

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.



REAL ESTATE APPRAISAL REPORT

Report Date: 08.12.2013
Value Date: 31.12.2012

R. No: 2012REVC177



ISO9001:2008
FS 509685

AKFEN
GAYRİMENKUL
YATIRIM ORTAKLIĞI
A.Ş.

İZMİR İBİS HOTEL
PROJECT

KONAK/İZMİR

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

We herewith declare the issues below about the real estate report prepared by **TSKB Real Estate Appraisal Company** for **AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.** at the date of **08.02.2013** with the report number of **2012REVC177** ;

- The findings provided in the following report are true to the knowledge of the Appraisal Expert;
 - 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 valuated;
 - The Appraiser has personally inspected the property;
 - The exclusion of the persons mentioned in the report no other person has contributed professionally to the preparation of this report;
 - This appraisal is prepared due to the statements of Capital Market Legislation
-

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

EXECUTIVE CHART

OPEN ADDRESS OF THE

Alsancak Quarter, Atatürk Street, 7656 block, 2 parcel, Konak/İZMİR

USAGE OF THE PROPERTY

Hotel construction on a plot of 629 sqm

TITTLE DEED INFORMATION

İzmir Province , Konak District , Alsancak Quarters , plan 909 , 7656 block , 2 parcel no "Land" type of property, " Vakıflar Genel Müdürlüğü " real estate owned.

ZONING STATUS

Presented on section 4.3 of this report

TOTAL PROJECT VALUE ON 31 DECEMBER 2012(Excluding VAT)	
46.770.000.-TL (Fortysixmillionsevenhundredtwentythousand .-TL)	19.770.000.-EURO (Nineteenmillionsevenhundredseventyousand.- EURO)
TOTAL PROJECT VALUE ON 31 DECEMBER 2012 (Including VAT)	
55.129.600.-TL (Fiftyfivemilliononehundredtwentyninethousand sixhundred.-tl)	23.328.600.-EURO (Twentythreemillionthreehundredtwentyeight thousandsixhundred.-EURO)
TOTAL MARKET VALUE OF THE PROJECT AS OF 31 DECEMBER 2012 (Excluding VAT)	
19.050.000.-TL (Nineteenfiftythousandmillion.-TL)	8.060.000.-EURO (Eightmillionsixtythousand .- EURO)
TOTAL MARKET VALUE OF THE PROJECT AS OF 30 DECEMBER 2012 (Including VAT)	
22.467.200.-TL (Twentytwomillionfourhundredsixtyseven thousandtwohundred.-TL)	9.510.800.-EURO (Ninemillioneighthundredtentousand fivehundred .-EURO)

1-These identified values are the market values respectively for cash sales payments.

2- VAT ratio has been accepted 18%.

3- Exchange rate has been taken as EURO 1 = TL 2.3630 and USD 1: TL 1,7912. The exchange rate is given only for information

4- This report has not been prepared further to the related provisions of the Capital Markets Regulation

5- 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.

Simge SEVİN AKSAN
Appraiser (401124)

Bilge BELLER ÖZÇAM
Responsible for the Appraiser(400512)

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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SECTION 1

***REPORT,
COMPANY AND THE CLIENT INFORMATION***

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SECTION 1

REPORT, COMPANY AND THE CLIENT INFORMATION

1.1 Report Date and Report Number

This report was issued by our company on 08.02.2013 and number 2012REVC177 with reference to the request dated 31.10.2012 and made by the firm, titled as Akfen Gayrimenkul Yatırım Turizm Ortaklığı A.Ş.

1.2 Report Type

This appraisal report was prepared in order to determine the fair market value on 31.12.2012 in Turkish Liras, for the planned project on the property recorded as Izmir, the administrative district of Konak, Alsancak District, plan 909, section 7656, parcel no 2, of 629 sqm area, owned by “Vakıflar Genel Müdürlüğü”, immovable property qualifying as “Land” in the land registry. This report has been prepared in line with the Provisions of the Capital Markets Legislations.

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 Simge SEVİN AKSAN real estate appraiser, Bilge BELLER ÖZÇAM responsible for the appraiser issued this report.

1.4 Appraisal Date

This appraisal report is prepared with reference to the studies started on 03.11.2012 and finished on 08.02.2013. 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 Oraklığı A.Ş. and our Company on 02.11.2012 and has determined the rights and obligations of the contractual parties.

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 report was issued by our company with reference to the request dated 31.10.2012 and made by the firm, titled as Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. In line with the requests of the customer, there is no restriction in the appraisal.

No restriction was brought by the customer during the appraisal study. In the projections, coefficient values collected during the market research and the agreements made by and between Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. and Accor Group were taken into consideration.

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

	Report-1	Report-2	Report-3
Report Date	31.12.2010	28.02.2011	30.09.2011
Report Number	2010REV387-10	2011REV78-10	2011REVC68
Report Prepared by	Bilge BELLER ÖZÇAM Adem YOL	Hüsniye BOZTUNÇ Adem YOL	Bilge BELLER ÖZÇAM Fatih TOSUN
Propert Total Value (TRY)	3.520.000 TL	4.630.000 TL	7.280.000 TL
Propert Total Project Value (TRY)	22.292.000 TL	23.328.000 TL	27.450.000.-TL

1.9 Company's Information

Our Company was established with a capital amount of TRL 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 Caddesi, No:201, C Blok, Kat:8, Levent/İSTANBUL.

SECTION 2

DEFINITION AND SCOPE OF THE APPRAISAL

DEFINITION AND THE SCOPE OF THE APPRAISAL

2.1 The Methods Used in the Appraisal

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

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sufficient demand for the goods or services to be produced and their sales with the prices that would provide possibility to obtain the expected profitability. The examination of the project for the entrepreneur covers the examination and evaluation of the industry where the subject product of the project is positioned and the anticipations regarding the future. The evaluation of the market where the subject goods or services of the project are positioned can be examined as the current situation and the expectations for the future.

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

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

2.2 Definitions and Model of the Calculation Methodology

In this part of the study, Income capitalization method is used for the value of real estate.

2.2.1 Model Definitions and Calculation Method

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 2040, and it has the attributes required to be an indicator bond.

Variant on the risk-free rate¹

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

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

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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 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 ²	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	4.5 - 5.5% over govt. bond rate
Developed Markets with limited listings and stable economies (Germany and	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.³

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

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

³ International Valuation Standarts, Sixth Edition , 2003 , p.323

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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.⁴

Other point of view: The Capital Asset Pricing Model (CAPM) 5

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

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 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.

2.3 The Value Definitions

2.3.1 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.

⁴ *The Appraisal of Real Estate , 12th Edition , Chapter 20, The Income Capitalization Approach, p. 489*

⁵ *Damodaran on Valuation ,Security Analysis for Investment and Corporate Finance, Section 3 : Estimation of Discount Rates p.21*

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- 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.

SECTION 3

GENERAL AND SPECIAL DATA

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

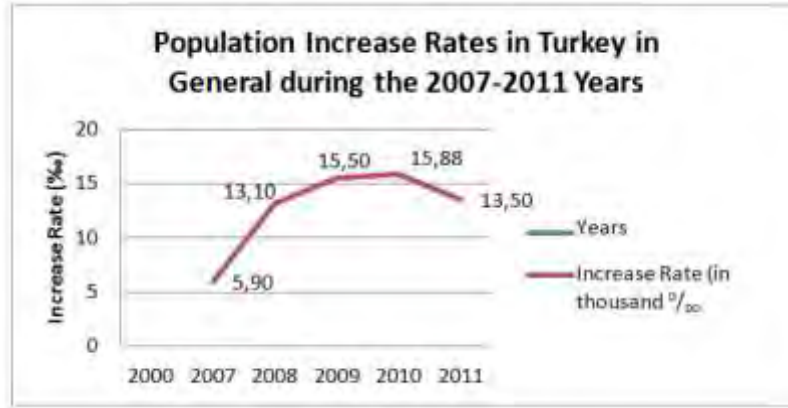
According to the data from the Address Based Population Registration System (ADNKS), as of December 31, 2011 the population of Turkey is 74.724.269. In the year 2011, the annual population growth speed of Turkey was 13,5 per thousand. In 2011, the population resident in Turkey increased by 1.001.281 people. The 50,2% of the population (37.532.954 people) are male and 49,8% (37.191.315 people) are female.

The Per-Annum Distribution of the Population Rise in Turkey			
Total			
	Total	Male	Female
2008	71.517.100	35.901.154	35.615.946
2009	72.561.312	36.462.470	36.098.842
2010	73.722.988	37.043.182	36.679.806
2011	74.724.269	37.532.954	37.191.315

According to the census results of 2008, the population of Turkey was 71.517.100 while as of December 31, 2009 the population of Turkey increased up to 72.561.312 people. In the period from 2000 to 2007, the annual growth in population was 5,9 per thousand on average while in 2008 the speed of population growth was 13,1 per thousand and the population figure became 71.517.100.

As of the end of 2009, the population in Turkey increased by 14,5 per thousand year on year, reaching 72.561.312 people and this figure rose by 1.161.676 people as of the end of 2010 (15,88 per thousand) reaching up to 73.722.988. In the graphics below, the population increase rates of Turkey for the period of 2007-2011 have been provided.

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In 2011, from 81 provinces 56 provinces had year on year rise in their population while 25 provinces had declines. The top three provinces with the lowest speed of population increase were Bilecik (-100,41 per thousand), Isparta (-86,27) and Kütahya (-45,44 per thousand). The top three provinces with the highest speed of population increase are Tunceli (103,49 per thousand), Hakkari (79,75 per thousand) and Şırnak (62,82 per thousand).

The urban population in Turkey increases with a much greater speed when compared to the rise of rural population. The proportion of the urban population in the country increased significantly in the last 17 years was 59% in 1990 and became 64,9% in 2000 and 75,5% of the entire population of the country in 2009. In 2010, the proportion was calculated as 76,3%. The urban population (the population resident in city and town centers) is 56.222.356 and the rural population (the population resident in villages and localities) is 17.500.632. As of 2011, in total 76,8% of the total population (57.385.706 people) live in city and town centers while 23,2% (17.338.563 people) live in localities and villages. The province with the highest population in city and town centers is Istanbul with 99% and the province with the lowest rural population is Ardahan with 35%.

18.2% of the total population in the country (13.624.240 people) live in Istanbul. It is followed by Ankara with 6.6% (4.890.893 people), Izmir with 5.3% (3.965.232 people), Bursa with 3.6% (2.652.126 people) and Adana with 2.8% (2.108.805 people). In Bayburt, which has the lowest population in the country, the number of people resident is 76.724.

The average age in the country is 29,7. The age average for males is 29,1 and it is 30,3 for females. The average age for the urban population is 29,5 and the average age for the rural population is 30,5. Half of the population is younger than 29,7 years of age.

The population capable of labor in the age group 15-64 (50.346.979 people), comprises 67.4% of the entire population. 25.3% of the country population (18.886.575 people) is in age group of 0-14 and 7.3% (5.490.715 people) is in the age group of 65 and above.

"The number of people per sqkm" which is defined as the population density is 97 for all of Turkey. This figure ranges from 11 to 2.622 people in the cities. In Istanbul, the population density is 2.622. This is followed by Kocaeli with 443 people, Izmir with 330 people, Gaziantep with 257 people and Bursa with 254 people.

Tunceli is the city with the lowest population density with 11 people. Konya, which is the top city in terms of surface area size, has population density of 52 people and Yalova, which is the smallest city in terms of surface area, has population density of 244.

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Province	Population	Population (City Center)
Istanbul	13.624.240	13.483.052
Ankara	4.890.893	4.762.116
Izmir	3.965.232	3.623.540
Bursa	2.652.126	2.359.804
Adana	2.108.805	1.864.591

3.1.2 Economic Data

External economic developments have been more predominant than internal politics at the beginning of 2008, the developments have influenced the economy directly and a regression has been observed in the investments as of the beginning of April, 2008 and the levels of foreign investments of the previous years have begun to drop. Viewing the investments in 2008, it has been observed that while saturation level has been reached in certain areas in the housing and SHC sectors, investments have continued in the office and logistics sectors.

The economic crisis in the world, which was the most significant event in 2008, initially emerging as a subprime mortgage crisis in the US, and thought to be arising from a liquidity problem, but in time understood to be mainly a lack of confidence, has emerged by bankruptcy of major US investments banks and insurance companies in March and has spread to Europe in a very short time. Despite countries' declaring crisis prevention packages one after another, the developments could not be prevented and the world growth figures have displayed negative values.

As of the end of 2008 and the beginning of 2009, the economic crisis has begun to be felt by the real sector also in Turkey. With the economic shrinkage in 2009, drops have been observed in industrial production and employment. It is known that the real estate sector has continued to shrink in 2009, the decreasing trend in the prices has continued and the demand has been low.

However, with the positive outlook experienced in the country's economy and the foreign markets as of the beginning of 2010, it is observed that a sustainable development has started again and the influences of the crisis have been somewhat decreased by the positive atmosphere. By the currency rates' remaining within a certain band within 2010 in general, the continued increasing trend of the Istanbul Stock Market, and the perception of the September 2010 referendum as political stability, the positive atmosphere in the markets has continued.

Within 2011, when economic data has begun to be positive, the interest of foreign investments in Turkey has continued. However, the fact that major investment decisions may not be made as comfortably and easily as in the previous years, has prolonged the investment processes. With the price consistency and the increase in economic growth, 2011 has been the stage for Turkey's progress and increased power in foreign politics.

Although it is observed that economic stability has continued in 2012, it has also been observed that sales difficulties have been experienced for certain real property types and projects. In addition, 2012 has been a year when 3 significant laws have been brought to the sector. With the reciprocity law, the road for foreign investors wanting to invest in Turkey has been cleared, and this law is expected to provide a serious acceleration in the real property market in the coming period. Although it is aimed to attract foreign capital and close the current deficit with the reciprocity law, it is believed that Urban Transformation and

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the sales of 2B lands actually will be the factors attracting attention both locally and internationally and allowing the increase of resources. By these laws, new real property development areas have been created, and it is believed that its impact will be felt more clearly in 2013.

During the last quarter of 2012, the Fitch Rating Organization has raised Turkey's foreign currency credit rating from BB+ to BBB-. With this positive development, it is expected that foreign investors will turn their eyes to Turkey. With this favorable economic development and the 3 important laws passed in 2012, it is foreseen that 2013 will be a better year as compared to 2012 from the real property sector perspective.

3.2 Special Data – Analysis of the Area of the Area Where the Property is Located

3.2.1 İzmir Province



İzmir which is a typical example of the Aegean shores is surrounded by Madra Mountains in the north, Kuşadası in the south, Teke cape of the Çeşme peninsula in the west and Aydın-Manisa border in the east on approximately 11.973 ksqm area. İzmir is the biggest city of the Aegean region and the 3rd big city of Turkey.

İzmir province is one of the richest cities of Turkey with its natural location and has a quality and plenty of raw materials, modern sea, air and land transportation, educated labor and important capital developed by agricultural activities and increased by industrial production. These properties are the main driving power of the industrialism in the city. Most important organized industry zones in the city are Atatürk Organized Industry Zone, Aegean Organized Industry Zone and Kemalpaşa Organized Industry Zone.

While İzmir's share in the total population of Turkey was approximately 5,30% in 2012 this ratio has reached to 5.30% (According to the 2012 Census Record on Address, Turkey's population is 74.724.269 and İzmir's population is 3,699.232).

Between 2008 and 2012, population rise has been 169.254. The population of the villages of İzmir has decreased by %1,08 in 2008-2012 years.

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Türkiye	İl/ilçe merkezi			Belde/Köy			Toplam		
	Toplam	Erkek	Kadın	Toplam	Erkek	Kadın	Toplam	Erkek	Kadın
	57.385.706	28.853.575	28.532.131	17.338.563	8.679.379	8.659.184	74.724.269	37.532.954	37.191.315
İzmir	3.623.540	1.807.181	1.816.359	341.692	171.907	169.785	3.965.232	1.979.088	1.986.144

Yıl	Toplam	Değişim	Sıra	Yüzde	İzmir il nüfus bilgileri							
					Kır - Şehir			Erkek - Kadın				
					Kır	Şehir	Oran	Erkek	Kadın	Oran		
1965 ^[14]	1.234.667	—	3	%3.93	613.114	%50	%50	621.553	641.118	%51.9	%48.1	593.549
1970 ^[15]	1.427.173	%16	3	%4.01	674.132	%47	%53	753.041	739.429	%51.8	%48.2	687.744
1975 ^[16]	1.673.966	%17	3	%4.15	768.907	%46	%54	905.059	868.403	%51.9	%48.1	805.563
1980 ^[17]	1.976.763	%18	3	%4.42	917.580	%46	%54	1.059.183	1.021.989	%51.7	%48.3	954.774
1985 ^[18]	2.317.829	%17	3	%4.57	517.032	%22	%78	1.800.797	1.198.236	%51.7	%48.3	1.119.593
1990 ^[19]	2.694.770	%16	3	%4.77	559.954	%21	%79	2.134.816	1.379.778	%51.2	%48.8	1.314.992
2000 ^[20]	3.370.866	%25	3	%4.97	638.197	%19	%81	2.732.669	1.698.819	%50.4	%49.6	1.672.047
2007 ^[21]	3.739.353	%11	3	%5.3	564.220	%15	%85	3.175.133	1.872.579	%50.1	%49.9	1.866.774
2008 ^[22]	3.795.978	%2	3	%5.31	345.441	%9	%91	3.450.537	1.897.792	%50	%50	1.898.186
2009 ^[23]	3.868.308	%2	3	%5.33	343.106	%9	%91	3.525.202	1.933.681	%50	%50	1.934.627
2010 ^[24]	3.948.848	%2	3	%5.36	342.522	%9	%91	3.606.326	1.985.368	%50.3	%49.7	1.963.480
2011 ^[25]	3.965.232	%0	3	%5.31	341.692	%9	%91	3.623.540	1.979.088	%49.9	%50.1	1.986.144

İzmir province is one of the richest cities of Turkey with its natural location and has a quality and plenty of raw materials, modern sea, air and land transportation, educated labor and important capital developed by agricultural activities and increased by industrial production. These properties are the main driving power of the industrialism in the city. In İzmir with all the traditional industry like food, textile, tobacco, dried vegetable-fruit industries all branches of manufacturing industry is also developed and reached important levels. İzmir has lived the advantages of being a city of trade and seaport during the history. Alsancak port is an important exportation and importation center with a capacity of 20.000.000 tons. Exportation of İzmir is close to 40% of our general exportation. Alsancak port is really important for Turkish exportation.

After the foundation of republic, İzmir became a modern city and it's developing since then. İzmir alongside being a tourism center is also an important cultural crossroad with its universities, museums, concert halls, culture and art associations, national and international fests and rich media.

There are 30 districts of İzmir. Of these, Konak, Bornova, Karşıyaka, Çiğli, Balçova, Buca, Narlıdere, Güzelbahçe, Gazimemir, Foça, Aliğa, Menemen, Kemalpaşa, Bayındır, Torbalı, Selçuk, Seferihisar, Menderes, Karaburun, Bayraklı, Karabağlar and Urla are within the borders of metropolis. Others are: Bergama, Kınık, Dikili, Ödemiş, Beydağ, Kiraz, Tire, Çeşme.

Shopping centers are located in Centrum and both sides of bay. Especially in recent years there is an important increase in the shopping centre projects. Forum Bornova, Agora ve Ege Park bunlardan başlıcaları ve en önemlileridir. Forum Bornova, Agora and Ege Park are just important ones.

For office sector, especially Çankaya, partially Alsancak and partially Konak regions are the city's office central business areas. Building accepted as A class office building in İzmir are accepted as B class office buildings in İstanbul and Ankara. According to other provinces of the country, İzmir has an advanced transportation network. City has both domestic and foreign land, sea, air and railway connections.

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3.2.2 Konak District



Konak district is the biggest district in the borders of İzmir Metropolitan city. It is surrounded by İzmir Bay and Karşıyaka on the north, Bornova on the east, Buca and Gazimir on the south and Balçova district on the west.

It is the second biggest district of the Turkey. According to 2011 Census Record on Address has a total population of 397.201. Has a surface area of 69 km². District has 168 quarters, 6611 avenues-squares-boulevards-streets and 2 villages. Has no town.

İzmir	İl/ilçe merkezi			Toplam		
	Toplam	Erkek	Kadın	Toplam	Erkek	Kadın
Konak	397.201	194.489	202.712	397.201	194.489	202.712
Toplam	397.201	194.489	202.712	397.201	194.489	202.712

Konak district is the administrative, artistic, cultural and commercial center of İzmir.

With the flag on it flagpole in 9th September 1922 Government Office is a symbol of liberation of not only Izmir but also the whole country. Government Office was built in 1868-1872.

Clock tower which is a meeting point since it was built is in Konak Square. Tower is 25 m high and it was ordered by Grand Vizier Mehmet Said Paşa in 1901 to the architecture of the German Consulate building for the 25th anniversary of the throne of Abdülhamit II. Clock of the tower is a gift from German Emperor Wilhelm II.

It has many artifacts from antic ages, from Ottoman age but mostly it is characterized by Republic age artifacts. Since Konak is the culture, art and entertainment center of İzmir it is a meeting point for both native and foreign tourists. Especially Kemeraltı Bazaar has important contributions to economy of district and advertisement of İzmir. Agora ruins left from Romans are close to Konak and it is open for tourists. Besides Konak is also famous of Konak port which connects to Karşıyaka by sea and Konak square. Konak seashore and walking courses are filled by people especially weekends.

SECTION 4

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

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

SECTION 4

TITTLE DEED AND ZONING INFORMATION OF THE REAL ESTATE

4.1 Tittle Deed Information of the Real Estate

Province	:	İzmir
District	:	Konak
Township	:	-
Quarter	:	Alsancak
Village	:	-
Location	:	-
Plot No.	:	909 Plan
Section No.	:	7656
Parcel No.	:	2
Area	:	629 sqm
Quality of the Property	:	Land
Owner	:	Vakıflar Genel Müdürlüğü
Share	:	Full

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 investigations carried out on 24.12.2012 at 10.30 in Title Deed Registration Directorate of Izmir Konak District, and according to date on 03.01.2013 the encumbrance certificate, provided by the client and presented as attachment to this report.

In the Annotations Section:

Rental annotation in favor of Akfen Gayrimenkul Yatırım Ortaklığı A.Ş for a term of 49 years starting from 16.09.2010. (Date of Commencement: 16.09.2010 Term:49 years) (dated 15.02.2011 and with journal no 3272)

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

- Within the last three years, no sales or transfer processes took place in relation to the property in question.
- Rental annotation in favor of Akfen Gayrimenkul Yatırım Ortaklığı A.Ş for a term of 49 years starting from 16.09.2010. (Date of Commencement: 16.09.2010 Term:49 years) (dated 15.02.2011 and with journal no 3272)

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.

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According to the investigations carried out on 20.11.2012 in city of Izmir Konak District, Konak Municipality Zoning Directorate and according to date on 03.01.2013 the approved zoning status certificate provided to our party, the information obtained on the parcel in question is listed below;

✓ **Zoning Status:**

- The immovable property is included in the "Residential Area with Commercial Option (hatched as TM)" according to the Alsancak Zoning Plan with scale of 1/1000 and approval date of 24.01.1985.
- The property is attached in layout and it has 8 floors excluding the roof. Hmax : 24.80 m.
- No residence can be built in Ground Floor.
- Construction can be carried out on the entire parcel.

According to the plan notes;

- Housing, market, office, retail stores, commercial and entertainment places, touristic facilities, hotels and motels, regional public institutions, multi-story car parking buildings etc. can be located on the parcel. No housing units can be built in the ground floor.

✓ **Licenses and Permissions**

- There is a building license dated 10.10.2011, with license no 1/2011, issued for 760 sqm of "Shared Area" in accordance with the "İKSA license Construction Site Chief Replacement".
- There is a building license dated 10.10.2011, with license no 80, issued for "Hotel with or without a Restaurant" with area of 5.760 sqm for "New Construction".
- There is an architectural project with the approval date of 19.07.2011.

Building License - Building Utilization Permit Date/No	Given Reason	Area (sqm)	Description
10.10.2011 date & license no 1/2011	Chief Replacement	760,00	İKSA license Construction Site Chief Replacement
10.10.2011 date & license no 80	New Construction	5.760,00	Hotel with or without a Restaurant

✓ **Building Audit**

- The immovable under appraisal is subject to the Law Concerning Construction Supervision dated 29.06.2001 and numbered 4708. "Kordon Yapı Denetim Ltd. Şti.", resident at the address Güneşli Mah., Eskiizmir Cad., No:12/B, 35270, Yağhaneler / İZMİR is supervising the construction.

4.3.1 Information on Amendments About the Legal Status of the Property in Question within the Last Three Years, if any (Amendments on Zoning Plan, nationalization, etc.)

No amendments have been made on the legal status (zoning plan, nationalization, allotment - amalgamation, etc.) of the property in question within the last three years

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4.4. Remarks about Property, Project of the Property and Rights and Benefits Related to the Property, within the Scope of Capital Market Legislation

The owner of the subject property is the General Directorate for Foundations and the immovable property has been leased by Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. via an agreement with 49 years of term.

According to the paragraph "J" of the 25th article of the rules on real estate investment trusts enacted by the Capital Market Board (article 25/J: On the condition that special agreement provisions are available, they may lease real estates from third persons for collecting rental revenues and let these real estates out again on their behalf) in case all phases of approval are completed for the subject immovable property and in case it yields a positive outcome.

4.5 Environmental and Ground Contamination

There is no mortgage on the real property. Rental annotation in favor of Akfen Gayrimenkul Yatırım Ortaklığı A.Ş for a term of 49 years starting from 16.09.2010.

4.6 Environmental and Ground Contamination (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, Location and Environment Characteristics of the Immovable Property

Gayrimenkulün açık adresi: Alsancak Quarter, Atatürk Street, 7656 block, 2 parcel, Konak/İZMİR

The subject immovable property is on Atatürk Avenue, from Konak direction to the direction of Alsancak Police Station, opposite the Customs Directorate, on the left hand side. In the vicinity of the immovable property are Tariş, Customs Directorate, İzmir Büyük Dershane, Final Dershanesi, Migros, Alsancak Dental Health Care Center, former Tekel warehouses, Alsancak parking building, Soil Products Office, Punta Residence, Aksoy Residence, Kordon Kule Residence, Alsancak Train Station, Alsancak Port, the Historical Gas Factory, Izmir Regional Office of the Ministry of Transport, taxi station and business areas.

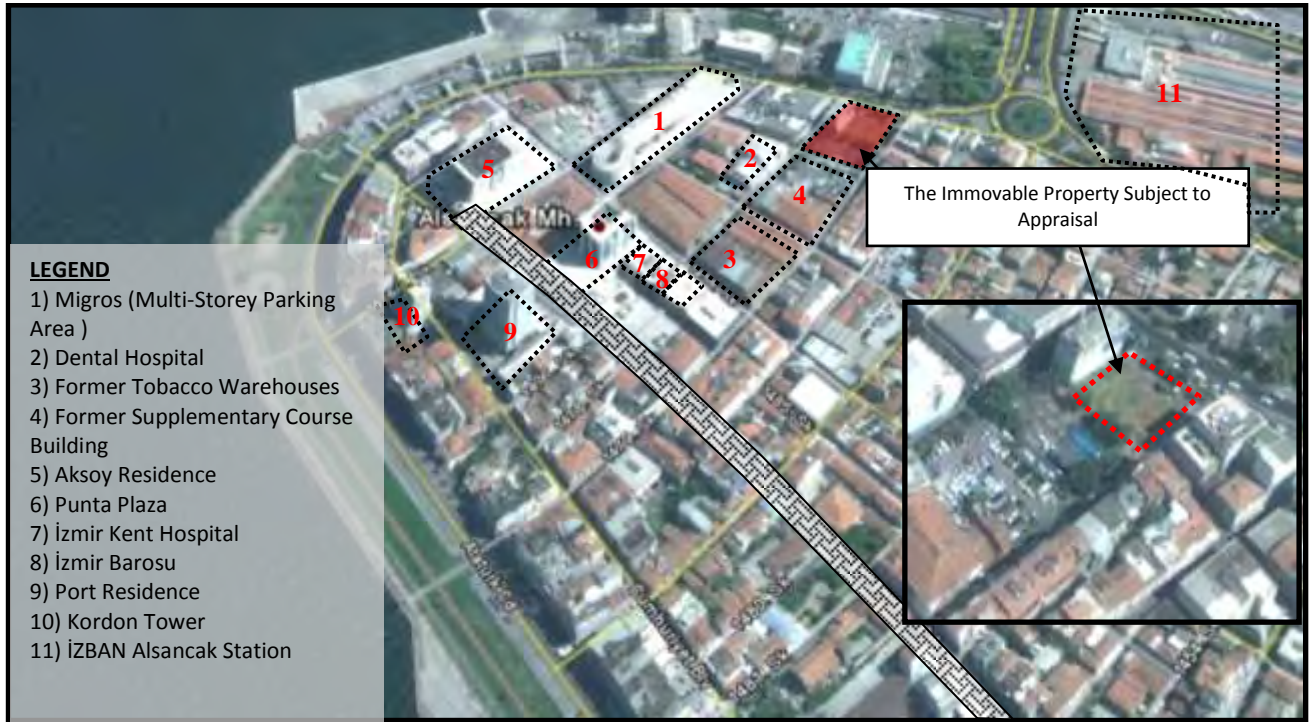
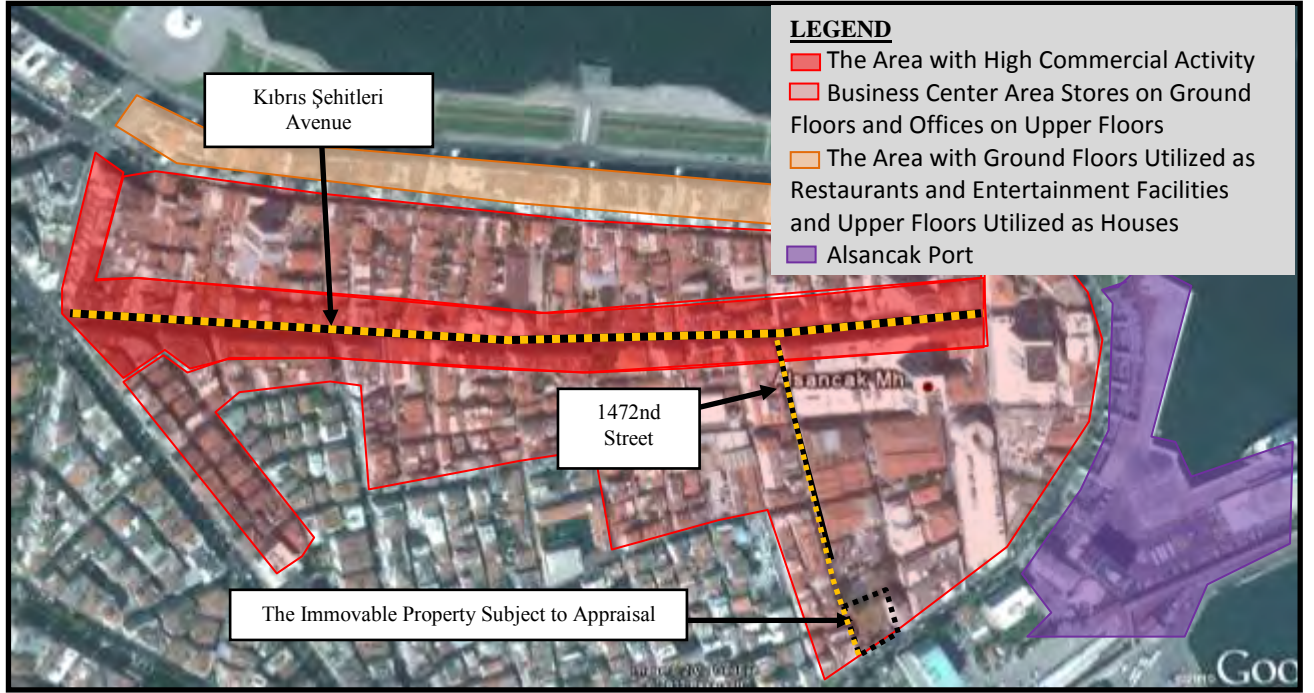
The area of the immovable property is one of the focal urban points. Because of the recent rise in the demand for luxury houses, the residence construction in the vicinity is visible and this makes the area more prestigious. However, in the southern facade of the immovable property and in the western facade extending to Kıbrıs Şehitleri Avenue axis, it is observed that the social texture is low and urban transformation has not started yet. Because the immovable property is in proximity with Alsancak Train Station and Alsancak Dock, it has means of alternative and easy transportation. With the opening of Aliğa-Menderes subway line, the means of transportation improved even more.

It is possible to get access to the subject immovable properties via mass transportation and private vehicles. In the vicinity of the immovable properties, Kıbrıs Şehitleri and Atatürk Avenues are crowded in terms of pedestrian traffic and Liman Avenue is crowded in terms of vehicle traffic. Additionally, the subject immovable properties are also in proximity with the other significant avenues of Izmir such as Talatpaşa Boulevard, Cumhuriyet Boulevard and İZBAN Alsancak Station. The subject immovable property is at 0,20 km distance to Alsancak Port, 6,60 km to the center of Bornova, 4,90 km to Konak Center, 10,80 to the center of Karşıyaka.

Distances from the Subject Immovable Property to Certain Significant Centers;

Location	Distance (km)
Izmir Alsancak Port	~ 0,25 km.
İZBAN Alsancak Station	~ 0,35 km.
Gündoğdu Square	~ 0,80 km.
Konak	~ 3 km.

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5.2 Definiton of the Subject Property of Appraisal

The subject immovable is the hotel under construction with 629,00 sqm of lot area, on section 7656, parcel no 2. It was detected that there are building licenses and approved architectural projects on the subject property offered to us by the customer. The immovable property has 5.760 sqm of area according to the building license and according to its approved architectural project, the property has 2 basement floors, ground floor and 7 normal floors, making up 10 floors in total. The immovable property has total area size of 5.882,77 sqm according to the architectural project.

The parcel under appraisal with 629,00 sqm of surface area is in rectangular shape and has a plain topography. The immovable property has facades to Atatürk Avenue and 1472nd Street. The immovable property has around 25 meters of facade to Atatürk Avenue and 15 meters of facade to the 1472nd Street. The visibility and advertising capacity of the hotel under construction on the parcel are high. During the examination on the site of the subject immovable property it was detected that the immovable property has total number of 10 floors including 2 basement, ground and 7 bedroom floors. As of the date of appraisal, the rough construction work of the property has been completed and the mechanical and craftsmanship work is continuing. As of the date of appraisal, it was detected that the immovable property has been physically completed by 81%. In the light of the detections on the site of the immovable property, it can be said that the materials and craftsmanship employed are of high quality.

During the examination on the site of the 2nd basement floor, it was observed that the walls of the spaces on this floor have been completed. According to the approved architectural project of the immovable property, there are shelter areas, heating center, water tanks and technical areas. It was detected that the walls are covered with concrete and the painting will be applied on plaster. It was detected that the flooring is now concrete and will be ceramic. It was detected that the interior door casings are not in place yet. It was detected that the installation of the water tanks on the second basement floor was not completed and will be covered with ceramic. In the table on the right side of the page, the space distribution of the floor according to the approved architectural project can be seen.

2nd Basement Floor Place Distribution	sqm
Fire Escape	31,86
Fire Security	11,72
Shelter Hall	8,8
Electricity Room	3,50
Water Tank	13,21
Water Tank	9,29
Water Tank	12,11
Pumping Room	38,93
Heat Center	79,12
Corridor	31,83
Shelter	225,90
WC for Men	7,47
WC for Women	8,50

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During the examination on the 1st basement floor, it was detected that the wall sections of the spaces in this floor have been completed. According to the approved architectural project of the immovable property, there are office, maintenance workshop, electricity room, kitchen warehouses, laundry room, personnel dining room, housekeeping room, personnel room, archive and uniform room sections. It was detected that the walls are covered with concrete and the painting will be applied on plaster. It was detected that the flooring is now concrete and will be ceramic. It was detected that the interior door casings are not in place yet. It was detected that the installation of the water tanks on the second basement floor was not completed and will be covered with ceramic. In the table on the right side of the page, the space distribution of the floor according to the approved architectural project can be seen.

1st Basement Floor Place Distribution	sqm
Fire Escape	31,86
Fire Security Hall	6,82
Office	9,42
Maintenance Workshop	11,04
Corridor	58,42
System Room	21,12
Electricity-Ups	15,51
Food court	12,79
Kitchen Warehouse	25,11
Clean Laundry Room	13,64
Personnel Dining Hall	12,61
Housekeeping	18,89
Personnel Room	24,54
Archive	8,39
Uniform Room	10,24

During the examination on the ground floor, it was observed that the sectioning of the walls in the spaces on this floor has been completed. According to the approved architectural project of the immovable property, on this floor, there are reception, restaurant, bar, offices, kitchen, the room of the general director, waste rooms, meeting rooms and toilets. It was detected that the walls are covered with concrete and the painting will be applied on plaster. It was detected that the flooring is now concrete and will be ceramic. It was detected that the interior door casings are not in place yet. It was detected that the installation of the water tanks on the second basement floor was not completed and will be covered with ceramic. In the table on the right side of the page, the space distribution of the floor according to the approved architectural project can be seen.

Ground Floor Place Distribution	sqm
Fire Escape	34,43
Fire Security	6,51
Reception	78,16
Restaurant & Bar	129,65
Bar Kitchen	6,00
Office	13,24
Kitchen	66,40
General Director	11,80
Purchasing	4,76
Electricity Room	2,69
Dry Garbage Room	4,75
Cold Garbage Room	5,34
Service Hall	22,15
Fire Alarm	10,39
Sheltered Corridor	17,23
Handicapped WC	8,42
Meeting Room (2)	55,19
Luggage Room	6,33

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During the examination of the first floor, it was detected that on this floor, there are 20 bedrooms, electricity room, laundry room and dirty laundry room. According to the approved architectural project of the immovable property, there are 11 standard rooms, 1 room for handicapped, 1 standard room type 1, 1 standard room type 2 and 6 twin bedrooms. During the examination on the site, the flooring of the shared area is concrete and will be covered in carpet and laminated parquet will be used in the flooring of the rooms. In these floors, the walls of the rooms are satin paint on plaster. The windows are installed and aluminum was used. It was also learned that in all rooms, the doors will be of wood with high quality. The ceiling of all rooms and corridors is covered with plaster. Double plaster is used between all walls. In these floors, the electricity and mechanical work and clean and waste water pipes have been installed. Mechanical ventilation system is installed in all rooms. The walls between the rooms in bedroom floors are insulated against sound up to 45 db. There are two fire escapes with 150 cm of escape corridor and two staircases of 160 and 120 cm in accordance with the article 33 of the Regulations for Fire Protection in Buildings. The standard room types are of 15,86 sqm and 13,26 sqm from this is living area and 2,60 sqm of this is bathroom area. The handicapped room is of 20,16 sqm size and 15,88 sqm of this is the living area and 4,28 sqm of this is bathroom area. The standard room type 1 has total size of 16,40 sqm and 13,80 sqm out of this is living area while 2,60 sqm is bathroom area.

The standard room type 2 has total area of 16,98 sqm and 14,38 sqm from this is the living area while 2,60 sqm is the bathroom area. The twin room has total size of 17,29 sqm and from this area 14,69 sqm is the living area while 2,60 sqm is the bathroom area. When the construction of the bedrooms is completed on the floor, there will be 11 standard rooms, 1 handicapped room, 1 standard room type 1, 1 standard room type 2 and 6 twin bedrooms.

The Place Distribution of the 1st Normal Floor	Sqm
Fire Escape	34,43
Fire Safety Hall	7,5
Electricity Room	3,9
Laundry Room	4,85
Dirty Laundry Room	8,52
Service Hall	4,63
Corridor	109,04

1st Normal Floor Room Type	Number	Total (sqm)
Standard Room	11	174,46
Handicapped Room	1	20,16
Standard Room Type 1	1	16,40
Standard Room Type 2	1	16,98
Twin Bedroom	6	103,74

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During the examination on the 2nd floor, it was detected that there are 20 bedrooms, electricity room, reserved room and dirty laundry room. According to the approved architectural project of the immovable property, there are 11 standard rooms, 1 handicapped room, 1 Combinable standard room type 1, 1 standard room type 2, 1 Combinable twin bedrooms and 5 twin bedrooms. During the examination on the site, the flooring of the shared area is concrete and will be covered in carpet and laminated parquet will be used in the flooring of the rooms. In these floors, the walls of the rooms are satin paint on plaster. The windows are installed and aluminum was used. It was also learned that in all rooms, the doors will be of wood with high quality. The ceiling of all rooms and corridors is covered with plaster. Double plaster is used between all walls. In these floors, the electricity and mechanical work and clean and waste water pipes have been installed. Mechanical ventilation system is installed in all rooms. The walls between the rooms in bedroom floors are insulated against sound up to 45 db. There are two fire escapes with 150 cm of escape corridor and two staircases of 160 and 120 cm in accordance with the article 33 of the Regulations for Fire Protection in Buildings. The standard room types are of 15,86 sqm and 13,26 sqm from this is living area and 2,60 sqm of this is bathroom area. The handicapped room is of 20,16 sqm size and 15,88 sqm of this is the living area and 4,28 sqm of this is bathroom area. The standard room type 1 has total size of 16,40 sqm and 13,80 sqm out of this is living area while 2,60 sqm is bathroom area. When the construction of the bedrooms in the floor is completed, on the floor, there will be 11 standard rooms, 1 handicapped room, 1 Combinable standard room type 1, 1 standard room type 2, 1 Combinable twin bedroom and 5 twin bedrooms.

The Place Distribution of the 2nd Normal Floor	Sqm
Fire Escape	34,43
Fire Safety Hall	7,50
Electricity Room	3,90
Reserved Room	4,85
Dirty Laundry Room	8,52
Service Hall	4,63
Corridor	109,04

2nd Normal Floor Room Type	Number	Total (sqm)
Standard Room	11	174,46
Handicapped Room	1	20,16
Combinable Standard Room Type 1	1	16,40
Standard Room Type 2	1	16,98
Combinable Twin Room	1	17,29
Twin Room	5	86,45

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During the examination on the 3rd floor, it was detected that there are 20 bedrooms, electricity room, reserved room and dirty laundry room. According to the approved architectural project of the immovable property, there are 11 standard rooms, 1 standard room type 3, 1 Combinable standard room type 1, 1 standard room type 2, 1 Combinable twin room and 5 twin bedrooms. During the examination on the site, the flooring of the shared area is concrete and will be covered in carpet and laminated parquet will be used in the flooring of

The Place Distribution of the 3rd Normal Floor	Sqm
Fire Escape	34,43
Fire Safety Hall	7,5
Electricity Room	3,90
Reserved Room	4,85
Dirty Laundry Room	8,52
Service Hall	4,63
Corridor	114,26

the rooms. In these floors, the walls of the rooms are satin paint on plaster. The windows are installed and aluminum was used. It was also learned that in all rooms, the doors will be of wood with high quality. The ceiling of all rooms and corridors is covered with plaster. Double plaster is used between all walls. In these floors, the electricity and mechanical work and clean and waste water pipes have been installed. Mechanical ventilation system is installed in all rooms. The walls between the rooms in bedroom floors are insulated against sound up to 45 db. There are two fire escapes with 150 cm of escape corridor and two staircases of 160 and 120 cm in accordance with the article 33 of the Regulations for Fire Protection in Buildings. The standard room types are of 15,86 sqm and 13,26 sqm from this is living area and 2,60 sqm of this is bathroom area. The standard room type 3 has total size of 17,54 sqm and 13,26 sqm out of this is living area while 4,28 sqm is bathroom area. The Combinable standard room type 1 is of 16,40 sqm size and 13,80 sqm of this is living area and 2,60 sqm of this is bathroom area. The standard room type 2 has 16,98 sqm size and 14,38 sqm is living area and 2,60 sqm is the bathroom area. The Combinable twin bedroom has total size of 17,29 sqm and 14,69 sqm out of this is living area while 2,60 sqm is bathroom area. The twin bedroom has total size of 17,29 sqm and 14,69 sqm out of this is living area while 2,60 sqm is bathroom area. When the construction of the bedrooms in the floor is completed, on the floor, there will be 11 standard rooms, 1 standard room type 3, 1 Combinable standard room type 1, 1 standard room type 1, 1 standard room type 2, 1 Combinable twin bedroom and 5 twin bedrooms.

3rd Normal Floor Room Type	Number	Total (sqm)
Standard Room	11	174,46
Standard Room Type 3	1	17,54
Standard Room Type 2	1	16,98
Combinable Standard Room Type 1	1	16,40
Combinable Twin Bedroom	1	17,29
Twin Bedroom	5	86,45

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During the examination on the 4th, 5th and 6th floors, it was detected that there are 20 bedrooms, electricity room, reserved room and dirty laundry room. According to the approved architectural project of the immovable property, there are 11 standard rooms, 1 standard room type 3, 1 Combinable standard room type 1, 1 standard room type 2, 1 Combinable twin room and 5 twin bedrooms. During the examination on the site, the flooring of the shared area is concrete and will be covered in carpet and laminated parquet will be

The Place Distribution of the 4th, 5th and 6th Normal Floors	sqm
Fire Escape	34,43
Fire Safety Hall	7,50
Electricity Room	3,90
Reserved Room	4,85
Dirty Laundry Room	8,52
Service Hall	4,63
Corridor	114,26

used in the flooring of the rooms. In these floors, the walls of the rooms are satin paint on plaster. The windows are installed and aluminum was used. It was also learned that in all rooms, the doors will be of wood with high quality. The ceiling of all rooms and corridors is covered with plaster. Double plaster is used between all walls. In these floors, the electricity and mechanical work and clean and waste water pipes have been installed. Mechanical ventilation system is installed in all rooms. The walls between the rooms in bedroom floors are insulated against sound up to 45 db. There are two fire escapes with 150 cm of escape corridor and two staircases of 160 and 120 cm in accordance with the article 33 of the Regulations for Fire Protection in Buildings. The standard room

types are of 15,86 sqm and 13,26 sqm from this is living area and 2,60 sqm of this is bathroom area. The standard room type 3 has total size of 17,54 sqm and 13,26 sqm out of this is living area while 4,28 sqm is bathroom area. The Combinable standard room type 1 is of 16,40 sqm size and 13,80 sqm of this is living area and 2,60 sqm of this is bathroom area. The standard room type 2 has 16,98 sqm size and 14,38 sqm is living area and 2,60 sqm is the bathroom area. The Combinable twin bedroom has total size of 17,29 sqm and 14,69 sqm out of this is living area while

4th, 5th and 6th Normal Floors Room Type	Number	Total (sqm)
Standard Room	12	187,72
Standard Room Type 3	1	17,54
Standard Room Type 2	1	16,98
Combinable Standard Room Type 1	1	16,4
Combinable Twin Bedroom	1	17,29
Combinable Standard Room	2	31,72
Twin Bedroom	2	31,72

2,60 sqm is bathroom area. The twin bedroom has total size of 17,29 sqm and 14,69 sqm out of this is living area while 2,60 sqm is bathroom area. When the construction of the bedrooms in the floor is completed, on the floor, there will be 12 standard rooms, 1 standard room type 3, 1 Combinable standard room type 1, 1 standard room type 2, 1 Combinable twin room, 2 Combinable standard rooms and 2 twin bedrooms.

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During the examination on the 7th floor, it was detected that there are 20 bedrooms, electricity room, reserved room and dirty laundry room. According to the approved architectural project of the immovable property, there are 11 standard rooms, 1 standard room type 3, 1 standard room type 1, 1 standard room type 2, and 5 twin bedrooms. During the examination on the site, the flooring of the shared area is concrete and will be covered in carpet and laminated parquet will be used in the flooring of the rooms. In these floors, the walls of the rooms are satin paint on plaster. The windows are installed and aluminum was used. It was also learned that in all rooms, the doors will be of wood with high quality. The ceiling of all rooms and corridors is covered with plaster. Double plaster is used between all walls. In these floors, the electricity and mechanical work and clean and waste water pipes have been installed. Mechanical ventilation system is installed in all rooms. The walls between the rooms in bedroom floors are insulated against sound up to 45 db. There are two fire escapes with 150 cm of escape corridor and two staircases of 160 and 120 cm in accordance with the article 33 of the Regulations for Fire Protection in Buildings. The standard room types are of 15,86 sqm and 13,26 sqm from this is living area and 2,60 sqm of this is bathroom area. The standard room type 3 has total size of 17,54 sqm and 13,26 sqm out of this is living area while 4,28 sqm is bathroom area. The standard room type 2 has 16,98 sqm size and 14,38 sqm is living area and 2,60 sqm is the bathroom area. The standard room type 1 has total size of 16,40 sqm and 13,80 sqm out of this is living area while 2,60 sqm is bathroom area. The twin bedroom has total size of 17,29 sqm and 14,69 sqm out of this is living area while 2,60 sqm is bathroom area. When the construction of the bedrooms in the floor is completed, on the floor, there will be 11 standard rooms, 1 standard room type 3, 1 standard room type 2, 1 standard room type 1 and 6 twin bedrooms.

The Place Distribution of the 7th Floor	Sqm
Fire Escape	34,43
Fire Safety Hall	7,50
Electricity Room	3,90
Reserved Room	4,85
Dirty Laundry Room	8,52
Service Hall	4,63
Corridor	114,26

7th Normal Floor Room Type	Number	Total (sqm)
Standard Room	11	174,46
Standard Room Type 3	1	17,54
Standard Room Type 2	1	16,98
Standard Room Type 1	1	16,40
Twin Bedroom	6	103,74

During the examination of the roof floor, it was detected that it consists of elevator machinery room and terrace spaces. During the on-site examinations, it was detected that all machinery equipment has been installed.

During the examination on the site of the immovable property and according to the approved architectural project, there are 2 staircases, 2 customer and service elevators and all elevators have been installed. During the examination of the immovable property, the flooring of the stairs is cast stone and the grids are made of iron. The walls in the staircase are painted and it was detected that the materials and craftsmanship are of high quality.

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Akfen REIT Izmir Ibis Hotel Architectural Project Floor Areas and Functions			
The Hotel Block - According to the Architectural Project			
2nd Basement Floor	595,73	sqm	Shelter Areas, Heating Center, Water Tanks and Technical Areas
1st Basement Floor	311,42	sqm	Office, Maintenance Workshop, Electricity Room, Kitchen Warehouses, Laundry Room, Personnel Dining Hall, Housekeeping Room, Personnel Room for Men and Women, Archive and Uniform Room
Ground Floor	595,62	sqm	Reception, Restaurant, Bar, Offices, Kitchen, General Director's Room, Waste Rooms, Meeting Rooms and Toilets
1st Normal Bedroom Floor	626,90	sqm	Rooms and service room-20 rooms
2nd Normal Bedroom Floor	626,90	sqm	Rooms and service room-20 rooms
3rd Normal Bedroom Floor	627,70	sqm	Rooms and service room-20 rooms
4th Normal Bedroom Floor	623,60	sqm	Rooms and service room-20 rooms
5th Normal Bedroom Floor	623,60	sqm	Rooms and service room-20 rooms
6th Normal Bedroom Floor	623,60	sqm	Rooms and service room-20 rooms
7th Normal Bedroom Floor	627,70	sqm	Rooms and service room-20 rooms
The Roof Floor	-	sqm	Elevator Machinery Room and Air Conditioning Systems
Total Area of the Hotel Block	5.882,77*	sqm	

***In the area size section of the building license dated 10.10.2011, with certification no 80, received for 5.760 sqm, the gaps have not been included and in the area distribution table prepared according to the architectural project these gaps have been mentioned.*

5.3 The Structural Construction Characteristics of the Subject Immovable Property

Building Name	Ibis Hotel
Total Building Area	5.760,00 sqm (According to the Building License and the Occupancy Permit) (The gaps are included in the building license.) 5.882,77 sqm (According to the physical conditions and the approved architectural project)
Age	The immovable property is in construction phase, and has been completed by 85%.
Construction Style	Concrete carcass
Construction Order	Adjacent Order
The Number of Floors in the Building	10 floors (2 basement floors + ground + 7 normal floors)
Exterior Facade	Aluminum and glass
Electricity	Network
Heating System	Available
Water	Network
Sewage System	Available
Elevator	Available
Ventilation System	Available
Fire Escape	Available
Fire Extinguishing System	Available

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5.4 The Detections on the Site of the Immovable Property

- The construction of a hotel building is continuing on the subject immovable property.
- The subject immovable property is Ibis Hotel, which is currently under construction.
- The immovable property is a corner parcel.
- The immovable property has around 25 meters of facade to Atatürk Avenue and around 15 meters of facade to the 1472nd Street.
- The immovable property is surrounded by a wooden pane of around 2 meters of height.
- The immovable property has a plain topography.
- In the vicinity of the immovable property are Tariş, Customs Directorate, İzmir Büyük Dershane, Final Dershanesi, Migros, Alsancak Dental Health Care Center, former Tekel warehouses, Alsancak multi-storey parking lot, Soil Products Office, Aliğa-Cumaovası subway station, Punta Residence, Aksoy Residence, Kordon Kule Residence, Alsancak Train Station, Alsancak Port, Historical Gas Factory, taxi station and business centers.
- The immovable property has high attraction due to its proximity with the city center and 1. Kordon whereas the area on its south and the western facade extending until Kıbrıs Şehitleri Avenue are less favorable in terms of social brisk.
- The access to the immovable property is very easy because it is at a central location and in proximity with the main arteries.
- Konak has become an area meeting the luxurious hotel demand due to the rising demand for high quality services and the density in the city center.
- The luxurious houses and offices targeting medium and upper income levels are located in the area of the subject immovable property.
- The area of the immovable property is highly recognized.
- There are buildings of significance in proximity with the immovable property.
- The immovable property is located in social accessories and recreation areas.
- The immovable property has high visibility.

SECTION 6

THE HIGHEST AND BEST USE ANALYSIS

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 are not able to keep up with the rate of urbanization and remain relatively static. This results in the financially achievable and the most efficient use of an appraised property, generating the highest return, not being allowed by the statute. In conclusion, any use that is not allowed by the statute and thus is not physically possible may not be accepted as the best use of the highest efficiency.

Valuation of the most effective and efficient use of the property, its location, around the building, and building requirements, zoning status, given the "**Trade Option Residential Zone**" uses of purpose. Due to the area where the parcel, consistent with the developmental status of "**Hotel**" style structures may constitute the most effective and efficient use.

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

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none">✓ The property in question is situated at the city center of Izmir.✓ The region where the property is located is also the geographical center of the city.✓ It is highly accessible.✓ Infrastructure located in an area that was completed,✓ It is close to Alsancak Harbor and the fair.✓ It has strong transportation links thanks to its proximity to Izmir Harbor and main axis.✓ It is situated in a developing region.✓ It is close to social outfits.✓ It has a high perceptibility because it is located at the corner.✓ It has a front to Atatürk Street.	<ul style="list-style-type: none">- Parking problems in the area of the property to be taking place
OPPORTUNITIES	THREATS
<ul style="list-style-type: none">✓ In the region where the property is located, there is no similar land that can constitute an equivalent to the property.✓ Since the property is located at the corner and it has open frontage, it has a high visibility for advertisement.✓ Due to the fact that the property is close to Alsancak Harbor, the project to be developed on it will add value to the property.✓ High-quality constructions are in increase in the vicinity of the property, thus it is expected to be an attraction center.	<ul style="list-style-type: none">* The economic developments in the world and in our country are affecting the real estate sector adversely also, as is the case for all sectors.

7.2. The Analysis of methods Used in the Appraisal

In this section of the study, sales comparison method is used for the value of the real estate.

7.2.1. Similar Sales Comparison Analysis

The property similar values obtained further to the studies in the neighbourhood of the property are as follows.

- It was learned that the lot in the same locality with the immovable property, in the area between Liman Avenue and Kıbrıs Şehitleri Avenue, with facade to the side road, zoned for housing area with commercial option, with total size of 250 sqm is on sale for TL900.000. (3.600 TL/sqm)
- It was learned that the lot in the same locality with the immovable property, facing the port, with around 500 sqm of stone building, with construction right of 800 sqm base

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area, zoned for commercial purposes, with net area of 3.000 sqm is on sale for TL18.000.000. (6.000 TL/sqm)

- It was learned that the lot in the same locality with the immovable property, the area between Liman Avenue and Kıbrıs Şehitleri Avenue, around Tekel warehouses, for housing area with commercial option, with total size of 145 sqm is on sale for TL800.000. (5.517 TL/sqm)
- It was learned that the lot in the same locality with the immovable property, in the area between Liman Avenue and Kıbrıs Şehitleri Avenue, around Büyük Dershane, zoned for housing area with commercial option, with total size of 286 sqm is on sale for TL1.350.000. (4.720 TL/sqm)
- It was learned that there are no lands that could be coefficients to the subject immovable property in the vicinity, and that the immovable property could have sqm unit value ranging from 7500 TL/sqm to 9000 TL/sqm because it does not have the view of the sea and it is in a central location.
- It was learned that in the area, lot rental may only be for parking use and therefore the lot rental unit values are low and do not reflect the real value of the immovable property.
- It was learned that the rate for floor ownership in return for lot is around 50% in the vicinity of the immovable property.

Coefficient No	Area (sqm)	Qualification	Price (TL/sqm)	Explanation
1	250	Commercial + Housing	3.600	With facade to the side road
2	3.000	Commercial	6.000	With construction right for 800 sqm of base area, zoned for commercial purposes, lot
3	145	Commercial + Housing	5.517	Near the Tekel warehouses
4	286	Commercial + Housing	4.720	Near Büyük Dershane
5	-	Commercial + Housing	7.500-9.000	The subject immovable property

✓ Professional Opining of the Appraisal Expert:

Considering the location of the appraised property, its proximity to the city center and harbour, and means of transportation; the zoning status, the area, geometrical shape, being located in seismic zone, as factor in the value of all properties can be taken into account and according to the similar property values obtained in the vicinity; taking into account the economic situation of the country's real estate assessment of the property value has been appreciated as follows:

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SUPERFICIES VALUE OF THE LAND				
1 sqm Land Value (*) 46,73/49 years(**)	5.676	.-TL/sqm		
Land Size	629,00	sqm		
Total Land Value	3.569.914	.-TL	1.510.755	EURO
(*) As the unit value for the land; 70% of the 8.500 TL/sqm commercially-zoned value has been taken into consideration as the value of the 49 years-long superficiesies.				
The Detail of the Land Value Calculation = (zoned parcel value x 49 years superficies coefficient x time period)				
= 8.500(TL/sqm) x 0.70 x 46,73/49				
= 5.676 (TL/sqm)				

7.2.2 Cost Formation Analysis

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

The construction costs to be used for the calculation of the physical conditions of the immovable property are the construction cost due in the project as of the date of appraisal. The construction cost values were taken from the accounting records of Akfen GYO A.Ş. The details of the tabel below are contained in the construction cost calculation in the section headlined "Project Appraisal Approach".

TOTAL COST (€)	
Construction Cost (€)	5.587.261
Infrastructure Cost (€)	754.280
Environmental Arrangement and Landscaping Costs (€)	354.791
Project General Costs (€)	1.003.668
TOTAL (€)	7.700.000
ENDUED COST(€)	1.309.000

THE PROPORTION OF THE COSTS MADE SO FAR (€)	85%
THE COSTS MADE SO FAR (€)	6.545.000
REMAINING COSTS (€)	1.155.000

TOTAL LOT VALUE (€)	1.510.755
THE COSTS MADE SO FAR (€)	6.545.000
TOTAL VALUE (€)	8.055.755
TOTAL ESTIMATED VALUE (€)	19.035.749
TOTAL ESTIMATED VALUE (TL)	19.040.000

7.2.3 Project Appraisal Approach

In the suggested project, for the annual rental values, it was assumed that the conditions of the agreement between the General Directorate of Foundations and Akfen Yatırım Gayrimenkul Yatırım Ortaklığı A.Ş., dated 16.09.2010, numbered 09060 will be prevailing. The assumptions are according to the market researches within the sector as well as the general presumptions.

Project Assumptions:

- During the appraisal study, the area information on the architectural project was used.
- In the project development approach, it was assumed that on the subject parcel, the 3-star Ibis Hotel will be constructed and operated.
- It was projected that the 3-star hotel will have 140 rooms.
- It was assumed that the construction of the hotel will be completed at the end of March 2013.
- It was assumed that the occupancy rates of the average room capacity of the hotel will start with 60% in 2013 and rise up to 80% by 2016 and remain stable afterwards.
- The prices in the hotel are projected to be in bed and breakfast system. As a result of the examinations in tourism sector and the area, it has been assumed that the room price will be €67.60 with the opening of the hotel in 2013 and will rise by 4.00% in years.
- It was assumed that all costs will be actualized by the investing company.
- Lunch and dinner, the beverages, laundry and other expenditures that are considered as extra expenditures in 3-star hotels have been added to the other income sources. The revenues projected for this item has been projected as 20% of the total revenues. It was assumed that this rate will remain stable; however, the revenue will rise in proportion with the general revenues.
- It was projected that the Gross Operating Profit in the 3-star hotel will start with 35% and will rise in the following years up to 55% with the rise in the occupancy rate.
- It was projected that in the 3-star hotel, the renovation cost will be around 1.5% of the fixed asset investment and in the year 2013, it will start up in proportion with the days the hotel is open and will rise by the rate of inflation in the years to follow.
- The accounting records of Akfen GYO A.Ş. has been used as the actual cost rate and value.
- Within the scope of the project, according to the architectural project, the areas and functions used in the floors will be as follows.

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Akfen REIT Izmir Ibis Hotel Architectural Project Floor Areas and Functions			
The Hotel Block - According to the Architectural Project			
2nd Basement Floor	595,73	sqm	Shelter Areas, Heating Center, Water Tanks and Technical Areas
1st Basement Floor	311,42	sqm	Office, Maintenance Workshop, Electricity Room, Kitchen Warehouses, Laundry Room, Personnel Dining Hall, Housekeeping Room, Personnel Room for Men and Women, Archive and Uniform Room
Ground Floor	595,62	sqm	Reception, Restaurant, Bar, Offices, Kitchen, General Director's Room, Waste Rooms, Meeting Rooms and Toilets
1st Normal Bedroom Floor	626,90	sqm	Rooms and service room-20 rooms
2nd Normal Bedroom Floor	626,90	sqm	Rooms and service room-20 rooms
3rd Normal Bedroom Floor	627,70	sqm	Rooms and service room-20 rooms
4th Normal Bedroom Floor	623,60	sqm	Rooms and service room-20 rooms
5th Normal Bedroom Floor	623,60	sqm	Rooms and service room-20 rooms
6th Normal Bedroom Floor	623,60	sqm	Rooms and service room-20 rooms
7th Normal Bedroom Floor	627,70	sqm	Rooms and service room-20 rooms
The Roof Floor	-	sqm	Elevator Machinery Room and Air Conditioning Systems
Total Area of the Hotel Block	5.882,77*	sqm	

- It was assumed that the costs to be expended or already expended for the 3-star hotel project implemented on the subject immovable property will be as follows.

Area Distribution	Construction Area (sqm)	Unit Cost for 2012 (€/sqm)	Cost (€)
Shelter, Technical Floors	907,15	400	362.860
Normal Floor Areas	4.975,62	1.050	5.224.401
Total	5.882,77		5.587.261

- It was assumed that within the total cost calculations are the costs for advanced rough works delivery, shared area decoration and craftsmanship costs, electricity and mechanics and automation costs.
- It was assumed that the infrastructure expenses to occur at the construction phase of the project will be around 14% of the construction cost.

INFRASTRUCTURE COST		
Total Construction Cost of the Covered Areas (€)	Proportion	Cost (€)
5.587.261	14%	754.280

- Within the infrastructure costs are gas infrastructure, electricity infrastructure, waste-clean water infrastructure, telecommunication infrastructure, soil improvement etc.
- It was assumed that the environmental arrangement and landscaping costs will be 6% of the total costs.

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ENVIRONMENTAL ARRANGEMENT AND LANDSCAPING COSTS

Covered Area Total Construction Cost (€)	Proportion	Cost (€)
5.587.261	6%	354.791

- Within the environmental arrangement and landscaping costs are asphaltting, environmental arrangement costs, landscaping costs, outdoor illumination costs, drainage costs etc.

TOTAL COST (€)

Construction Cost (€)	5.587.261
Infrastructure Cost (€)	754.280
Environmental Arrangement and Landscaping Costs (€)	354.791
TOTAL (€)	6.696.332

- It was assumed that the project costs will be 15% of the total costs. The total cost is the sum of the construction cost, infrastructure cost, environmental arrangement and landscaping cost.

GENERAL COSTS OF THE PROJECT

Total Cost (€)	Proportion	Cost (€)
6.696.332	15%	1.003.668

- Within the general costs of the project are the drawing and detailing costs for preliminary project, architectural, electricity, sanitary fittings, static etc, building inspection company costs, project management company costs etc.

TOTAL COST (€)

Construction Cost (€)	5.587.261
Infrastructure Cost (€)	754.280
Environmental Arrangement and Landscaping Cost (€)	354.791
General Costs of the Project (€)	1.003.668
TOTAL (€)	7.700.000
ENDUED COST (€)	1.309

EXPENDED COST PROPORTION (€)	85%
EXPENDED COST (€)	6.545.000
REMAINING COST	1.155.000

YEARLY DISTRIBUTION OF THE REMAINING COST

YEARS	31.12.2012	01.04.2013	TOTAL
PROPORTION	85%	15%	100%
COST (€)	6.545.000	1.155.000	7.700.000

- It was assumed that the building insurance value will be €6.483 in 2013 according to the value provided by the customer and will rise each year by 2.5%.

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- It was assumed that the construction of the hotel project on the lot owned by the General Directorate of Foundations will be completed in March 2013 and the operations will begin as of that date and the building will receive a Tourism Operation Certificate. It has been assumed that the Building of the real property on the plot, on which the hotel project is being developed, owned by the General Directorate of Foundations will be taken into operation as of the end of March 2013 and will receive Tourism Establishment Certificate. It has been assumed that the income tax for the real property, for which the real estate tax total is declared by the customer, will be 12,665 € for 2013 and that there will be income tax exemption during the following 5 years (2014-2018); and it has been assumed that this amount will be 14,687 € in 2019 and will increase by 2.5% over the following years.

Current Value (€)	The Actual Value of Building Insurance (€)	Total (€)
1.242.356	1.991.628	3.233.984

AKFEN ACTUALIZED DATA	2013	2014	2015
Building Insurance Value (€)	6.483	6.645	6.811
Real Estate Tax Value (€)	12.665	0	0
Inflation	2,5%		

- It was assumed that the payment plan will be prepared according to the amounts specified in the agreement between the General Directorate of Foundations and Akfen Yatırım Gayrimenkul Yatırım Ortaklığı A.Ş. dated 16.09.2010 and numbered 09060.

IBIS HOTEL SUMMARY CHART	
NUMBER OF ROOMS	140
NUMBER OF BEDS	280
DAYS OPEN	365
ANNUAL ROOM CAPACITY	51.100
ROOM PRICE (€)(2013)	65,00
ROOM PRICE RISING RATE (For first 10 years) (%)	4,0%
OTHER REVENUE RATE (%)	2,5%
RENOVATION COST RATE	20%
REAL ESTATE TAX RISING RATE	1,5%
BUILDING INSURANCE RISING RATE	2,5%
CAPITALIZATION RATE - OPERATION MODEL	2,5%
CAPITALIZATION RATE - RENTAL MODEL	8,5%

- In the appraisal study, the rate of 3.60% which is the Eurobond rate of the last 6 months of 2020 has been regarded as the "Risk-Free Rate of Return". (In this appraisal study, the longest term 2020 Eurobond return rate has been selected as the risk-free rate of return.)
- The rate of reduction has been set as 9,75% in the projection.
- It was assumed that the operation will extend as long as the term of the agreement between the General Directorate of Foundations and Akfen Yatırım Gayrimenkul Yatırım Ortaklığı A.Ş. dated 16.09.2010, numbered 09060.
- It was assumed that all payments will be in upfront.
- It was assumed that all legal procedures have been fulfilled for the immovable property.
- Euro was used during the studies.
- The IVSC tax has not been included.

RAPOR NO: 2012REVC177

RAPOR TARİHİ: 08.02.2013

*GİZLİDİR

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

7.2.4 The Value of the Project According to Rental Revenue

- In this study, according to the framework agreement between Akfen GYO A.Ş. and Accor Group, it was assumed that the hotel will be operated by Accor Group in the 3-star Ibis Hotel concept.
- **For the hotel under appraisal, right of construction of which is owned by Akfen Gayrimenkul Yatırım Ortaklığı A.Ş., the annual rental amount to be paid by the international hotel operation company Accor Group will be either twenty five percent (25%) of the gross revenue (exclusive of VAT) or the amount that is seventy percent (70%) of the adjusted gross operation revenue, obtained by making a total deduction of 8% from the gross revenue, as 4% for Accor fee and 4% as furniture and fixtures renewal reserve, whichever is higher.**
- In the suggested project, it was assumed that on the parcel area of 629 sqm, a 3-star hotel will be constructed.
- It was assumed that the hotel will have 140 rooms.
- It was assumed that in the suggested project, the hotel will be open for 365 days in a year.
- The construction rights for the hotel under appraisal are under Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. while it will be operated by Accor Group, an international hotel operation company. The projected occupancy rates of the hotel, the items affecting bed/room price potentials have been provided with the assumption that the hotel will be operated as a 3-star city hotel.
- In the suggested project, it was assumed that the operation of the hotel will start early in April in 2013.
- On the basis of the figures of the other hotel projects in the vicinity, it was assumed that the sale value of the rooms will start as €67.60 in 2013 and will rise by 4.0% in the years to follow.
- It was projected that in the suggested project, the hotel occupancy rate will be 60% in 2013, 70% in 2014, 75% in 2015 and 80% in 2016 and will remain stable in the years to follow.
- In the suggested project, other than the rooms sold in the hotel, the extra food revenues have been included in the total revenues of the hotel within the other revenues and the proportion of the other revenues has been regarded as 20%.
- In the project, on the basis of the efficiency of the other similar hotel projects in the vicinity, it was assumed that the profitability of the hotel will start with 35% in 2013, rise up to 55% in 2016 and will be stable afterwards.
- According to the rental and operation agreement signed by and between the General Directorate of Foundations and Akfen Yatırım Gayrimenkul Yatırım Ortaklığı A.Ş., it was assumed that regular rental payment will be made annually.
- The annual average of the Producer Price Index rate specified in the rental and operation agreement has been regarded as 2.5% and it was assumed that this rate will be stable in the years to follow.
- It was assumed that the entire building will be constructed in the 3-star hotel standards of Akfen REIT.
- It was assumed that all payments have been made in upfront.
- It was assumed that all legal procedures of the immovable property have been completed and all required permits have been received.

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

- In the appraisal study, the rate of 3.60% which is the Eurobond rate of the last 6 months of 2020 has been regarded as the “Risk-Free Rate of Return”. (In this appraisal study, the longest term 2020 Eurobond return rate has been selected as the risk-free rate of return.)
- The IVSC tax has not been included.
- In this study, it was assumed that the hotel to be developed on the lot that was leased with the 49-year rental, building and operation agreement will be leased to Accor Group. The calculations for the rental values have been made on the assumption that the risk premium on the rental revenues of Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. will be very low. With the addition of the “Risk Premium” of 3.90% on the “Risk-Free Rate of Return” of 3.60% and the rate of reduction has been projected as 7.50%. -
- The low rate of reduction and risk premium were provided on the assumption that the rental revenues guaranteed by the international recognition and brand power of Accor will be detected in years.
- It was assumed that the total cost calculations will include the costs for shared area decoration and craftsmanship, soil improvement, electricity and mechanics, automation etc.
- Land excavation, electricity infrastructure, waste-drinking water infrastructure and telecommunication infrastructure have been included in the infrastructure calculations.
- The environmental arrangement and landscaping costs include the environmental arrangement, landscaping, outdoor illumination, drainage costs etc.
- The general costs of the project include the drawing and detailing of electricity, sanitary fittings, static projects, the costs for the building inspection company, the costs for the project management company etc.
- During the studies, the unit price and the total values have been calculated in Euro. 1 EURO has been regarded as 2,3630 TL.

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NET CASH FLOW		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
OPERATING REVENUES	2.2012	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	31.12.2027	31.12.2028	31.12.2029	31.12.2030	31.12.2031	31.12.2032	31.12.2033
Hotel Revenue	0	461.654	754.432	840.653	932.564	969.867	1.008.662	1.049.008	1.090.969	1.134.607	1.179.992	1.209.491	1.239.729	1.270.722	1.302.490	1.335.052	1.368.428	1.402.639	1.437.705	1.473.648	1.510.489	1.548.251
Rental Revenue	0	349.010	781.592	988.608	1.227.255	1.276.345	1.327.399	1.380.495	1.435.715	1.493.143	1.552.869	1.591.691	1.631.483	1.672.270	1.714.077	1.756.929	1.800.852	1.845.873	1.892.020	1.939.320	1.987.803	2.037.499
Other Revenue	0	461.654	781.592	988.608	1.227.255	1.276.345	1.327.399	1.380.495	1.435.715	1.493.143	1.552.869	1.591.691	1.631.483	1.672.270	1.714.077	1.756.929	1.800.852	1.845.873	1.892.020	1.939.320	1.987.803	2.037.499
Depreciation	0	-6.483	-6.645	-6.811	-6.982	-7.156	-7.335	-7.518	-7.706	-7.899	-8.097	-8.299	-8.506	-8.719	-8.937	-9.160	-9.389	-9.624	-9.865	-10.111	-10.364	-10.623
Real Estate Tax	0	-12.665	0	0	0	0	0	-14.687	-15.054	-15.431	-15.816	-16.212	-16.617	-17.033	-17.458	-17.895	-18.342	-18.801	-19.271	-19.753	-20.246	
Renovation Cost	0	-4.190	-4.295	-4.403	-4.513	-4.625	-4.741	-4.860	-4.981	-5.106	-5.233	-5.364	-5.498	-5.636	-5.777	-5.921	-6.069	-6.221	-6.376	-6.536	-6.699	
Rental Value (€)	0	-127.744	-130.938	-134.211	-137.567	-141.006	-144.531	-148.144	-151.848	-155.644	-159.535	-163.524	-167.612	-171.800	-176.088	-180.476	-184.964	-189.552	-194.240	-198.928	-203.716	
TOTAL NET OPERATION REVENUES (EURO)	0	438.316	770.651	977.394	1.215.761	1.264.563	1.315.323	1.353.430	1.407.973	1.464.708	1.523.723	1.561.816	1.600.861	1.640.883	1.681.905	1.723.952	1.767.051	1.811.227	1.856.508	1.902.921	1.950.494	1.999.256
CONSTRUCTION COST	0	-1.155.000																				
NET CASH FLOWS (EURO)	0	-716.684	770.651	977.394	1.215.761	1.264.563	1.315.323	1.353.430	1.407.973	1.464.708	1.523.723	1.561.816	1.600.861	1.640.883	1.681.905	1.723.952	1.767.051	1.811.227	1.856.508	1.902.921	1.950.494	1.999.256

NET CASH FLOWS (EURO)		22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47
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	31.12.2047	31.12.2048	31.12.2049	31.12.2050	31.12.2051	31.12.2052	31.12.2053	31.12.2054	31.12.2055	31.12.2056	31.12.2057	31.12.2058	31.12.2059	16.09.2059	
1.586.957	1.626.631	1.667.297	1.708.980	1.751.704	1.795.497	1.840.384	1.886.394	1.933.554	1.981.892	2.031.440	2.082.226	2.134.281	2.187.638	2.242.329	2.298.388	2.355.847	2.414.743	2.475.112	2.536.990	2.600.415	2.665.425	2.732.061	2.800.362	2.870.371	2.941.111	3.013.511	3.087.591
2.088.436	2.140.647	2.194.163	2.249.017	2.305.243	2.362.874	2.421.945	2.482.494	2.544.556	2.608.170	2.673.375	2.740.209	2.808.714	2.878.932	2.950.905	3.024.678	3.100.295	3.177.802	3.257.247	3.338.679	3.422.146	3.507.699	3.595.392	3.685.276	3.777.408	3.871.799	3.968.458	4.067.306
2.088.436	2.140.647	2.194.163	2.249.017	2.305.243	2.362.874	2.421.945	2.482.494	2.544.556	2.608.170	2.673.375	2.740.209	2.808.714	2.878.932	2.950.905	3.024.678	3.100.295	3.177.802	3.257.247	3.338.679	3.422.146	3.507.699	3.595.392	3.685.276	3.777.408	3.871.799	3.968.458	4.067.306
-10.889	-11.161	-11.440	-11.726	-12.019	-12.320	-12.628	-12.944	-13.267	-13.599	-13.939	-14.287	-14.644	-15.010	-15.386	-15.770	-16.165	-16.569	-16.983	-17.408	-17.843	-18.289	-18.746	-19.215	-19.695	-20.285	-20.885	-21.495
-21.271	-21.803	-22.348	-22.907	-23.480	-24.067	-24.668	-25.285	-25.917	-26.565	-27.229	-27.910	-28.608	-29.323	-30.056	-30.807	-31.578	-32.367	-33.176	-34.006	-34.856	-35.727	-36.620	-37.536	-38.474	-39.433	-40.413	-41.413
-7.038	-7.214	-7.395	-7.579	-7.769	-7.963	-8.162	-8.366	-8.575	-8.790	-9.009	-9.235	-9.466	-9.702	-9.945	-10.193	-10.448	-10.709	-10.977	-11.252	-11.533	-11.821	-12.117	-12.420	-12.730	-13.046	-13.368	-13.695
-296.810	-304.230	-311.836	-319.632	-327.622	-335.813	-344.208	-352.814	-361.634	-370.675	-379.942	-389.440	-399.176	-409.156	-419.384	-429.869	-440.616	-451.631	-462.922	-474.495	-486.357	-498.516	-510.979	-523.754	-536.848	-550.269	-564.026	-577.056
2.049.237	2.100.468	2.152.980	2.206.805	2.261.975	2.318.524	2.376.487	2.435.899	2.496.797	2.559.217	2.623.197	2.688.777	2.755.997	2.824.896	2.895.519	2.967.907	3.042.105	3.118.157	3.196.111	3.276.014	3.357.914	3.441.862	3.527.909	3.616.106	3.706.509	3.798.166	3.891.026	3.985.131
2.049.237	2.100.468	2.152.980	2.206.805	2.261.975	2.318.524	2.376.487	2.435.899	2.496.797	2.559.217	2.623.197	2.688.777	2.755.997	2.824.896	2.895.519	2.967.907	3.042.105	3.118.157	3.196.111	3.276.014	3.357.914	3.441.862	3.527.909	3.616.106	3.706.509	3.798.166	3.891.026	3.985.131

VALUATION TABLE			
Risk free Rate		3,60%	3,60%
Risk Premium		3,40%	4,40%
DISCOUNT RATE		7,00%	8,00%
NET PRESENT VALUE (EURO)		20.805.175	19.015.502

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AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

7.2.5 Evaluation of Analysis Results

In the study, for the lot value, coefficient comparison approach was used and for the hotel, project development approach was used.

- According to the coefficient comparison approach, the right value arising from the agreement on the lot leased with the rental, building and operation agreement by Akfen Gayrimenkul Yatırım Ortaklığı has been calculated as **TL3.570.000**.
- According to the project development approach, the final value has been appraised as the average of the project value of the hotel to be developed on the parcel, which is **20.530.000.-€** and the net current rental value, which is **19.020.000.- €**, corresponding to **46.720.000.-TL (Fortysixmillionsevenhundredtwentythousand.-TL) (19.770.000.- €)**.
- The market value of the hotel, which is under construction as of the date of appraisal, is **19.050.000.-TL (Nineteeniftythousandmillion.-TL) (8.060.000.- €)** according to the cost approach analysis.

The owner of the subject immovable property is the General Directorate of Foundations and the immovable property has been leased by Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. for a term of 49 years.

According to the article 25, paragraph J of the real estate investment trusts principles of the Capital market Board **(25. md./J: On the condition that the provisions of the agreement will allow, they may lease real estates and let these real estates out from/to the third persons in order to obtain rental revenues)** it is assumed that the subject immovable property may be within the subject of the operations of the Real Estate Investment Trust.

In the appraisal study, in the detection of the physical conditions value, coefficient comparison approach method was used. The value of the hotel according to the rate of reduction in view of the rental revenue and the operations revenue was calculated with 2 methods. The hotel is currently leased to Accor group to be operated according to a rental agreement. The rental revenues guaranteed with the agreement were reduced with the low risk premium and the value was calculated according to the rental revenues.

Moreover, the value of the immovable property to be calculated according to the total revenues to be provided by it, has been calculated according to the operation revenues. In this method, the whole potential of the hotel, which will bring profits both for the property owner and for the operator, has been considered and in case of any sale, this value will be significant. For this reason, the value of the immovable property calculated according to the revenue reduction method has been calculated by taking the average of the two values found with the reduction of the guaranteed rental revenue and total operation potential revenues. The value of a real estate generating revenue depends on its performance and it was considered that the revenue reduction value calculated with 2 methods will be more appropriate.

VAT APPLICATION

It was assumed that a routine VAT arrangement will be made for the immovable property. It was assumed that the VAT rate to be applied in the commercial real estate sales will be 18%.

***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.

TOTAL PROJECT VALUE ON 31 DECEMBER 2012(Excluding VAT)	
46.770.000.-TL (Fortysixmillionsevenhundredtwentythousand .-TL)	19.770.000.-EURO (Nineteenmillionsevenhundredseventy thousand.- EURO)
TOTAL PROJECT VALUE ON 31 DECEMBER 2012 (Including VAT)	
55.129.600.-TL (Fiftyfivemilliononehundredtwentyninethousand sixhundred.-tl)	23.328.600.-EURO (Twentythreemillionthreehundredtwentyeight thousandsixhundred.-EURO)
TOTAL MARKET VALUE OF THE PROJECT AS OF 31 DECEMBER 2012 (Excluding VAT)	
19.050.000.-TL (Nineteenfiftythousandmillion.-TL)	8.060.000.-EURO (Eightmillionsixtythousand .- EURO)
TOTAL MARKET VALUE OF THE PROJECT AS OF 30 DECEMBER 2012 (Including VAT)	
22.467.200.-TL (Twentytwomillionfourhundredsixtyseven thousandtwohundred.-TL)	9.510.800.-EURO (Ninemillioneighthundredtenthousand fivehundred .-EURO)

1-These identified values are the market values respectively for cash sales payments.

2- VAT ratio has been accepted 18%.

3- Exchange rate has been taken as EURO 1 = TL 2.3630. The exchange rate is given only for information

4- This report has not been prepared further to the related provisions of the Capital Markets Regulation

5- 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.

Simge SEVİN AKSAN Appraiser (401124)	Bilge BELLER ÖZÇAM Responsible for the Appraiser(400512)
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***SECTION 9
ANNEX***

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

SECTION 9

ANNEX

Annex List

1	Sector Report
2	Copy Of The Tittle Deed
3	Approved Zoning Status Certificate
4	Approved Encumbrance Certificate
5	Building License
6	Photos
7	CV's
8	Spk Licenses