

# PROJECT APPRAISAL REPORT



**AKFEN**

**GAYRIMENKUL YATIRIM ORTAKLIĞI A.Ş.**

**ESENYURT IBIS OTEL PROJECT**

**ESENYURT / İSTANBUL**



ISO9001:2008  
FS 509685

Date: 28.02.2011  
Revision Date: 20.04.2011

R. No: 2011REV78-8

SUMMARY CHART			
REPORT NO:	2011REV78-8	REPORT DATE: REV. DATE*:	28.02.2011 20.04.2011

OPEN ADDRESS:	Yakuplu Quarter, section 404, parcel no: 39, Esenyurt/İSTANBUL.	
PREPARED BY:	TSKB Gayrimenkul Değerleme A.Ş.	
APPRAISERS:	Hüsniye BOZTUNÇ Appraiser (400811)	Adem YOL Appraiser in Charge (400101)
REQUESTED BY:	Akfen Gayrimenkul Yatırım Ortaklığı A.Ş.	
INTENDED USE OF THE PROPERTY:	Land with ongoing 3-stars hotel construction.	
TITLE DEED INFORMATION:	The immovable property under the ownership of “Akfen Gayrimenkul Yatırım Ortaklığı A.Ş.” with a surface area of 1.755,37 square meters qualified as “ground plot” with plate F21d24d3a, block 404, parcel 39, in the location of Londra Asfaltı, in the neighborhood of Yakuplu, Esenyurt Administrative District in the province of Istanbul.	
ZONING STATUS:	Subject immovable property has been declared “Touristic Facility Area” with Equivalent: 2,75 with the council decision dated 08 April 2010 and numbered 2010/82 of Esenyurt Municipality and the council decision dated 17 September 2010 and numbered 2010/2033 of the Metropolitan Municipality of Istanbul.	
NET PRESENT VALUE AS OF THE DATE OF 28.02.2011 OF THE HOTEL PROJECT (VAT not included)	21.583.000.-TL (Twentyonemillionfivehundredeightythreeousand.- Turkish Liras)	9.752.000.-EURO (Ninemillionsevenhundredfiftytwothousand.- EUROS)
TOTAL PRESENT STATUS VALUE OF THE PROJECT ON 28 FEBRUARY 2011 (VAT not included)	5.579.000.-TL (Fivemillionfivehundredseventyninethousand.-Turkish Liras)	2.521.000.-EURO (Twomillionfivehundredtwentyonethousand.- EUROS)
NET PRESENT VALUE AS OF THE DATE OF 28.02.2011 OF THE HOTEL PROJECT (VAT included)	25.468.000.-TL (Twentyfivemillionfourhundredsixtyeightthousand.- TurkishLiras)	11.507.000.EURO (Elevenmillionfivehundredseventhousand.- EUROS)
TOTAL PRESENT STATUS VALUE OF THE PROJECT ON 28 FEBRUARY 2011 (VAT included)	6.583.000.-TL (Sixmillionfivehundredeightythreeousand.-Turkish Liras)	2.975.000.-EURO (Twomillionninehundredseventyfivethousand.- EUROS)

We herewith declare that:
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;
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
The appraiser has previous experience in the subject of the location and type of the property which is being valuated;
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 report has been prepared further to the related provisions of the Capital Markets Regulation
*The revision appraisal report prepared has been arranged in line with the demand for amendment and correction specified during the talk with the Capital Market Board on 12.04.2011.

Hüsniye BOZTUNÇ Appraiser (400811)	Adem YOL Appraiser in Charge (400101)
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## SECTION 1

### REPORT INFORMATION

#### 1.1 Report Date and Number

This report was issued by our company on February 28, 2011 and number 2011REV78-8 with reference to the request dated February 16, 2011 and made by the firm, titled as Akfen Gayrimenkul Yatırım Ortaklığı A.Ş.

#### 1.2 Report Type

This is the project appraisal report prepared in order to determine the fair market value in Turkish Liras on 28.02.2011 for the project to be developed in Istanbul province, Esenyurt district, Yakuplu quarter, in the location of Londra Asfaltı, plot F21d24d3a, section 404, parcel no. 39. The report has been prepared according to the provisions of the declaration of the Board of Capital Markets.

#### 1.3 Persons Issuing the Report

This appraisal report has been prepared at the end of necessary examinations carried out at the location of the real property and upon the information procured from the relevant individuals – institutions – establishments Hüsnüye BOZTUNÇ, real estate appraiser, and Adem YOL appraiser in charge of our Company, issued this report.

#### 1.4 Appraisal Date

This appraisal report is prepared with reference to the studies started on February 25, 2011 and finished on February 28, 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 report was issued to the request dated February 21, 2011 and made by the firm, titled as Akfen Gayrimenkul Yatırım Ortaklığı A.Ş.

#### 1.6 Factors Affecting the Appraisal Process Negatively

There is not any negative factor that affects and limits the appraisal process in general aspect.

#### 1.7 Customer Requests Extensions and Limitations

This real estate appraisal report has been prepared further to Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. request dated 21 February 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. The projection studies have been based on the similar sales values obtained with market researches, and according to the contracts between Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. and Accor group.

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

	Report-1	Report-2	Report-3	Report-4
Report Date	13.02.2009	29.01.2010	30.06.2010	30.06.2010
Report No	2009A38-6	2009REV427-6	2010REV195-8	2010REV195-8
Report Prepared by	Gülçin Çalışkan-Hüsnüye Gürses-Adem Yol	Sibel Işık -Hüsnüye Gürses-Adem Yol	Hüsnüye Boztunç-Adem Yol	Hüsnüye Boztunç- Adem Yol
Proper Total Value (TRY)	2.146.200 TL	1.982.000 TL	8.447.000 TL	8.447.000 TL

\*The reports prepared by our company dated 13 February 2009 and 29 January 2010 include the land value identification only as the architectural design and the building license were not obtained. The report dated 30 June 2010 has been prepared to appraise the project. The project value is the value in Akfen Gayrimenkul Investment Trust A.Ş. share. In the report dated 31 December 2010, the share of Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. has shifted to full status. The differences between the values have occurred due to rate differences and the progress of the construction cost.

## **SECTION 2**

### **COMPANY – CUSTOMER INFORMATION, DEFINITION AND SCOPE OF THE APPRAISAL**

#### **2.1 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.

#### **2.2 Client Information**

This appraisal report has been prepared for Akfen GYO A.Ş., located at the address of Büyükdere Caddesi, No: 201, C Blok, Kat:8, Levent/İstanbul.

#### **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

## **2.4 Project Appraisal**

The purpose of an investment is to produce goods or services, to put them into the market and make profit consequently. The commercial profitability of the investment depends on sufficient demand for the goods or services to be produced and their sales with the prices that would provide possibility to obtain the expected profitability. The examination of the project for the entrepreneur covers the examination and evaluation of the industry where the subject product of the project is positioned and the anticipations regarding the future. The evaluation of the market where the subject goods or services of the project are positioned can be examined as the current situation and the expectations for the future.

### **2.4.1 Definition, Purpose and Scope of Project Appraisal**

This project evaluation study aims at shedding insight into the following issues in general:

- The overview of the industry to which the goods and services, which are considered to be produced in consequence of the considered investment, are pertaining,
- Domestic and/or offshore marketing possibilities for the subject goods or services of the project,
- Whether the technology to be used within the planned investment possesses the required quality and technical norms,
- The investment cost of the foreseen project,
- The acceptable costs of the goods or services, which are considered for investment within the project, under the market conditions, and whether the sales prices would provide an acceptable investment for this investment.

## **SECTION 3**

### **GENERAL AND SPECIAL DATA**

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

### **3.1 General Data- Social and Economic Data**

#### **3.1.1 Demographic Data**

According to the 2008 Census through Address-Based Population Registry System, the population of Turkey was 71,517,100 and the population increased to 72,561,312 on 31 December 2009. In 2000-2007 period, the annual population increase was 0.59%; while the annual population increase of Turkey in 2008 appeared as 1.31%. The population of Turkey was 73 722 988 on 31 December 2010.

In 2010 among the 81 provinces, the population of 53 populations increased and that of 28 populations decreased. The three provinces with lowest population increase rate are Tunceli (-79.69%), Çankırı (-32.70%) and Ardahan (-25.42). Among the 81 provinces, the first three with the highest population increase are Bilecik (109.29%), Isparta (63.31%) and Erzincan (53.23%).

In Turkey, the urban population increases at a much higher speed than the rural population. The proportion of urban population of Turkey increased sharply in the last 17 years from 59% in 1990 to 64.9% in 2000 and 75,5% in 2009. Urban population (the population in the centers of provinces and districts) is 56,222,356 while the rural population (population at subdistricts and villages) is 17,500,632. The province with highest urban population proportion is Istanbul with 99%, while that with the lowest is Bartın with 32%.

18%(13.255.685) of the country's population lives in Istanbul. 6.5% of the total population lives in Ankara, 5.4% in İzmir, 3.5% in Bursa and 2.8% in Adana. The five provinces with the lowest population are Bayburt, Tunceli, Ardahan, Kilis and Gümüşhane, respectively. The population of Bayburt, which has the lowest population, is 74.412.

The median age in Turkey is 29.2. The median age for males is 28,7 and that for females is 29,8. The median age of the urban population is 29.1 and that of rural population is 29.8. The population in 15-64 age group accounts for 67.2% of the total population. 25.6% of the country's population is in 0-14 age group and 7.2% is in the 65 and higher group

The number of people per square kilometer, which is indicated as the density of population is 96 in overall Turkey, while it varies between 10 and 2.551 people among provinces. Istanbul has the highest population density with 2,551 people. It is respectively followed by Kocaeli with 432 people, İzmir with 329 people, Hatay with 254 people and Bursa with 250 people. The province with lowest population density is Tunceli with 10 people. In Konya -the province with the largest area- the population density is 53 people per sq km and the population density in Yalova –the province with the smallest area- is 241 people per sq km.

CITY	POPULATION	POPULATION (CITY CENTER)
İstanbul	13.255.685	13.120.596
Ankara	4.771.716	4.641.256
İzmir	3.948.848	3.606.326
Bursa	2.605.495	2.308.574
Adana	2.085.225	1.836.432

### 3.1.2 Economic Data<sup>1</sup>

In our country, especially in the period which began with the economic crisis in 2001, a significant shrinkage was experienced in the real estate market in parallel to the crisis in all other sectors.

The potential earthquake expectation, which was added to the current situation, has strongly restricted the capability to act in the years 2001 and 2002. In this period, real estate prices decreased seriously compared to the previous period; and the buy & sell transactions decreased to almost none.

With the positive developments beginning from the second half of 2003; 2004 was a year when the real estate sector revived and the prices increased by a certain extent compared to the previous period. Positive developments were experienced in the real estate and construction sector with the beginning of economic and political stability, the decline of the inflation to single digit figures, the developments related with the Mortgage law, and the course of accession to the European Union in accordance with the expectations.

The private sector investments and large scale projects, which were started in 2004, also increasingly continued in 2005, and the real estate prices significantly increased especially in the second half of 2005. The increasing trend lasted until the final quarter of 2006. As the 2007 was the year of elections, the domestic and foreign investors preferred to wait for the elections before their elections, and after the elections, the political stability was assured and the investments continued.

In the first quarter of 2008, foreign economic developments were more influential than domestic politics and the foreign developments began to directly influence the economy in April 2008, the investments slowed down and the foreign investment rate began to decrease compared to the previous years. On looking at the investments in 2008, certain regions reached saturation on residence and shopping sector, and the investments continued in office and logistics sector.

<sup>1</sup> TSKB Gayrimenkul Değerleme A.Ş.

The economic crisis, as the most important event of 2008, began as the subprime mortgage crisis in the US, and then it was thought as arising from liquidity shortage but understood in time that the actual problem arises from lack of confidence. The crisis showed itself with the bankruptcy of leading investment banks and insurance companies of the US in March and jumped to Europe in a short time. Three largest banks of Island went bankrupt. The immovable property market of England also went into a great decline, similar to that of Europe. Major automobile companies also began to fail against the crisis.

Although the share allocated by the Turkish banking industry to housing loans has abated the effects of the crisis, Turkey has also begun to be influenced from all these global developments since the 3<sup>rd</sup> quarter of 2008. The increase in foreign exchange rates and the decrease in sales have also begun to be noticed in the real estate market. The stability of residence prices and demand has been replaced by a decrease tendency in parallel to the overall perspective. Real estate market has entered a stable period due to the increasing loan interests, postponement of investments and future forecasts.

In the end of 2008 and in the beginning of 2009, the economical crisis also began to be felt in the real sector of Turkey. Unemployment began to increase rapidly especially in the industrial cities as factories suspend production. In economic predictions, common belief is that 2009 will pass with economic shrinkage for Turkey. The real estate sector will spend 2009 by shrinking and see a discount in prices. Nevertheless, we think the interest of foreigners to Turkey will continue as the years 2009 and 2010 will present discounted opportunities at high quality housing projects.

However, in early 2010, together with the positive Outlook of the economy of the country and foreign markets, sustainable development has resumed and the impacts of the crisis lessened somewhat together with the positive mood. The positive mood in the markets continued as the foreign exchange rates remained within a certain band throughout 2010, Istanbul Stock Exchange continued its upwards trend from the beginning of 2010, and the referendum in September 2010 was perceived as political stability; thus, housing projects started one after the other especially in Istanbul during the same period and led to positive reactions in the market, and an intense demand has emerged for such projects.

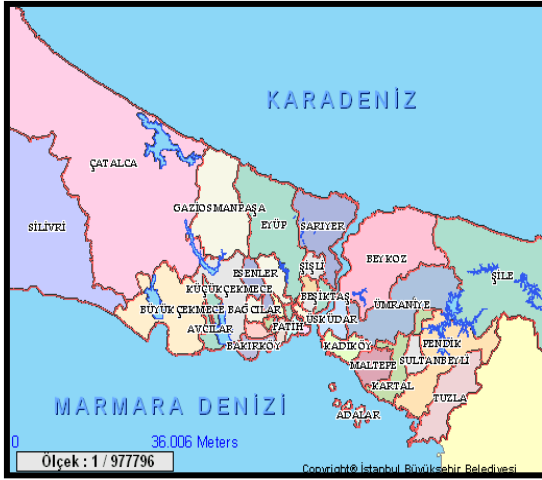
According to the forecasts for 2011 and beyond, positive economic data and availability of many more investment areas in the overall country hint that domestic and foreign investors' interest in Turkey will continue if the political and economic stability continues in 2011, when general elections are to be held, in parallel to the economic demand and stability in the real estate industry as the machine of the country. Re-direction of foreign investments to Turkey started being noticed, and it is understood that the foreign investors support the real estate industry same as they did before the crisis, because they consider it as the locomotive industry.

In addition, the positive perception of Turkey is expected to further continue due to the forecast that Turkey will be among the fastest growing OECD countries with 6.7% projected annual growth between 2011 and 2017, and as it has been the only OECD country with an increase in growth speed after the experienced economic crisis, as it is one of the few countries whose credit note has been increased and one of the potential countries to see further increase in its credit note in international markets.



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

#### 3.2.1 İstanbul Province



Istanbul is located on the 28° 01' and 29° 55' eastern longitudes, and 41° 33' and 40° 28' northern latitudes. Istanbul Strait merges the Black Sea with the Marmara Sea; while it also separates Asia from Europe and divides Istanbul into two.

Istanbul acts as a bridge between the continents of Europe and Asia, and it is built on the two tips that the continents most approach each other, on 5,512 square kilometre area. These tips are surrounded by Catalca on the European side, Kocaeli on the Anatolian side; Marmara and Bursa on the south, Tekirdağ on the southwest and Kırklareli on the northwest. The Princes' Islands in the Marmara Sea are also included in Istanbul province.

The districts of Istanbul province are; Adalar, Avcılar, Bahçelievler, Bakırköy, Bağcılar, Bayrampaşa, Beşiktaş, Beykoz, Beyoğlu, Eminönü, Eyüp, Fatih, Gaziosmanpaşa, Güngören, Kadıköy, Kağıthane, Kartal, Kocasinan, Küçükçekmece, Maltepe, Pendik, Sarıyer, Sultanbeyli, Şişli, Tuzla, Ümraniye, Üsküdar, Zeytinburnu, Büyükçekmece, Çatalca, Silivri and Şile. Istanbul International Ataturk Airport is 20 km away from the city centre. Besides, it is also possible to rent an airplane or helicopter in Istanbul.

Istanbul accounts for 9.7% of the total area of Turkey, and it is the most important province of the country in terms of its population. According to Year 2010 General Census, total population of Istanbul is 13,255,685. The annual population increase rate is 0.331%.

Istanbul is located on Kocaeli and Çatalca Peninsulas. Both of these peninsulas are two worn tablelands. The landscape of Istanbul resembles to the landscape under the Mediterranean climate. Lemur is the most observed plant type in the region. These plants acclimatized to a long and dry summer season. However, due to the characteristics of the climate, the hills are not bare. The most important one of the forest areas in patches is the Belgrade Forest 20 km on the north of the city centre.

The biggest stream in Istanbul is Riva Stream, which is also the biggest stream of Kocaeli Peninsula. The most important streams that flow into Istanbul Strait are Küçüksu and Göksu streams. Apart from them, there are also Kağıthane and Alibey Streams flowing into the Golden Gate, Sazlıdere flowing into Küçükçekmece Lake, Karasu Stream flowing into Büyükçekmece Lake, Trança Stream flowing into Terkos Lake as the major streams of Istanbul province. In the province, there are three small but important lakes. All three of them are on the European side. The water of Terkos Lake, which is away from the sea, is fresh. The city water is provided from that lake. The water of Küçükçekmece (11 ksqm) and Büyükçekmece (16 ksqm) lakes are salty because they contact with the sea.

Summer months are generally hot and the winters are not very cold in Istanbul due the weather systems influential in the province. Although Istanbul seems like showing the properties of the Mediterranean climate, it has a different climate due to the effect of the Marmara Sea and the Istanbul Strait. In winter months, it is under the influence of the cold-dry air mass from the Black Sea and the cold and rainy air mass from the Balkans, and especially the warm and rainy air mass from the Mediterranean. In the entire province, the cold and rainy (with northeast wind) weather of the Black Sea and the warm (with southwest wind) Mediterranean weather follow each other. In the province, major heat differences are not observed between summer and winter or day and night.

From the economic terms, Istanbul is one of the most developed cities in Turkey. It is one of the most important sources if tourism, industry and commerce economy. Although most of the industrial organizations have been moved outside of the province, the province still maintains its importance in terms of the manufacturing industry. The actual development with regard to the manufacturing industry of Istanbul began

Istanbul has become one of the most appealing tourism centres of Turkey with its natural beauty, rich cultural assets, and its developments with regard to transportation and accommodation. Most of the foreign tourists first land in Istanbul for their visits to Turkey.

[illegible]

The surface area of Esenyurt is 2770 hectares and has acquired municipal quality in the year 1989. With the establishment of the municipality organization, a rush for provision of services was started in the area. Esenyurt has acquired the

According to the Address Based Population Registration System of 2010 the total population of Esenyurt has been indicated as 446.777.

➤ **WOW Istanbul Otel**



ironing services, generator, an indoor car park for 450 vehicles, indoor swimming pool, Turkish bath, sauna, massage, fitness center, health center, hairdresser and beauty parlor are available. In addition, an indoor restaurant with capacity for 170 persons, Mezzanine restaurant with 170 persons capacity, Executive Lounge for 30 persons, Lobby Bar, Roof Bar, Vitamin Bar are available. There are 3 meeting rooms for meetings, wireless network connection, chair, music broadcast, projection screen, barcoveision, flipchart, blackboard and air conditioning are available.

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➤ **WOW Istanbul Airport Otel**

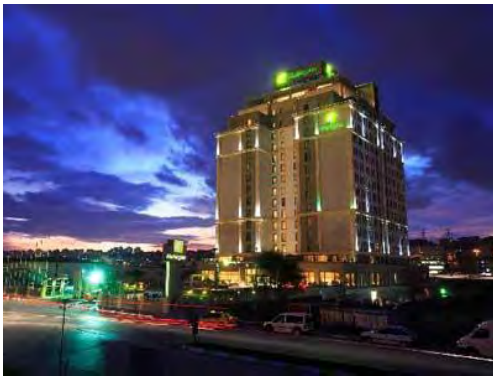


WOW Istanbul Hotel is located in the Yeşilköy World Trade Center. It has 360 rooms, 720 beds, 330 standard rooms, 3 rooms for disabled, 288 non-smoking rooms, 24 connected rooms, 3 suites in total. All rooms are sound proof and have air conditioning, mini bar and separate bathroom with bathroom products. In the hotel, room service, meeting/banquet facilities, airport shuttle service, business center, laundry, dry cleaning, hairdresser/beauty parlor, room service breakfast, ironing service, gift shop, restaurant, bar, safe box, soundproof rooms are available. In addition, sauna, fitness center, massage rooms and Turkish bath are available. There are 6 meeting rooms for meetings, wireless network connection, chair, music broadcast, projection

screen, barcoveision, flipchart, blackboard and air conditioning are available.

Corporate price at double standard rooms is 120 TL. Breakfast is included in the price, VAT is excluded.

➤ **Holiday Inn Istanbul Airport Otel**



Holiday Inn Istanbul Airport Hotel is situated on the Basın Express Yolu. It has 330 rooms, 664 beds, 278 standard rooms, 2 disabled rooms, 28 executive rooms, 2 king suites and 20 junior suites in total. In the rooms, direct telephone, bathroom, telephone in the bathroom, hair dryer, electronic lock system, fire alarm, mini bar, tea and coffee machine, wake-up service, safe box, 24 hours room service, satellite TV, pay TV, interactive TV, digiturk, wireless internet connection, central air conditioning are available. In the hotel, wake-up service, business center, dry cleaning, laundry and ironing services, a safe box available at the

reception, generator, free internet, free airport shuttle, free shuttle to the city center, an indoor car park for 250 vehicles, indoor swimming pool, Turkish bath, sauna, steam bath, massage, Jacuzzi, fitness center, hairdresser are available. In addition, Tulip Restaurant with a capacity for 250 persons, Saltanat Restaurant with capacity for 80 persons, Cafe Inn, Starlight Bar and Asma Bar are available. There is one ballroom, 7 meeting halls for meetings, wireless network connection, sound system, lapel microphone, wireless microphone, table microphone, light system, DVD player, VCD player, stage, chair, music broadcast, computer projection, barcoveision, overhead projector, flipchart, TV, facsimile, air conditioning and laser pointer are available.

Corporate price at single standard rooms is 85 €, at double rooms 100 €. Breakfast is included in the price, VAT is excluded.

➤ **Titanic Port Otel**

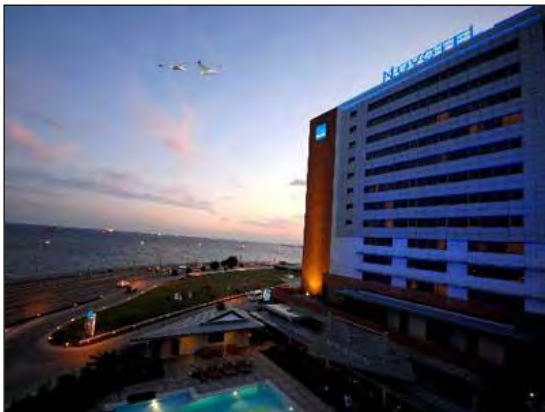


Titanic Port Hotel is adjacent to the Capacity shopping center in Bakırköy. It has 181 rooms, 360 beds, 180 standard rooms, 1 room for the disabled, 88 corner rooms, 4 family rooms and 1 junior suite in total. In the rooms, telephone, voice mail, shower and toilet, bathroom, telephone in the bathroom, hairdryer, fire alarm, mini bar, tea or coffee machine, wake-up service, safe box, 24 hours room service, TV, cable TV, pay TV, interactive TV, music broadcast, digitürk, cine5, lig TV, internet connection, wireless internet and central air conditioning are available. In the hotel, health room, child care, wake up service, business center, internet, market, dry cleaning, laundry and ironing services, a safe box available at the reception, generator, indoor car park, indoor swimming pool and

children's section, children's pool, Turkish bath, sauna, massage, Jacuzzi, fitness center, health center, hairdresser, beauty parlor, solarium, gym, playground for children, mini club and TV room are available. In addition, a Restaurant with 135-persons capacity, pastry shop, snack bar, cafeteria, lobby bar, pool bar, beach bar, roof bar, disco bar and vitamin bar are available. 8 meeting halls for gatherings, wireless internet connection, corporate internet connection, sound system, lapel microphone, wireless microphone, table microphone, DVD player, VCD player, video, stage, chair, computer projection, projection screen, barcovision, flipchart, TV and air conditioning are available.

Corporate price at single standard rooms is 99 €, at double rooms 119 €'. Breakfast and VAT are included in the prices.

➤ **Novotel**



Novotel is located at seaside of Zeytinburnu. It has 208 rooms in total with 198 standard rooms, 4 rooms for the disabled, 6 suites. In the rooms, direct telephone, voice mail, bathroom, hair dryer, fire alarm, mini bar, tea or coffee machine, wake-up service, safe box, 24 hours room service, TV, satellite TV, pay TV, music broadcast, digitürk, internet connection, central air conditioning are available. In the hotel, child care, wake-up service, business center, internet, dry cleaning, laundry and ironing service, generator, free shuttle service to Taksim, Bakırköy and Sultanahmet on certain hours of the day, parking garage for 225 vehicles, outdoor

swimming pool and children's section, sauna, massage, fitness center, health center are available and pets are acceptable. Furthermore there is 1 Restaurant with a capacity for 105 persons, a lobby bar, a pool bar, Nov'ist bar. For the meetings, there are 7 meeting halls, wireless connection, corporate internet connection, sound system, light system, DVD player, stage, chair, projection screen, barcovision, overhead projector, flipchart, facsimile and air conditioning.

Corporate price for one night at the hotel is 85 € in average. VAT is excluded.



➤ **Ibisotel**



Ibis Hotel is located at seaside of Zeytinburnu. It has 228 rooms in total, 273 beds, 104 non-smoking rooms. In the rooms, direct telephone, voice mail, bathroom, hair dryer, fire alarm, tea or coffee machine, wake-up service, TV, satellite TV, central air conditioning are available. In the hotel, wake-up service, internet, dry cleaning, laundry and ironing services, generator, parking garage for 147 vehicles are available. Furthermore there is 1 Restaurant with capacity for 120 persons, a lobby bar.

Corporate price per night at the hotel is 70 € in average, excluding VAT.

➤ **Marriott Courtyard Airport Otel**



Marriott Courtyard Airport Hotel is located in Halkalı. There are 262 rooms, 312 beds, 260 standard rooms, 2 suites in total. In the hotel, restaurant, bar, 24-hours open reception, garden, terrace, non-smoking rooms, rooms/facilities for the disabled guests, elevator, fast check-in/check-out, safe box, sound proof rooms, heating, luggage storage, air conditioning, a special area reserved for smoking are available. In addition, sauna, fitness center, spa & health center, massage, Turkish bath/steam bath, indoor swimming pool, room service, meeting/banquet facilities, airport shuttle, business center, baby-care/children services, laundry, dry cleaning, hairdresser/beauty parlor, ironing service are available in the hotel. In addition, Oleo Pazzo Restaurant with a capacity for 108 persons is available. There are 7 meeting halls for gatherings, soundproof

window technologies and routing systems are available.

Prices are: for single person 100 €, two persons 110 €. Breakfast is included in the price, VAT is excluded.

➤ **Radisson SAS Conference & Airport Otel**



Radisson SAS Hotel Istanbul is positioned in vicinity to the Ataturk International Airport and to the fairground of the city. There are in total 326 rooms, 7 suite rooms, 10 duplex business rooms, 39 business class rooms, 25 superior class rooms, 3 rooms for disabled persons. The rooms have a view of the sea and the city. In the rooms, bathroom, wc, bathtub, hair dryer, music and telephone in the bathroom, cable or wireless internet connection, direct telephone, mini bar, air conditioning are available. In the hotel, breakfast hall, pastry shop, lobby bar, pool bar, terrace bar, restaurant bar, a la carte and open buffet service, indoor restaurant, pool, children's pool, Turkish bath, sauna, massage, Jacuzzi, health center, fitness center are available. There are 20 meeting halls for gatherings, flip chart, chair,

overhead projector and slide projector, free wireless internet, video & TV, wireless microphone, simultaneous interpretation (upon request), barcognition (upon request) are available.

Prices are: for single person 99 €, two persons 109 €. Breakfast is included in the price, VAT is excluded.

➤ **Green Park Hotel**



Green Park Hotel is located in Merter. It has 140 rooms, 280 beds, 136 standard rooms, 2 rooms for the disabled, 30 non-smoking rooms, 1 king suite, 3 suites and 30 junior suites in total. In the rooms, direct telephone, shower and toilet, bathroom, hairdryer, electronic lock system, fire alarm, mini bar, tea or coffee machine, wake-up service, safe box, 24 hours room service, TV, satellite TV, pay TV, digitürk, internet connection, central air conditioning are available. In the hotel, health room, child care, business center, internet, wireless internet, market, dry cleaning, laundry and ironing services, a safe box available at the reception, generator, open car park, open swimming pool and

children's section, 1 indoor swimming pool and children's section, Turkish bath, sauna, massage, Jacuzzi, fitness center, health center, hairdresser, beauty parlor, solarium, nightclub are available. In addition, 2 Restaurant with capacity for 750 persons, a pastry shop, snack bar, cafeteria, lobby bar, pool bar, terrace bar, and vitamin bar are available. 5 meeting halls for gatherings, corporate internet connection, sound system, table microphone, light system, DVD player, VCD player, video, stage, chair, music broadcast, slide player, computer projection, imagery data recording, projection screen, barcovision, overhead projection, flipchart, TV, blackboard, facsimile and air conditioning are available.

Corporate price for double person is 110 €, for single 85 €. Breakfast is included in the price, VAT is excluded.

➤ **Kaya Ramada Plaza Hotel**



Kaya Ramada Plaza Hotel is located in Büyükçekmece. It has in total 318 rooms, 756 beds, 110 family rooms, 176 standard rooms, 14 VIP, 12 deluxe suite, 5 business rooms and 1 king suite. In the rooms, direct telephone, shower and toilet, bathroom, hair dryer, electronic lock system, fire alarm, mini bar, tea and coffee machine, safe box, 24 hours room service, TV, satellite TV, pay TV, internet connection, central air conditioning are available. In the hotel, health club, business center, internet, wireless internet, market, dry cleaning,

laundry and ironing services, generator, open car park, indoor car park, outdoor swimming pool and children's section, 1 indoor swimming pool and children's section, Turkish bath, sauna, massage, Jacuzzi, fitness center, health center, hairdresser, beauty parlor, solarium are available. Conference hall accommodating 3500 persons, 23 meeting halls, corporate internet connection, sound system, table microphone, VCD player, stage, chair, music broadcast, slide player, computer projection, imagery recording, barcovision, overhead projector, flipchart, tv, blackboard, facsimile and air conditioning are available.

Corporate price for double person is 105 €, for single 95 €. Breakfast is included in the price and VAT is excluded.

## Hotels in Project Phase

### ➤ Avclar Hilton Double Tree

The hotel building which is under construction by Sonkar Otomotiv which is one of Toyota Distributors for Turkey and which shall be operated under the brand name of Hilton Double Tree, has the characteristic of being the first building in Turkey build completely in steel. The hotel which is planned to be completed with an investment of 30 million TRY, shall consist of 27 floors and 230 rooms and shall have a height of 110 m. The hotel which has its architectural project realized by Uras& Dilekçi is planned to start operations in May 2011.

## SECTION 4

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

#### 4.1 Title Deed Information of the Real Estate

Province	:	İstanbul
District	:	Esenyurt
Subdistrict	:	-
Quarter	:	Yakuplu
Village	:	-
Street	:	-
Locality	:	Londra Asfaltı
Area	:	1.755,37 sqm.
Plot No.	:	F21d24d3a
Section	:	404
Parcel No.	:	39
Quality	:	Land
Owner	:	Akfen Gayrimenkul Yatırım Ortaklığı A.Ş.

#### 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 examinations conducted in the Title Deeds Registry office of administrative district of Esenyurt, province of Istanbul at 25 February 2011 and the letter of encumbrances dated 22 February 2011 taken by the customer the encumbrances on the immovable property have been listed below.

#### Pledges

- A:İ There is a hypothecation of 1<sup>st</sup> degree with maturity until notification of cancellation in favor of T.İş Bankası A.Ş., T.Sinai Kalkınma Bankası A.Ş. in the amount of 7.000.000.-Euros, with 3% Euribor, (journal entry dated 22 September 2008, numbered 21875)
- A Additional hypothecation has been allocated in Euro denomination.

TASINMAZ BİLGİLERİ			
Zemin Tipi	1: Ara Tarımaz	Aralık/Parşel	1: 40/10
Zemin No	1: 25742437	Yüzölçümü	1: 1.755,37 m <sup>2</sup>
İl / İlçe	1: İSTANBUL / ESENYURT	Ana Tas. Nitelik	1: ARSA
Kurum Adı	1: Esenyurt TM		
Mahalle / Köy Adı	1: YAKUPLU Mah.		
Meski	1: -		
Cilt / Sayfa No	1: 9 / 182		
Kayıt Durum	1: Aktif		

MİLKİYET BİLGİLERİ			
Sistem No	Malik	Ehliyeti No	Hisse Pay/Payda
11724566	AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.	TAM	1/55,0
			Satış + Hukuk - 30.09.2010 - 26.324

Rehin			
Rehin Tipi	Alınan	Borç	Borçlu
İstisna	(SN-01) TÜRKİYE İŞ BANKASI A.Ş. Vergi No: 810053500 Sicil No: 431112/378694/LSN: 1502196 TÜRKİYE İŞ BANKASI KALKINMA BANKASI ANONİM ŞİRKETİ Vergi No: 8660037689	7.000.000,00 TL	Emre+9.3 1/10 F.B.K.
			Tesis Tarih - Yev. 22.09/2008 - 21875
			Borçlu Malik ORHUN KARTAL - KAYAALP Oğlu
			Malik Borç COSKUN YILMAZ - SİTKİ Oğlu
			Tescil Tarih - Yev. 22.09/2008 - 21875
			AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

Rehin Konusu Hisseli Bilgi			
Tasınmaz	Hisse Pay/Payda	Borçlu Malik	Malik Borç
Esenyurt TM - YAKUPLU Mah. 404 Ada 39 Parsel	1/1	AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.	7.000.000,00
			Tescil Tarih - Yev. 22.09/2008 - 21875

Rehin Şerh Bilgi	
Şerh	Açıklama
	Malik
	Tarih/Yevmiye

Raporlayan: 9441 Bayram ÇETİN  
Kayıtlı Uygundur  
22.09/2010

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

According to the encumbrance document received from the Title Deeds Registry of Esenyurt of the administrative district of the province of Istanbul and presented in the annex; In the parcel number 39, **sale has been performed with journal dated 30 September 2010, numbered 26.324 to the name of Akfen Gayrimenkul Yatırım Ortaklığı A.Ş., its share has become full.** Written encumbrance document belonging to the real estate property is presented in the annex of the report.

#### 4.3 The Zoning Information for 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.

In the light of the examinations conducted at 25 February 2011, in the municipality of Esenyurt, in the province of Istanbul and the zoning information dated 23 February 2011 provided by the customer the current zoning situation of the parcel has been given below;

##### ✓ Zoning Situation:

The immovable property subject to valuation remains in the legend "Touristic facility+ Trade Zone" in the Revision Application Zoning Plan in the scale of 1/1000 approved with the decision dated 16 February 2004 and numbered 11 by the first level municipal council of Yakuplu. It has been taken into the "Touristic Facility Area" with Equivalent: 2,75 with the council decision dated 08 April 2010 and numbered 2010/82 of Esenyurt Municipality and the council decision dated 17 September 2010 and numbered 2010/2033 of the Metropolitan Municipality of Istanbul.

The zoning situation document dated 23 February 2011 taken for the immovable property subject to valuation is presented below and in annex.





T.C  
İSTANBUL  
ESEN YURT BELEDİYE BAŞKANLIĞI  
İmar ve Şehircilik Müdürlüğü

SAYI : M.34.6.ESB.013/5065 - 5259  
KONU : 404 ada 39 parsel Hk.

23.02.2011

Sn: Afken Gyo.A.Ş.  
Levent Loft Büyükdere cad. No:201 C Blok K:8 D:151  
Levent/İst.

İlgi: 22.02.2011 tarih ve 11306 sayılı yazınız.

İlgi yazınızda Esenyurt Güzelyurt mah. 404 ada 39 parselin imar durumu sorulmaktadır. Söz konusu Esenyurt Güzelyurt mah. 404 ada 39 parsel 16.02.2004 tarih ve 11 sayılı Yakuplu İlk kademe belediye meclis kararı ile onaylanan Yakuplu Genel 1/1000 ölçekli Uygulama İmar Planı'nda Ticaret+Hizmet Alanında kalmaktadır. Esenyurt Güzelyurt mah. 404 ada 39 parsel Esenyurt Belediye Meclisince 08.04.2010 tarih ve 2010/82 sayılı meclis kararı ile İstanbul Büyükşehir Belediye Meclisince de 17.09.2010 tarih ve 2010/2033 Sayılı meclis kararı Esenyurt Belediye Meclisince 08.04.2010 tarih ve 2010/82 sayılı meclis kararı ile İstanbul Büyükşehir Belediye Meclisince de 17.09.2010 tarih ve 2010/2033 Sayılı meclis kararı ile Emsal:2,75 Turistik Tesis alanına alınmıştır.

Bilgilerinize rica ederim.

BAŞKAN ADINA

Selahattin BOYRAZ  
Başkan Yardımcısı

Esenyurt Belediye Başkanlığı İmar ve Şehircilik Müdürlüğü - Doğan Araslı Bulvarı 34510 ESEN YURT / İSTANBUL  
TEL : (0212) 622 03 33 Fax : (0212) 622 03 99 www.esenyurt.bel.tr

✓ **Licenses and Permits:**

- The architectural project belonging to the hotel project developed on the ground plot subject to valuation and approved by the related municipality has been seen in the archive file.
- A license document dated 30 December 2010 and numbered 2010/24969 for the utilization of "hotel and similar guest house" with a covered area of 7.331,00 square meters related to the architectural plan approved by the Municipality has been given.

✓ **Building Supervision:**

- The immovable property subject to valuation is subject to the Building Inspection Law dated 29 June 2001 and numbered 4708 and the building inspection in the construction process shall be conducted by Etik Yapı Denetim Limited Şirketi operating in the address of Mehter Çeşme Mahallesi, 1997 sokak, Yalı Köşkü Sitesi, A Blok, Kat:5, No:17, Beylikdüzü/İstanbul.

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

While the immovable property subject to valuation remained in revision Application Zoning Plan with the scale of 1/1000 approved with the decision dated 16 February 2004 and numbered 11 by the first level municipal council of Yakuplu, in the legend “**Touristic Facility+Trade**” where hotels and similar guest houses could be constructed; it has been taken into the “**Touristic Facility Area**” legend with Equivalent: 2,75 with the council decision dated 08 April 2010 and numbered 2010/82 of Esenyurt Municipality and the council decision dated 17 September 2010 and numbered 2010/2033 of the Metropolitan Municipality of Istanbul.

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

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

It was learned that the hypothecation on the immovable property existed for “Project Financing” and it is considered that subject hypothecation does not constitute an obstacle in taking the immovable property to the portfolio.

**4.5 Civil Liability**

*On the appraised property, “**Mortgage: There is a 1st rank mortgage for € 7,000,000.00 with 3% interest for Türkiye İş Bank and Türkiye Sınai Kalkınma Bank (dated 22 September 2008 and journal no. 21875). It is understood that the encumbrance was established for the purposes of financing the project. The official letter related with the mortgage is appended.**”*

**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**

**5.1 The Existing Buildings Structural Characteristics of the Construction**

**Full address of the property:** Yakuplu Mahallesi, 404 Ada, 39 Parsel, Esenyurt / İSTANBUL.

The immovable property subject to valuation is reached by advancing on the Istanbul-Edirne E-5 Motorway until Haramidere Intersection. Subject immovable property is the empty ground plot remaining at the right hand side after advancing for approximately 1,2 km. from the Haramidere Intersection. Subject ground plot has its façade to Fatih Avenue and E-5 Motorway.

In the vicinity of the immovable property positioned at approximately a distance of 4 km. to Tüyap Exposition Center, buildings with high recognition levels such as Medilife Surgical Center, Beylikdüzü Migros, Media Market, Carrefour, Bauhaus, Beylikdüzü Municipality, Ekinoks Beylikdüzü Residence, Tüyap, former Tatilya are positioned. In addition to buildings with their ground floors used for commercial purposes and facing the

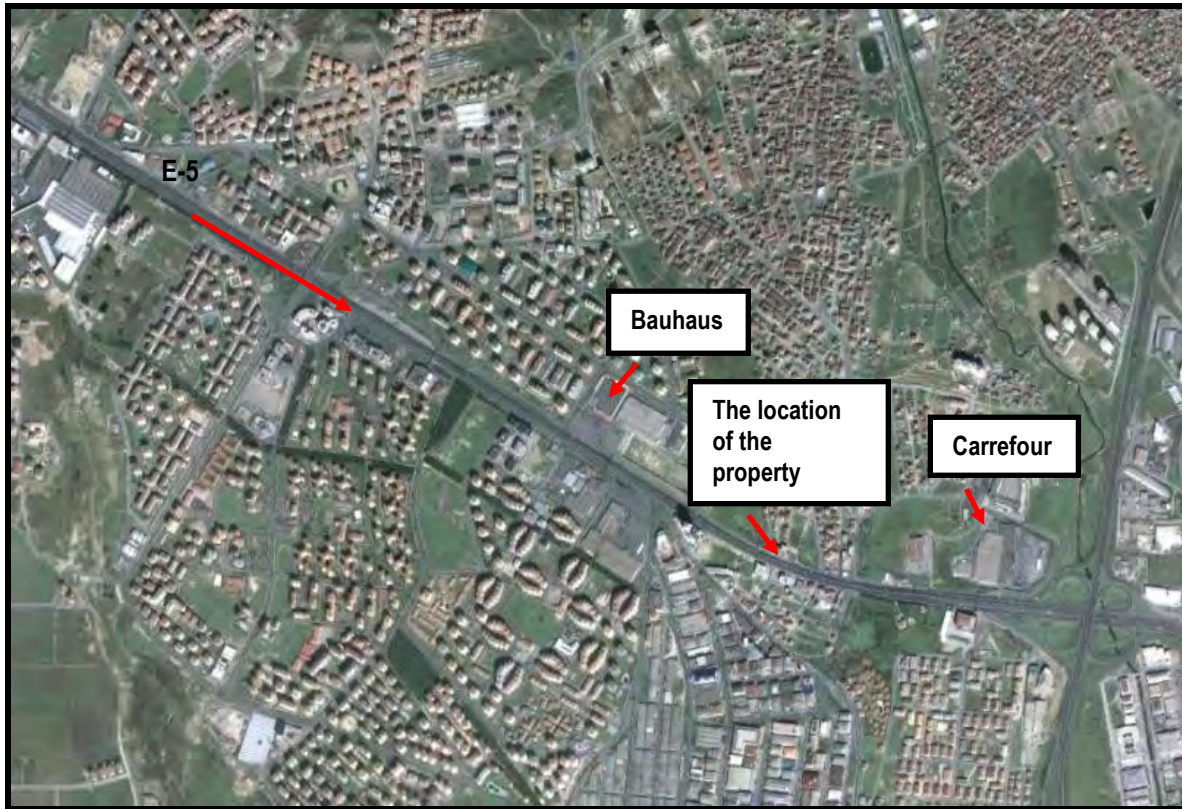
road, production facilities of many factories are positioned on this road. The dynamism is expected to increase in the region with Torium Shopping Center which has been opened recently as well as the Marmara Park Shopping Center project whose construction started in January 2011. Furthermore, on the road, there are shopping centers with high commercial potential such as Migros, Carrefour, Bauhaus, Media Markt, Outletpark Beylikdüzü Shopping Center and Ginza Shopping Center and Skyport Residence at the other side of the road.

The plans for connecting Zincirlikuyu – Avcılar metro bus to Beylikdüzü are underway. With the extension of the subject metro bus itinerary, it will represent accessibility and advantage for the development of the area.

The immovable property is easily accessed by various public transportation vehicles and private vehicles.

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

Location	Distance (km)
Tüyap Exhibitions Center	~4,0 km.
Beylikdüzü Municipality	~1,2 km.
Migros Beylikdüzü	~0,5 km.
Carrefour	~0,8 km.
Haramidere Intersection	~1,2 km.







## 5.2 Current Status Of The Real Estate

The immovable property subject to valuation is the real estate under the ownership of Akfen Gayrimenkul Yatırım Ortaklığı A.Ş.” qualified as “ground plot” in the location of Londra Asfaltı, plate F21d24d3a, block 404, parcel 39, in the neighborhood of Yakuplu, Esenyurt Administrative District in the province of Istanbul.

The immovable property subject to valuation which has a central position has a sloped topography. There are one construction site on the immovable property and excavation work is started. The subject parcel is partly covered with natural vegetation. The property has the quality of a corner parcel and has its façade to Fatih Avenue and E-5 Motorway. The longer side of the immovable property with a rectangular geometric shape is towards Fatih Avenue and its shorter side has ~20 m. façade to E-5 Motorway.

The hotel project subject to valuation has been developed on the parcel no. 39. The construction of the project which has a construction license has been started as of the day of valuation. It was started in early 2011 and foreseen to be completed and the hotel to start operations by mid-2012. The floor spaces and floor utilizations of the hotel which is projected as 3-Star Ibis hotel are shown below.

Floor Function and Area According to Architectural Project			
Otel Block – According to Architectural Project			
3 <sup>rd</sup> Basement Floor	942,80	sqm	Car park, haven, water tank
2 <sup>nd</sup> Basement Floor	973,27	sqm	Car park, haven, electric room
1 <sup>st</sup> Basement Floor	643,63	sqm	Car park, meeting rooms, staff room, laundry odası, servicing room
Ground Floor	638,50	sqm	Reception, offices, storage, kitchen
1 <sup>st</sup> Floor	680,23	sqm	26 rooms
2 <sup>nd</sup> Floor	680,23	sqm	26 rooms
3 <sup>rd</sup> Floor	680,23	sqm	26 rooms
4 <sup>th</sup> Floor	680,23	sqm	26 rooms
5 <sup>th</sup> Floor	680,23	sqm	26 rooms
6 <sup>th</sup> Floor	670,81	sqm	26 rooms
Terrace Floor	61,33	sqm	Technical room
Total	7.331,49	sqm <sup>2</sup>	

## 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.

In Turkey, zoning plans fail to keep pace with the speed of urbanization, and they relatively remain static. It may cause to a legal prohibition of the best and highest financially feasible and appraised use of a property. As a result, any use which is not allowed by laws and not physically possible may not be considered as the one with the highest productivity.

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.

Considering the current location, zoning status, construction conditions, potential and environmental improvement, the highest and best use of the property is “**Tourism Area**” appropriate with current situation.

## **SECTION 7**

### **EVALUATION OF THE REAL ESTATE**

#### **7.1 Factors Affecting the Value of the Real Estate**

##### **❖ STRONG POINTS**

- ✓ The subject immovable property is in a central position.
- ✓ In the vicinity of the immovable property, buildings with high recognition levels such as Tüyap, Media Market, Carrefour SA are located.
- ✓ The property is facing the main road.
- ✓ In its vicinity there is an intensity of properties used for commercial purposes.
- ✓ The advertisement ability of the immovable is high.
- ✓ Transportation alternatives to the immovable property are various.

##### **❖ WEAKNESSES**

- The immovable property has a sloped topography. It is considered that at the project development phase the cost of ground improvement shall be high.

##### **❖ OPPORTUNITIES**

- ✓ Considering the development aspect of the area, its need for hotel investment has been observed. It is expected that Ibis Hotel with 3-Star will address especially Tüyap Exposition Center and Hadımköy industrial zone.
- ✓ It is expected that Torium Shopping Center and Marmara Park Shopping Center whose construction started in January 2011 are expected to increase the dynamism in the area.
- ✓ The metro bus itinerary's reaching Beylikdüzü shall provide advantage of access.

##### **❖ THREATS**

- Ambiguities and fluctuations in economy.

## **SECTION 8**

### **THE METHODS USED IN THE APPRAISAL AND THE ANALYSIS**

#### **8.1 The Methods Used in the Appraisal**

There are three different valuation methods, which can be utilized in our country. These are respectively, 'Sales Comparison Method', 'Income Capitalization Method' and the 'Cost Analysis Method' methods. The expected prices and offers made can be considered.

##### **8.1.1 Sales Comparison Method**

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.

##### **8.1.2 Income Capitalization Method**

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.

##### **8.1.3 Cost Analysis Method**

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.

##### **8.1.4 Development Approach**

The purpose of an investment is to produce goods or services, to put them into the market and make profit consequently. The commercial profitability of the investment depends on sufficient demand for the goods or services to be produced and their sales with the prices that would provide possibility to obtain the expected profitability. The examination of the project for the entrepreneur covers the examination and evaluation of the industry where the subject product of the project is positioned and the anticipations regarding the future. The evaluation of the market where the subject goods or services of the project are positioned can be examined as the current situation and the expectations for the future.



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

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

## **8.2. Definitions and Model of the Calculation Methodology**

### **8.2.1. 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>2</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.

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 this reason, our company estimates that the project-based evaluation and usage of the long-term Eurobond types within the scope of the risk-free yield rate allowances would be coherent with the allowances in the world. 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:

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<sup>2</sup> *Damodaran on Valuation ,Security Analysis for Investment and Corporate Finance, Section 3 : Estimation of Discount Rates p.25*



Financial Market Characteristics <sup>3</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

### 8.2.3. 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.<sup>4</sup>

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).

### 8.2.4. Overall Capitalization Rate

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>5</sup>

### 8.2.5. Other point of view: The Capital Asset Pricing Model (CAPM) 6

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,

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

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

<sup>4</sup> International Valuation Standards, Sixth Edition , 2003 , p.323

<sup>5</sup> The Appraisal of Real Estate , 12th Edition , Chapter 20, The Income Capitalization Approach, p. 489

<sup>6</sup> Damodaran on Valuation ,Security Analysis for Investment and Corporate Finance, Section 3 : Estimation of Discount Rates p.21

### **Description of the Method Used for 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 9.2.1, 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 8.2.2.

### **8.3 Analysis of the Methods Used for Appraisal**

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

The peer values obtained upon researches conducted in the area where the immovable property is located are indicated below.

- Information was received that in the area where the immovable property subject to valuation is located a ground plot with commercial zoning with a surface area of 2.160 square meters at 60 m distance to E-5 Motorway is for sale at the price of 1.944.000 US\$.(675.-€/m<sup>2</sup>)
- Information was received concerning a ground plot of 18.472 square meters located at the same area as the immovable property subject to valuation with a façade of 205 m to E-5 Motorway with "housing + commercial area" zoning being in sale at the price of 24.000.0000 US\$.(974.-€/m<sup>2</sup>)
- Information was received that a ground plot of 5.826 square meters with "housing + commercial area" zoning, with a façade to E-5 Motorway is for sale at the price of 18.000.0000 Euros.(3.089.-€/m<sup>2</sup>)
- Information was received that a ground plot of 33.000 square meters with commercial zoning, with a façade to E-5 Motorway is for sale at the price of 975 €/m<sup>2</sup>.(975.-€/m<sup>2</sup>)
- Information was received that a ground plot of 7.500 square meters with commercial zoning without a façade to E-5 Motorway is for sale at the price of 13.500.000 US\$.(1.350.-€/m<sup>2</sup>)
- In the area where the immovable property is located, for a ground plot with a surface area of 28.129 square meters with construction right of 1,5, with zoning for Housing+Trade, the price of 16.850.000 US\$ is being requested. (449.-€/m<sup>2</sup>)
- Verbal information was received that an immovable property closely positioned to the immovable property subject to valuation, with "Trade and Service Area" zoning, with a surface area of 48.000 square meters, E=3, H:free, with a façade of 200 m. to E-5 Motorway in the direction of Tatilya is for sale at a price of US\$.72.000.000.-. It was indicated that the subject ground plot has been for sale for a long time. (1.125.-€/m<sup>2</sup>)
- 5.000.000 US\$ was proposed for a ground plot adjacent to Hyundai building in Beylikdüzü with "commercial" zoning having construction license for 8 floors with a surface area of 5.000 square meters square meters. (750 €/m<sup>2</sup>)
- The sales prices of ground plots with commercial zoning on E-5 Motorway vary between 800 – 1.200 €/m<sup>2</sup> according to their zoning situation.
- Information was received that a ground plot of 2.143 square meters with "housing + commercial area" zoning, with a façade to E-5 Motorway is for sale at the price of 1.800.0000 Dolars. ( 840 USD/m<sup>2</sup>)

- By taking into consideration the immovable property's having equivalence right of 2,75, the project license for the hotel project to be developed on it being taken and the related fees being paid, the ground plot unit price has been assumed as 1.100 €/m<sup>2</sup>.

✓ **Professional Opinion of the Appraiser:**

Considering all advantages and disadvantages of the property such as its place, location, its side along the road, its view, its parcel size, the right of construction and zoning status; and after inspecting the similar sales in the vicinity, the value of the subject property is estimated as follows.

VALUE OF LAND				
1 sqm Land Value	1.100	.-€		
Total Land Size	1.755,37	m <sup>2</sup>		
Total Land Value	1.930.907	.-€		
<b>TOTAL LAND VALUE</b>			<b>1.930.907</b>	<b>.-€</b>
<b>TOTAL LAND VALUE</b>			<b>4.273.483</b>	<b>.-TL</b>
<b>APPROXIMATE LAND VALUE</b>			<b>4.273.000</b>	<b>.-TL</b>

### 8.3.2. Cost Formation Analysis

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

**The construction costs considered for the calculation of the current status of the property is the completed construction cost of the project as of the date of appraisal. The value of the construction costs have been taken from the accounting records of Akfen GYO A.Ş. from which the advance payments were deducted, and they are annexed to the report. The detail of the following table is included in the construction cost calculation in the "Development Approach" section.**

TOTAL COST (€)	
Construction Cost (Euro)	5.025.723
Infrastructure Cost (Euro)	502.572
Environmental Design and Landscape Cost (Euro)	150.772
Project General Expenses (Euro)	738.279
<b>TOTAL(€)</b>	<b>6.417.346</b>
<b>REALIZED EXPENCES(€)</b>	<b>589.670</b>
<b>REMAINING EXPENCES (€)</b>	<b>5.827.676</b>
<b>SPEND COST(€)</b>	<b>875</b>

<b>TOTAL LAND VALUE(€)</b>	<b>1.930.907</b>
<b>REALIZED CONSTRUCTION COST(€)</b>	<b>589.670</b>
<b>TOTAL VALUE(€)</b>	<b>2.520.577</b>
<b>TOTAL VALUE(TL)</b>	<b>5.578.541</b>
<b>APPROXIMATE VALUE (TL)</b>	<b>5.754.000</b>

### 8.3.3 Development Approach

Project valuation system has been used in evaluating the project located on the parcel.

#### Hotel Assumptions

- In the valuation study the areal information existing on the architectural project has been used.
- In the project development approach it was assumed that 3-Star Ibis Hotel shall be built and operated on the subject parcel.
- It was foreseen that the 3-Star hotel shall have a capacity of 156 rooms and 312 bed capacity.
- It was assumed that the hotel construction shall start in early 2011 and shall be completed by mid-2012.
- It was assumed that the average occupancy ratio of the room capacity of the hotel shall start with 55% in 2012 and shall increase to 78% over the years until 2017 and that it will remain fixed thereafter.
- The room rates are foreseen according to bed & breakfast system. As a result of the inspections in the tourism sector and in the region, the room rates assumed as €60.00 for 2011, and €62.10 for 2012 with the beginning of its operations, and it is assumed to increase by 3.5% per year.
- It was assumed that all costs will be met by the investor company.
- Expenditures such as lunch and dinners, beverages, laundry, etc. which are in general evaluated as extra expenditures at 3-Star hotels have been added to other revenues. The revenue foreseen for this item has been foreseen as 20% of the total revenue. It was assumed that this rate shall remain fixed, that however the revenue will increase proportionately to the revenues of the hotel.
- It was accepted that at a 3-Star hotel GOP (Gross Operating Profit) shall start with 42% and that it will increase up to 52% with the increase in the occupancy ratio.
- It was foreseen that renovation cost at a 3-Star hotel shall be around 1,5% of the fixed asset investment and that it will start proportionately with the number of days the hotel shall remain open in the year 2012 and that it will increase according to the inflation rate over the years.
- Apart from the advance payment, certain portions of the project overhead costs such as design drawing and approval costs, construction site installation and license fees have been realized, and the realized cost value is based on the value in Akfen GYO A.Ş. accounting records, which is € 589.670 The remaining construction cost has been reflected on the cash flow.
- According to the approved architectural project in the scope of the project, it was foreseen that the functions used in the spaces and floors shall be as indicated below.

Floor Function and Area According to Architectural Project			
Otel Block – According to Architectural Project			
3 <sup>rd</sup> Basement Floor	942,80	sqm	Otopark, sığınak,su deposu
2 <sup>nd</sup> Basement Floor	973,27	sqm	Otopark, sığınak,elektrik odası
1 <sup>st</sup> Basement Floor	643,63	sqm	Otopark, toplantı salonları, personel
Ground Floor	638,50	sqm	Resepsiyon, ofisler, depo, mutfak
1 <sup>st</sup> Floor	680,23	sqm	26 adet oda
2 <sup>nd</sup> Floor	680,23	sqm	26 adet oda
3 <sup>rd</sup> Floor	680,23	sqm	26 adet oda
4 <sup>th</sup> Floor	680,23	sqm	26 adet oda
5 <sup>th</sup> Floor	680,23	sqm	26 adet oda
6 <sup>th</sup> Floor	670,81	sqm	26 adet oda
Terrace Floor	61,33	sqm	Teknik oda
<b>Total</b>	<b>7.331,49</b>	<b>sqm</b>	

- It was assumed that the tables indicating costs necessary to be made and which have been made for the 3-Star hotel project shall be as indicated below.

	Gross Construction Area (sqm)	Unit Construction Cost (€/sqm)	Cost (€)
Car park, Coven, Terrace Floor	2.621,03	300	786.309
Normal Floor Area	4.710,46	900	4.239.414
<b>Total</b>	<b>7.331,49</b>		<b>5.025.723</b>

- Within total cost calculations; it was assumed that costs including forward rough construction delivery cost, common spaces decoration and trim works' cost, electricity and mechanic, automation shall accrue.
- It was accepted that the construction cost of infrastructure to occur at project construction phase shall be 10% of the total construction costs.

INFRASTRUCTURE COST		
Closed Area Total Construction Cost (€)	Ratio	Cost(€)
5.025.723	10%	<b>502.572</b>

- Within the calculation of the infrastructure cost; natural gas infrastructure, electricity infrastructure, waste-fresh water infrastructure, telecom infrastructure, ground improvement etc. are included.
- It was accepted that environmental arrangement and landscape costs would constitute a portion of 3% of the construction costs.

ENVIRONMENTAL DESIGN AND LANDSCAPE COST		
Closed Area Total Construction Cost (€)	Ratio	Cost (€)
5.025.723	3%	<b>150.772</b>

- Within environmental arrangement and landscape costs; paving costs, environmental arrangement costs, landscape costs, lighting costs of open spaces, drainage costs etc. are included.

TOTAL COST (€)	
Construction Cost (Euro)	5.025.723
Infrastructure Cost (Euro)	502.572
Environmental Design and Landscape Cost (Euro)	150.772
<b>TOTAL (€)</b>	<b>5.679.067</b>

- It was considered that project costs shall be 13% of the total costs. As total cost, the total of construction cost, infrastructure cost and environmental arrangement and landscape costs have been taken.

PROJECT GENERAL EXPENSES		
Total Cost (€)	Ratio	Cost (€)
5.679.067	13%	<b>738.279</b>

- Within the general expenses of the project, the costs of having all projects and details such as preliminary project, architectural project, electricity, sanitary installations, electricity, static drawn, fees of the construction inspection companies, project management company fees etc are included.

TOTAL COST (€)	
Construction Cost (Euro)	<b>5.025.723</b>
Infrastructure Cost (Euro)	<b>502.572</b>
Environmental Design and Landscape Cost (Euro)	<b>150.772</b>
Project General Expenses (Euro)	<b>738.279</b>
<b>TOTAL(€)</b>	<b>6.417.346</b>
<b>REALIZED EXPENCES(€)</b>	<b>589.670</b>
<b>REMAINING EXPENCES (€)</b>	<b>5.827.676</b>

COST DISPERSION			
YEARS	2011	2012	TOTAL
RATIO	70%	30%	100%
<b>COST (€)</b>	<b>4.079.373</b>	<b>1.748.303</b>	<b>5.827.676</b>

Current Value (€)	Building Insurance Value (€)	Total (€)
793.137	2.520.904	3.314.040

	2011	2012	2013
Building Insurance Cost(€)	8.067	8.269	8.475
Real Estate Tax Cost (€)	13.256	13.588	13.927
Enflasyon	2,5%		

IBIS OTEL SUMMARY CHART	
ROOMS	156
BEDS	312
OPERATING DAYS	365
ANNUAL BED CAPACITY	56.940
ADR (€)(2012)	62,10
GROWTH RATE FOR ADR (%)	3,5%
OTHER REVENUES (%)	20%
RENEWAL COSTS	1,5%
GROWTH RATE FOR REAL ESTATE TAX	2,5%
GROWTH RATE FOR REAL ESTATE INSURANCE	2,5%
CAP. RATE- OPERATING MODEL	8,5%
CAP. RATE – RENTAL MODEL	8,0%

- In the valuation study the rate of 4,70% which is the rate of the last six months Euro based Eurobonds due 2019 has been taken as “risk-free return” rate.
- In the projection reduction rate was foreseen as 11,00%.
- It was assumed that all payments have been made upfront.
- It was assumed that all legal procedures of the immovable property have been completed.
- Euro was used in the studies.
- Tax has not been included in the studies in the scope of IVSC (International Valuation Standards Council).

CASH FLOW													
YEARS	28.02.2011	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
Occupancy Rate (%)			55%	60%	65%	70%	75%	78%	78%	78%	78%	78%	78%
Room Capacity			28.704	56.940	56.940	56.940	56.940	56.940	56.940	56.940	56.940	56.940	56.940
Bed Prices (€)			62,10	64,27	66,52	68,85	71,26	73,76	76,34	79,01	81,77	84,64	87,60
Bed Income(€)			980.385	2.195.840	2.462.085	2.744.278	3.043.209	3.275.710	3.390.360	3.509.022	3.631.838	3.758.952	3.890.516
Other Incomes (€) (%20)			196.077	439.168	492.417	548.856	608.642	655.142	678.072	701.804	726.368	751.790	778.103
<b>TOTAL Hotel Incomes(€)</b>			<b>1.176.462</b>	<b>2.635.008</b>	<b>2.954.503</b>	<b>3.293.134</b>	<b>3.651.850</b>	<b>3.930.852</b>	<b>4.068.432</b>	<b>4.210.827</b>	<b>4.358.206</b>	<b>4.510.743</b>	<b>4.668.619</b>
GOP (%)			42%	44%	46%	48%	50%	52%	52%	52%	52%	52%	52%
GOP (€)			494.114	1.159.403	1.359.071	1.580.704	1.825.925	2.044.043	2.115.584	2.189.630	2.266.267	2.345.586	2.427.682
<b>Cost (€)</b>			<b>-682.348</b>	<b>-1.475.604</b>	<b>-1.595.431</b>	<b>-1.712.430</b>	<b>-1.825.925</b>	<b>-1.886.809</b>	<b>-1.952.847</b>	<b>-2.021.197</b>	<b>-2.091.939</b>	<b>-2.165.157</b>	<b>-2.240.937</b>
<b>Hotel Area Net Cashflow</b>			<b>494.114</b>	<b>1.159.403</b>	<b>1.359.071</b>	<b>1.580.704</b>	<b>1.825.925</b>	<b>2.044.043</b>	<b>2.115.584</b>	<b>2.189.630</b>	<b>2.266.267</b>	<b>2.345.586</b>	<b>2.427.682</b>
Renewal Costs (%1,5)			-38.003	-77.270	-79.202	-81.182	-83.212	-85.292	-87.424	-89.610	-91.850	-94.147	-96.500
Real Estate Tax (%2,5)		-4.759	-2.439	0	0	0	0	-7.750	-15.757	-16.151	-16.555	-16.969	-17.393
Real Estate Insurance (%2,5)			-4.168	-8.475	-8.687	-8.904	-9.127	-9.355	-9.589	-9.829	-10.074	-10.326	-10.584
<b>Construction Costs</b>		<b>-4.079.373</b>	<b>-1.748.303</b>										
<b>Hotel Net CashFlow</b>	0	-4.084.132	-1.298.798	1.073.658	1.271.182	1.490.618	1.733.586	1.941.646	2.002.814	2.074.040	2.147.787	2.224.144	2.303.204
<b>TERMINAL VALUE</b>													27.096.515
<b>NET CASHFLOW</b>	0	-4.084.132	-1.298.798	1.073.658	1.271.182	1.490.618	1.733.586	1.941.646	2.002.814	2.074.040	2.147.787	2.224.144	29.399.719

Appraisal Table			
Riskfree Rate	4,70%	4,70%	4,70%
Risk Premium	5,30%	6,30%	7,30%
DISCOUNT RATE	10,00%	11,00%	12,00%
NET PRESENT VALUE (EURO)	12.762.484	11.360.290	10.099.018
NET PRESENT VALUE (TL)	28.245.930	25.142.593	22.351.146



### 8.3.3 The Value of the Property According to the Rental Income

Pursuant to the Ibis Hotel Esenyurt Rental Contract dated 16 August 2010;

- **The international hotel management company Accor Group will pay as the annual rental fee for the Hotel which is under appraisal and the construction right of which belongs to Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. the highest of the twenty five percent (25%) of the gross income (excluding VAT) or seventy percent (70%) of the adjusted gross operation income obtained by deducting a total amount of 8% (4% for operation expenses and 4% for replacement costs) from the gross income.**
- The construction right of the hotel under appraisal belongs to Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. and it will be operated by the Accor Group, which is an international hotel management company. Such items as occupancy rates, bed/room prices that affects the potential of the hotel was assumed that the hotel would be operated in 3 star city hotel concept.
- The rental income of the immovable property was calculated based on the terms of the contract signed between the Accor group and Akfen Gayrimenkul Yatırım Ortaklığı A.Ş.
- It was assumed that the number of beds of the hotel would remain fixed by years as specified in the approved architectural project.
- It was assumed that the hotel would be open for 365 days during the year.
- The prices in the hotel have been projected to be according to the room-breakfast system. As a result of the research conducted in the tourism sector and the region, it was assumed that the price for the rooms would be € 62.10- with the commissioning of the hotel in 2012 and that this price would increase by years at a rate of 3.5%.
- It was assumed that the average room capacity occupancy rate of the hotel would be 55% in 2012 and this rate would increase by years and reach 78% in 2017, and remain fixed during the subsequent years.
- It was assumed that the profit margin of the facility would be 42% in 2012 and this rate would rise to 52% by years and remain fixed at this rate.
- The replacement cost for the rent model of the hotel was taken as 0.05% of the replacement cost calculated in the operation alternative. It was assumed that such replacement works of the hotel would be performed by the tenant in the rent model.
- EURO was used during the studies and 1 Euro was taken as TL 2.2132.
- Tax and VAT was not included in the studies pursuant to the IVSC (International Valuation Standards).
- 4.70%, which is the average for the last 6 months for the Euro-based 2020 termed Eurobond, was taken as the "Risk-Free Rate of Return". (The rate of return of the longest termed Euro-based 2020 termed Eurobond was chosen as the risk-free rate of return in this valuation study.)
- Low capitalization rate and risk premium were given by considering that the rental incomes guaranteed by the international recognition level and brand power of Accor would be determined by years.
- In this study, the rental revenues of the hotel rented to the Accor group with a 25 –year rental contract, have been guaranteed under a contract. It was assumed that the risk premium in Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. obtaining the rental revenues would be quite low. The capitalization rate was projected to be 8.50% by adding a "Risk Premium" of 3.80% to the 4.70% "Risk-Free Rate of Return."
- It was assumed that the contract between Accor and Akfen would continue with the same terms during the period in which the immovable property would be used by Akfen GYO A.Ş.

IBIS HOTEL CASH FLOW													
YEARS	28.02.2011	31.12.2011	31.05.2012	31.05.2013	31.05.2014	31.05.2015	31.05.2016	31.05.2017	31.05.2018	31.05.2019	31.05.2020	31.05.2021	31.05.2022
IBIS HOTEL INCOME		0	294.116	658.752	738.626	823.283	912.963	982.713	1.017.108	1.052.707	1.089.551	1.127.686	1.167.155
AGOP IBIS HOTEL		0	279.998	664.022	785.898	922.078	1.073.644	1.210.702	1.253.077	1.296.935	1.342.327	1.389.309	1.437.935
IBIS HOTEL USED RENTAL INCOMES		0	294.116	664.022	785.898	922.078	1.073.644	1.210.702	1.253.077	1.296.935	1.342.327	1.389.309	1.437.935
INSURANCE COST(EURO)	0	0	-4.168	-8.475	-8.687	-8.904	-9.127	-9.355	-9.589	-9.829	-10.074	-10.326	-10.584
REAL ESTATE TAX	0	-4.759	-2.439	0	0	0	0	-7.750	-15.757	-16.151	-16.555	-16.969	-17.393
RENEWAL COST(EURO) (%0,05)	0	0	-1.900	-3.864	-3.960	-4.059	-4.161	-4.265	-4.371	-4.481	-4.593	-4.707	-4.825
TOTAL NET OPERATING PROFIT (EURO)	0	-4.759	285.608	651.683	773.250	909.114	1.060.356	1.189.333	1.223.359	1.266.474	1.311.105	1.357.306	1.405.132
CONSTRUCTION COST	0	-4.079.373	-1.748.303										
TERMINAL VALUE	0												17.564.148
NET CASH FLOW(EURO)	0	-4.084.132	-1.462.694	651.683	773.250	909.114	1.060.356	1.189.333	1.223.359	1.266.474	1.311.105	1.357.306	18.969.280

Appraisal Table			
Riskfree Rate	4,70%	4,70%	4,70%
Risk Premium	3,30%	3,80%	4,30%
DISCOUNT RATE	8,00%	8,50%	9,00%
NET PRESENT VALUE (EURO)	6.722.555	8.143.679	6.329.847

### 8.3.3 Evaluation of The Results of The Analysis

In the study conducted; peer comparison approach has been used for the ground plot value and project development approach for the hotel revenue.

- According to the peer comparison approach the land value of the parcel has been calculated as 4.273.000.-TRY.
- According to the project development approach, based on the assumption that the commercial unit to be located in the hotel and which is to be developed on the parcel shall be leased, the final value of the project has been assessed as 21.583.000.-TRY (Twentyonemillionfivehundredeightythreeousand.-TRY) (9.752.000.- €) which is the average of project value 11.360.000.- € and the net today's value of the rental revenue which is 8.144.000.- €.
- According to cost approach analysis the fair market value of the hotel under construction has been appraised as 5.579.000.-TL(Fivemillionfivehundredseventyninethousand.-TL) (2.521.000.- €)

The architectural project for the 3-Star hotel which is currently being developed on the parcel has been approved and the construction license has been taken.

**It is considered that there are no restraints in the framework of the provisions of the Capital Markets Legislation in including the subject immovable property as “project” to the Real Estate Investment Trust portfolio.**

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

#### VAT APPLICATION

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

## SECTION 10 CONCLUSION

All characteristics which might have an influence on the value of the property such as the location, the style of its environment, infrastructure and means of access, its facade to the road and the street, the construction system of the building, its age, the workmanship and the quality of the products, situation of the plumbing 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.

**Property located in Istanbul Province, Esenyurt District, Yakuplu Quarter, in the location of Londra Asfaltı, Plot F21d24d3a , Section 404, parcel no. 39 where Ibis Hotel that is planned to be constructed on;**

<b>NET PRESENT VALUE AS OF THE DATE OF 28.02.2011 OF THE HOTEL PROJECT (VAT not included)</b>	<b>21.583.000.-TL</b> (Twentyonemillionfivehundredeightythree thousand.-Turkish Liras)	<b>9.752.000.-EURO</b> (Ninemillionsevenhundredfiftytwo.-EUROS)
<b>TOTAL PRESENT STATUS VALUE OF THE PROJECT ON 28 FEBRUARY 2011 (VAT not included)</b>	<b>5.579.000.-TL</b> (Fivemillionfivehundredseventynine.-Turkish Liras)	<b>2.521.000.-EURO</b> (Twomillionfivehundredtwentyonethousand.-EUROS)
<b>NET PRESENT VALUE AS OF THE DATE OF 28.02.2011 OF THE HOTEL PROJECT (VAT included)</b>	<b>25.468.000.-TL</b> (Twentyfivemillionfourhundredsixtyeight thousand.-TurkishLiras)	<b>11.507.000.EURO</b> Elevenmillionfivehundredseventhousand.EUROS
<b>TOTAL PRESENT STATUS VALUE OF THE PROJECT ON 28 FEBRUARY 2011 (VAT included)</b>	<b>6.583.000.-TL</b> (Sixmillionfivehundredeightythree thousand.-Turkish Liras)	<b>2.975.000.-EURO</b> (Twomillionninehundredseventyfive thousand.-EUROS)

<b>NOT:</b>	1	The value above is the fair market value for a cash sale.
	2	* VAT included and VAT rate is taken %18.
	3	Exchange rate has been taken as 1 Euro=2,2132- TL. The value in EURO is given only for information purpose
	4	This appraisal report has been prepared further to the related provisions of the Capital Markets Regulation.
	5	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;

It is considered that there are no restraints in the framework of the provisions of the Capital Markets Legislation in including the subject immovable property as "project" to the Real Estate Investment Trust portfolio.

<b>Hüsniye BOZTUNÇ</b> <b>Appraiser (400811)</b>	<b>Adem YOL</b> <b>Appraiser in Charge (400101)</b>
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## ANNEX

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