092
11.537.452	11.767.987	12.003.126	12.242.960	12.487.585	7.432.880

Appraisal Chart			
Risk Free Rate of Return	5,20%	5,20%	5,20%
Risk Premium	1,80%	2,80%	2,80%
Discount Rate	7,00%	8,00%	8,00%
Net Present Value (EURO)	95.661.882	83.640.100	83.640.100

# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## Rental Value Of The Property

YEARS	30.09.2011	31.12.2011
Avarage Cash Flow of Rental Value	0	1.222.399

RENTAL APPRAISAL CHART			
Risk Free Rate of Return	5,20%	5,20%	5,20%
Risk Premium	3,80%	4,30%	4,80%
Discount Rate	9,00%	9,50%	10,00%
Net Present Value (EURO)	1.196.133	1.194.754	1.193.383

NET PRESENT VALUE (EURO)		1.194.754
NET PRESENT VALUE (TL)		3.005.644

Number of Days Between 30.09.2011 and 27.02.2012		92
Annual Rental Value Of The Hotel(Euro)		4.740.058
Estimated Annual Rental Value Of The Hotel(Euro)		4.750.000

## **7.2.5 Analysis of the Conclusion**

The value of the appraised property according to cost method has been identified as **€ 39.930.000** according to the income capitalization method as **€ 79.170.000** And the net present value according to the rent income of Akfen Gayrimenkul Ticareti ve İnşaat A.Ş. as **€ 83.650.000**

The rent value of the property has been calculated by taking into account the average of the net cash flows in the first year according to the cost discount method and rent income. The annual rent value of the property has been calculated with the discount of the first year's annual rent value to the present day of appraisal. According to this calculation, the annual rent value of the hotel has been appraised as **€ 4.750.000.**

However, because the property is a facility which is currently running and generating an income, **€ 81.400.000** as the average value of the value calculated with income capitalization approach of **€ 79.170.000** and the net present value of the rent income of **€ 83.650.000** has been concluded as the final value.

During the appraisal study, cost approach method has been used for identifying the actual status value of the property. The value of the hotel according to income capitalization approach has been calculated with 2 methods: rent income and operating income. The hotel is currently let to Serenas group with a rental contract, and the casino section is rented to the Voyager group. The rent income has been guaranteed with the contract, and therefore the capitalization of rent income has been realized with a low risk premium. In addition, the value to be calculated according to the total revenues provided by the property has been found according to the operating income. In this method, the total potential of the hotel which provides profit for both the landlord and the operator has been considered, and this value has been considered important for any potential sales. Therefore, the value of the property according to income capitalization method is concluded as the average of the capitalization of two values: the guaranteed rent income with the rental contract, and the revenues that may be obtained with the total operation potential. For income generating properties, the value of the property depends on its performance, and the income capitalization value calculated with 2 methods is considered more rational.

***SECTION 8  
CONCLUSION***



# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## 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.

FAIR MARKET VALUE OF THE SUPERFİCİES DATED 30.09.2011 (VAT Excluded)	
204,810,000.-TL (Two hundred four million eight hundred tenthousand.- Turkish Liras)	81,400,000.-EURO (Eighty one million four hundred thousand.- EURO)
ANNUAL RENT VALUE OF THE HOTEL AS OF 30.09.2011 (VAT Excluded)	
11,950,000.-TL (Eleven million nine hundred fifty thousand.-Turkish Liras)	4,750,000.-EURO (Four million seven hundred fifty thousand .-EURO)
FAIR MARKET VALUE OF THE SUPERFİCİES DATED 30.09.2011 (VAT Included)	
241,667,702.-TL (Two hundred fourty one million six hundred sixty seven thousand seven hundred two.-Turkish Liras)	96,063,800.-EURO (Ninety six million six hundred thirty three thousand eight hundred.-EURO)
ANNUAL RENT VALUE OF THE HOTEL AS OF 30.09.2011 (VAT Included)	
14,100,499.-TL (Fourteen million one hundred thousand four hundred ninety nine Turkish Liras)	5,605,000.-EURO (Five million six hundred fifty thousand.-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 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)
------------------------------------	---

***SECTION 9***  
***ANNEX***

# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## SECTION 9

### ANNEX

1	Photocopies of Title Deeds
2	Zoning Status Document
3	Land Registry Encumbrance Document
4	Building Licenses and Building Utilization Permit Documents
5	Contracts for Superficies
6	Hotel and Casino Lease Contracts
7	Photographs
8	Resumes
9	SPK Licences