

# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.



## REAL ESTATE APPRAISAL REPORT

Report Date: 08.02.2013  
Appraisal Date: 31.12.2012

R.No: 2012REV917



ISO9001:2008  
FS 509685

AKFEN  
GAYRİMENKUL  
YATIRIM ORTAKLIĞI  
A.Ş.

HOTEL IN  
KARAOĞLANOĞLU

GİRNE / KUZAY  
KIBRIS TÜRK  
CUMHURİYETİ

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

We hereby state the following matters regarding the appraisal report prepared by **TSKB Gayrimenkul Değerleme A.Ş.** for **Akfen Gayrimenkul Yatırım Ortaklığı A.Ş.**, on the date of **08.02.2013** with the report number **2012REV917**;

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

# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## EXECUTIVE SUMMARY

### OPEN ADDRESS OF PROPERTY

Kervansaray Locality, Karaoğlanoğlu / Mersin 10, Girne / KUZZEY KIBRIS TÜRİK CUMHURİYETİ

### USE OF PROPERTY

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

### TITLE DEED INFORMATION

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

### ZONING STATUS

Stated under the heading 4.3. of the report.

#### MARKET VALUE OF THE SUPERFİCİES DATED 31.12.2012 (VAT Excluded)

180.100.000.-TL

76.220.000 €

Onehundredeightymilliononehundredthousand.-  
Turkish Liras)

(Seventysixmilliontwohundredtwentythousand.-  
Euro)

#### ANNUAL RENT VALUE OF THE HOTEL AS OF 31.12.2012 (VAT Excluded)

12.270.000.-TL

5.190.000.- €

(Twelvemilliontwohundredseventythousand.-  
Turkish Liras)

(Fivemilliononehundredninetynthousand.-  
EURO)

#### MARKET VALUE OF THE SUPERFİCİES DATED 31.12.2012 (VAT Included)

212.518.000.-TL

89.939.600.- €

(Twohundredtwelvemillionfivehundredei  
ghteenthousand.- Turkish Liras)

(Eightyninemillionninehundredthirtynine  
ousandsixhundred.- EURO)

#### ANNUAL RENT VALUE OF THE HOTEL AS OF 31.12.2012 (VAT Included)

14.478.600.-TL

6.124.200.- €

(Fourteenmillionfourhundredseventyeighthousand  
sixhundred.- Turkish Liras)

(Sixmilliononehundredtwentyfourthousand  
twohundred.- EURO)

- 1- These identified values are the market values respectively for cash sales payments.
- 2- VAT rate has been taken as 18%.
- 3- Exchange rate has been taken as EURO 1 = TL 2,3630; USD 1 = TL 1,7912; Sterlin 1 = TL 2,8733. The Exchange rate is given only for information..
- 4- This report has 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.

Özge AKLAR  
Appraiser (401775)

Hüsniye BOZTUNÇ  
Appraiser in Charge (400811)

# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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***SECTION 1***

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

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

## **SECTION 1**

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

#### **1.1 Report Date and Number**

This report was issued by our company on 08.02.2013 and number 2012REV917 with reference to the request dated on 31.10.2012 and made by the firm, titled as Akfen Gayrimenkul Yatırım Ortaklığı A.Ş.

#### **1.2 Report Type**

This is the appraisal report prepared in order to identify the fair market value in Turkish Liras on 31.12.2012 of the superficies established on Girne city, Karaoğlanoğlu town or village, Kuzguncuk locality, plot XII, plan no. 10 E1 E2, parcel no. 91/5 by the landlord “KKTC Ministry of Finance, Department of Real Estate and Materials of State” for “Akfen Gayrimenkul Ticareti ve İnşaat Anonim Şirketi” for 49 years beginning from 01 August 2003 to 31 July 2052.

#### **1.3 People Issuing the Report**

This appraisal report has been prepared through using the information obtained from the people – organizations – institutions as a result of the inspection at the place of the property. This report has been prepared by Özge AKLAR under the control of the appraiser in charge Hüsniye BOZTUNÇ.

#### **1.4 Appraisal Date**

This appraisal report is prepared with reference to the studies started on 12.12.2012 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 Ortaklığı 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 are not any negative factors that affect or limit the appraisal process in general aspect.

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

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

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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 No	2010REV387-1	2011REV78-1	2012REV917
Report Prepared by	Hüsniye BOZTUNÇ – Adem YOL	Hüsniye BOZTUNÇ – Adem YOL	Mehmet ASLAN- Fatih TOSUN
Property Total Value (TL) (VAT Excluded)	163.473.000. -TL	177.757.000.-TL	204.810.000.-TL

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

## 1.9 Company's Information

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

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

## 1.10 Client Information

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

***SECTION 2***

***DEFINITION AND SCOPE OF THE APPRAISAL***

## SECTION 2

### DEFINITION AND SCOPE OF THE APPRAISAL

#### 2.1 The Methods Used in the Appraisal

There are 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 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

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

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

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

## 2.2 Definitions and Model of the Calculation Methodology

### 2.2.1 Definitions and Model of the Calculation Methodology

#### Risk Free Rate

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

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

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

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

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

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

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

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

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

## Market Risk Premium- Market Index

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

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

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

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

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

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

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

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

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

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

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

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

Where  $R_f$  = Risk Free rate

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

## Analysis Of The Methods Used In The Appraisal

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

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

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

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

### 2.2.2 Project Development Approach

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

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

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## **2.3 The Value Definitions**

### **2.3.1 Fair Market Value (Market Value)**

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

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

### **2.3.2 Forced Sales Value**

It is the value used in the cases when the seller is under pressure about selling his/her property and consequently, when there is no appropriate marketing period. The price accepted in compulsory sale is one that reflects the special conditions of the seller, contrary to the reasonable and fair conditions of the market value.

***SECTION 3***

***GENERAL AND SPECIAL DATA***

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

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

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

According to the year 2006 census, the population of the Turkish Republic of Northern Cyprus is approximately 265,000 persons, including workers and those from Turkey who have settled there.

According to the initial precise conclusions of the Population and Housing Count held on December 4<sup>th</sup>, 2011, the distribution of the De-facto and De-jure population have been finalized.

De-facto Population: is the population determined on the census date, based on the location where the individual was present (or was counted) within the borders of the TRNC.

De-jure Population: is the population determined based on the permanent residential place of the counted individual within the borders of the TRNC.

According to the census results, the 2011 total De-facto population has been concluded as 294,396 and the De-jure population as 286,257. Based on the districts, the De-jure populations have been determined as; Nicosia 94,824 – Famagusta 69,741 – Girne 69,163 - Güzelyurt 30,037 and İskele 22,492. Looking at these results, it is observed that Girne has the largest growth ratio by 19.4% as compared to the 2006 Housing and Population Count, and it is followed by Nicosia with a ratio of 11.9%. The first stage precise result tables of the 2011 TRNC Population and Housing Count, Based on the Settlement Areas are as follows;

**Distribution of De-facto and De-jure population based on districts**

	DE JURE	Dağılım (%)	DE FACTO	Dağılım (%)
<b>TOPLAM</b>	<b>286,257</b>	<b>100.0</b>	<b>294,396</b>	<b>100.0</b>
<b>LEFKOŞA</b>	94,824	33.1	97,293	33.1
<b>GAZİMAĞUSA</b>	69,741	24.4	69,838	23.7
<b>GİRNE</b>	69,163	24.1	73,577	25.0
<b>GÜZELYURT</b>	30,037	10.5	30,590	10.4
<b>İSKELE</b>	22,492	7.9	23,098	7.8

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

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Comparison of De-jure Population in the 2006 and 2011 Population Counts

	2006	Dağılım ( % )	2011	Dağılım ( % )	2006 - 2011 yılları arasında De-jure nüfustaki artış oranı ( % )
	DE JURE		DE JURE		
TOPLAM	256,644	100.0	286,257	100.0	11.5
LEFKOŞA	84,776	33.0	94,824	33.1	11.9
GAZİMAĞUSA	63,603	24.8	69,741	24.4	9.7
GİRNE	57,902	22.6	69,163	24.1	19.4
GÜZELYURT	29,264	11.4	30,037	10.5	2.6
İSKELE	21,099	8.2	22,492	7.9	6.6

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

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

### 3.1.2 Economic Data

The TRNC economy is in a rapid growth trend in general. However, the global crisis, which has started in 2008, has continued to impact the TRNC economy also in 2009 and has led the Gross Domestic Product (GDP) to shrink by 5.51% on the real basis. When the primary reasons for the experienced shrinkage is addressed, it is observed that this is caused by the shrinkages experienced in the wholesale and retail trade, which are sub-sectors of the construction sector and the services sector, and in the public services sectors during the year. The GDP has demonstrated a growth by 3.69% in 2010 as compared to 2009. The leading sectors causing the growth experienced in the economy are observed to be as follows;

- Trade Sector: 18.33%
- Agriculture Sector: 10.01%
- Construction Sector: 3.82%.

The growth in the trade sectors has primarily materialized by the growth of 43.2% in imports and 20.5% in exports. This increase recorded in imports has also led to an increase in imports taxes, and has played a significant role in the 18.6% growth on real basis. The agriculture sector in 2010 has grown by 10% through the increases observed in vegetative and animal production. The suspension of the operations of KTHY in 2010 has led to 19.98% shrinkage in the transportation sector.

According to the "World Economic Outlook" September 2011 report announced by the IMF, the world economy is at a dangerous stage with the decline in global activity and increasing unsettlement, the sharp fall in the confidence environment and the re-increase of the risks

## AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

that had been reduced. Moreover, it has been foreseen in the report that the developing countries will achieve a growth around 6% in 2012, due to the increased capacity restrictions and contractionary policies.

Although a rapid growth has been accomplished in the economy, it is not possible to say that positive developments are achieved in all of the macro-economic indicators and in all sectors. The TRNC economy, despite these positive developments, still maintains its fragility and the financing requisite persists.

The principal factors playing a role in the growth of the economy are general growth, inclusion of new sectors that display constant growth in the economy and the increases in the import tax amounts based on the increased foreign trade.

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

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

#### 3.2.1 Turkish Republic of Northern Cyprus



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

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

According to the 2011 census, the de-jure population of the Turkish Republic of Northern Cyprus is 286,257.

The population mostly consists of Turkish Cypriots (99%) and Greeks and Maronites as the other ethnic groups (1%). Most of Turkish Cypriots emigrated after 1974. Especially England, Australia and Turkey received high immigration from the Northern Cyprus. Some of the

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emigrants were obliged to go to different countries due to unfavorable economic conditions. The biggest reason for those bad economic conditions was the great difficulties in trade to third countries due to the economic embargo implemented. TRNC's population increases further with the tourists who visit the island in summer.

The climate of the TRNC is the Mediterranean climate. Summers are hot and dry, winters are warm and rainy. The average annual temperature is 19°C (66°F). Mid-summer temperature is around 40°C (105°F) and as the hottest part of the Mediterranean, its average temperature is 21°C (70°F). In winter, the weather is really mild and the annual average rainfall is 500 mm.

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

In the TRNC, a special attention is paid to agriculture and forestation activities. 57% of the country is arable field. Citrus fruits, wheat, barley, olive oil, potato, carrot, fruit and vegetable growing have developed, and the country has become self sufficient in terms of vegetables and fruits. Considering scarce water resources of the country, modern irrigation systems have been established and efforts have been spent for most rational use of the scarce water resources. Ovine breeding is performed at the mountainous areas, and bovine breeding at the farms. Apiculture has developed. Between 1980 and 1995, more than 184,000 live lambs, 737 live calves, over 54,000 live goats, 2,800 live yearlings and 1,000 live sheep have been exported. In addition, an area of 3,000 hectares has been afforested. The industry has not developed very much, and very important improvements have been obtained in the branches of food, construction and clothing. The industry has been established as small and medium scale enterprises, the number of facilities in the manufacturing industry increased to 726 and the number of employed people to 11,382 in 1995. Organized industry zones have been established in Lefkoşa (Nicosia), Gazimagosa (Famagusta) and Girne (Kyrenia), and with the free port founded in Gazimagosa, there are currently 22 enterprises acting in the region in the fields of cement, leather, packaging, vehicle maintenance and repair, ready wear manufacture and transit trade. Electric power generation has reached the level to cover the country's need.

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

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

## 3.2.2 Girne Province



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

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

Typical Mediterranean climate is dominant in Girne city. Summers are long and dry, winters are short and rainy. The precipitation is generally in the form of rain, and rarely snow falls on Girne mountain range and it melts in a short time. The average of the coldest month, January, is 9 degrees and that of July, the hottest month is 40 degrees. Sea shores are cool in summer and they are hotter compared to inner sections because they are humid. The temperature of the sea water is 21.5 degrees in average and the average humidity is 68.8%.

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

***SECTION 4***

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

# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## SECTION 4

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

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

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

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

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

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

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

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

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

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

## AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

№ 124019 TAPU VE KADASTRO DAİRESİ TAŞINMAZ MAL ARAŞTIRMA BELGESİ

Hazırlanış Tarihi : 14.9.12 Ödenen Harçlar : TL. 29.30 Maliye P. 163 No : 960906 Tarih : 10.7.12

Dilekçe Sahibi : Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. Adres : Katana

Dilekçe No : KAB-E/1032/12 İhtisarı Bilgi : Katana'da par/har XII/10E.1E2 par 91/5'in in katlı mal sahibini, vatan engelleri talimatı ile gösteren belge

Kapsi		Müşah		Merk	Malin Cinsi	Tic. Şekli			Hisse	Mal Sahibi
No	Tarih	Fatura / Plan No	Parcel No			Ölçüm	Evlat	A.K.		
54	11.9.08	XII/10E.1E2	91/5		Hali	30	1	2000	Hespi	Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. / Akfen Gayrimenkul Ticaret ve İnşaat Anonim Şirketi
Engelleri P.T.E-681/08 ipotek miktarı 12000000 TL / İpotekli alacaklı İng Bank										

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

### 4.2.1 Exchange Transactions Related with the Subject Property of Appraisal in the Last Three Years, if there are any

Further to the "Name Change Approval Certificate" approved on 19 January 2007 with no. YŞ00148 by the Turkish Republic of the Northern Cyprus, Public Collection Office and Chamber of Records and Registries; under Section 113, Limited Companies Law, Article 346, the name was changed from "T-T Turizm İnşaat Tarım Besicilik Sanayi ve Ticaret Anonim Şirketi" to "Akfen Gayrimenkul Ticaret ve İnşaat Anonim Şirketi" and approved on 21 September 2006. (Annexed.)

Accordingly, the Chamber of Land Registry and Cadastre, State Treasury Property Letting Certificate was renewed on 10 February 2004 for "T-T Turizm İnşaat Tarım Besicilik Sanayi ve Ticaret Anonim Şirketi" and then the title of the registered company was modified as "Akfen Gayrimenkul Ticareti ve İnşaat Anonim Şirketi" on 11 August 2008 further to the rental contract (in file no. D-294/08). (Annexed.)

In accordance with the decision of the Board of Ministers (State Real Estate and Material Chamber Directorate) no. E-585-2003 dated 31 March 2003, the appraised property was let by the Turkish Republic of the Northern Cyprus, Department of Real Estate and Materials of the State to T-T Turizm İnşaat Tarım Besicilik Sanayi ve Ticaret Anonim Şirketi (T-T Tourism, Construction, Agriculture, Animal Husbandry, Industry and Trade Joint Stock Company) for 49 years from 01 August 2003 to 31 July 2052 with the contract dated 15 June 2003. (Annexed.)

The modification in the "Tenant" article has been accepted with the protocol 1 signed on 12 February 2007 between Akfen Gayrimenkul Ticaret ve İnşaat Anonim Şirketi and the Directorate of Real Estate and Materials of the State. (Further to this protocol, the rental contract was transferred from the title "T-T Turizm İnşaat Tarım Besicilik Sanayi ve Ticaret Anonim Şirketi" to "Akfen Gayrimenkul Ticareti ve İnşaat Anonim Şirketi". (Annexed.)

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

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

**Following the expiration of the term of the aforesaid contract signed with Serenas Turizm Kongre ve Organizasyon Hizmetleri Ltd. Şti, by the lease contract executed between Akfen Gayrimenkul Ticareti ve İnşaat A.Ş. and Voyager Kıbrıs Ltd. Şti. on 15.05.2012, the 5-star hotel as a whole, including the Casino, has been leased by Voyager Kıbrıs Ltd. Şti for a period of 20 years, starting as of the lease beginning date. (It is submitted herewith attached) It has been advised that the hotel’s name will change together with the new lease term.**

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

## 4.3 Zoning Information of the Real Estate

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

According to the zoning status certificate approval dated 13.12.2012 obtained from Lefkoşa (Nicosia) City Planning Department –the body authorized to preliminary permit for any constructions in the NRTC” and according to the annexed preliminary permission certificate;

### ✓ Zoning Status:

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

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

- ❖ The subject property of appraisal is located on the “Coast Line”. The ordinances in this regard are;

- Ordinance dated 16 November 2006 and no. 192, Annex III (It is annexed.)
- Ordinance dated 30 January 2007 and no. 17, Annex III (It is annexed.)
- Ordinance dated 15 May 2007 and no. 84, Annex III (It is annexed.)
- Ordinance dated 30 November 2007 and no. 213, Annex III (It is annexed.)
- Ordinance dated 12.01.2009 and no 6, Annex III, AE: 28 (It is annexed.)
- Ordinance dated 01.03.2010 and no36, Annex III, AE: 127 (It is annexed.)

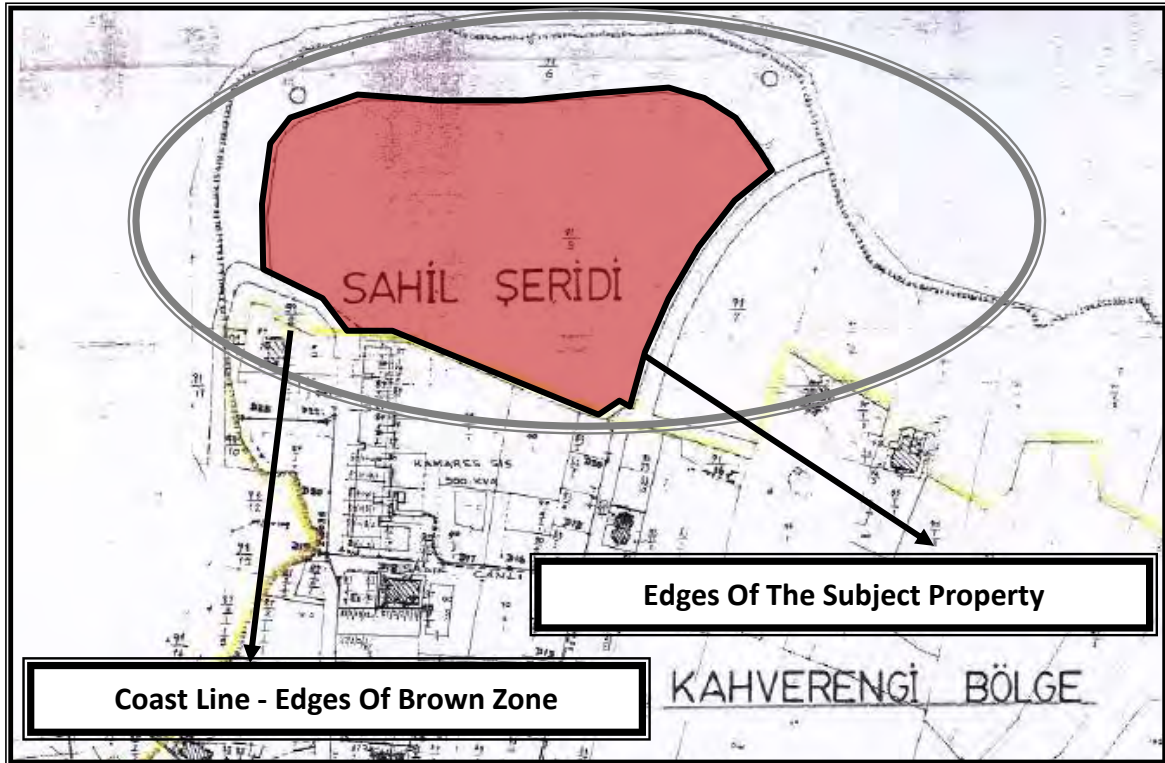
## AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

- ❖ “Coast Line”, coast line for the purposes and scope of Girne 2<sup>nd</sup> Region Ordinance, is the place announced with the Resolution of the Board of Ministers dated 23 September 1992 and no. E-967-92, and published on Annex IV of the official gazette dated 30 September 1992 further to the law of equivalent property as defined in Article 38 of the 1985 Constitution of the TRNC.
- ❖ In the region defined as the “Coast Line”, if the Planning Body considers it appropriate and necessary, then in accordance with the rules and conditions of the Ordinance, showers, dressing cabinets, Baywatch tower, any kind of water games and similar other properties to serve the beaches, and the construction of pedestrian roads, sewage, lighting, communication and similar other infrastructures is realized. However, none of the improvements may be done in a manner to prevent public access to the coast line.
- ❖ (Article 10, paragraph 2) As shown on the 1/25000 scale development decisions map of the ordinance and/or the equivalent property law on settlement area assignment, on the parcels which have had a land title and owned as private property before the Resolution of the Board of Ministers dated 23 September 1992 and no. E-967-92 published on the annex IV of the official gazette dated 30 September 1992; but which were included in the coast line with the mentioned Resolution of Board of Ministers and marked accordingly on the 1/25000 scale development decisions; construction is allowed on the condition that the total construction area does not exceed 150 square meters of the zone, and the number of floors 2, and the total building height 8.20 meters (27 feet).
- ❖ With the Ordinance Amendment dated 30 November 2007 regarding the “**Coast Line**”, provided that the Planning Body approves, on the condition that the approvals and opinions from other authorized bodies and organizations within the framework of the laws related with the Ports Agency and Animal Agency, as well as from the specialized institutions and academic institutions on marine sciences, and marine biology are obtained, and the precautions to prevent impact from marine movements of the shore’s natural morphological structure, the shore topography, and the overall natural structure and ecology are taken and other similar conditions are complied with; the construction is allowed so long as the Total Construction Area Ratio does not exceed 0.03/11, and in order to ensure public access to the sea and public use of the shore.
- ❖ In “**Brown Zones**”; (Indicated for information purposes)
  1. In the developments with tourism use purpose for **hotel and apart hotel** type of accommodation facilities, the ratio of construction area to the total area may not exceed 0.50/1, the Construction Plot Area Ratio may not exceed 15% and the Total Building Height may not exceed 16.20 meters (53 feet)
  2. At the Bungalow type of accommodation facilities which are to be constructed as a part of a **Mixed Tourism Accommodation Facility**, the Number of Building Floors may not exceed 1 (one), and the Building Total height may not exceed 5.20 meters (17 feet),
  3. In the developments with tourism use purpose for **Holiday Village** type of accommodation facilities, the ratio of construction area to the total area may not exceed 0.45/1, the Construction Plot Area Ratio may not exceed 25%, the Number of Building Floors may not exceed 2 (two) and the Total Building Height may not exceed 8.20 meters (27 feet)


## AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

4. In the developments to be realized for tourism use as a part of a **Mixed Tourism Accommodation Facility where the types of accommodation facilities stated in Articles (1) and (2) are both included**, the ratio of construction area to the total area may not exceed 0.50/1, the Construction Plot Area Ratio may not exceed 15% and the Total Building Height may not exceed 16.20 meters (53 feet)
  5. **For all other developments on the land**, the ratio of construction area to the total area may not exceed 0.25/1, the Construction Plot Area Ratio may not exceed 20%, the Number of Building Floors may not exceed 2 (two) and the Total Building Height may not exceed 8.20 meters (27 feet)
  6. The developments for **traditional dormitory type of use** through restoration and/or new construction and/or modification and/or supplement and developments for similar structure and construction and/or use modifications may be allowed so long as the ratio of construction area to the total area does not exceed 0.40/1, the Construction Plot Area Ratio does not exceed 15%, the Number of Floors does not exceed 4 (four), and the Total Building Height does not exceed 13.70 meters (45 feet)
- According to Article 38 titled “Protection of Shores” of the Constitution of the TRNC;
    - “The shores are under the rule and disposition of the State, and they may only be used for public benefit.
    - In the region within one hundred meters line of the shores outside of municipal borders, only the facilities owned by the State, which are essential and for the public benefit can be constructed. However, such facilities shall not ruin the natural beauty of the shores. The future status of the existing buildings and facilities are organized with law.
    - The protection of shores within the municipal borders and the structures and facilities which can be constructed within the region within the one hundred meters shore line, and the status of those existing facilities are regulated by law according to the requirements of the public benefit and city planning.
    - Unless restricted by law due to natural security, public order, public benefit, protection of the general health and environment; no one may prevent or charge cost for citizens’ entry to the one hundred meters long coast line. However, this rule may not be interpreted in a manner which means violating the property rights”.

## AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.



# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

  
**KUZEY KIBRIS TÜRK CUMHURİYETİ**  
**İÇİŞLERİ VE YEREL YÖNETİMLER BAKANLIĞI**  
**ŞEHİR PLANLAMA DAİRESİ MÜDÜRLÜĞÜ**

Sayı: SPD.1111/11/24 Tarih: 12 Ocak 2011  
Konu: B1.5 numaralı parselin imar durumu hakkında

Sayın: Hüseyin KAYA  
Akfen Gayrimenkul Ticaret ve İnşaat A.Ş. Adına  
Şişli Daman Yusuf Sokak No 1, Yenibeyir / Lefkoşa

İlgili: Dairemize Mühürle, 11/11/11 tarihli yazınız.


İlgili başvurunuzda konu GİRNE KAZASI, KARADİĞİRCİ KASABASI, parsel harita 8810/ E1 E2 de bulunan, 915 numaralı parsel üzerinde hale nazardır. Mevcut Otel olarak bilinen otel tesisi bulunmaktadır. Söz konusu otel tesisi, GİRNE II BÖLGE GENELİ GİRNE GİRNE EMİRNAMELERİ 20. maddesi ve buna bağlı olan 2007 GİRNE II BÖLGE KAPSAMI EMİRNAMELERİ 43. maddesi uyarınca yerleşmiştir. Ek 1 ile yer alan 23/03/07 tarihli 2006 GİRNE II.78 numaralı Planlama Onayı ve bu planlama onayına bağlı olarak GİRNE Belediyesi tarafından verilen inşaat ruhsatı çerçevesinde inşaat edilmiştir.


Mevcut otel ve turizm faaliyeti, nelen sürdürüldüğünden ve durumunda herhangi bir değişiklik olmadığından, üzerinde yer aldığı taşınmaz malın kullanımı şekli ve niteliği değişen yeni bir faaliyet bulunmadığından ve/veya taşınmaz malın kullanımı şekli ve niteliği değişmeye yönelik herhangi bir yeni tasarı, gelişme talebi bulunmadığından, yeni bir onay veya planlama onayı ve inşaat izni alınmasını gerektiren bir durum söz konusu değildir.


Mevcut otel tesisi ve/veya üzerinde yer aldığı taşınmaz malın kullanımı şekli ve niteliği değişmeye yönelik herhangi bir yeni tasarı, gelişme talebi olması durumunda konu, mekansal planlama ve kentsel tasarım ilkeleri ve yürürlükteki "GİRNE II BÖLGE KAPSAMI EMİRNAMELERİ" nin "Sahil Şeridi" bölgesi kullanan çerçevesinde incelenerek sonuçlandırılacaktır.

"GİRNE II BÖLGE KAPSAMI EMİRNAMELERİ" gereği, "Sahil Şeridi" olarak tanımlanan bölgede, Planlama Makamı'nın uygun ve gerekli görmesi halinde, bu Emirnameler kural ve koşullarına uygun olarak, duş, soyunma kabini, banyo, tuvalet, banyo, banyo ve banyo hizmet verecek benzer diğer yapılarla yapı ve inşaat ile yaya yolu, kaldırımlar, aydınlatma, haberleşme ve benzer diğer altyapıya yönelik gelişmeler, İnşaat Toplam Alan Oranı'nın 0.05/1, İnşaat Taban Alanı Oranı %5'i, bina kat sayısı 2(iki) yi, bina yüksekliği 8.20 metreyi (27 ayak) aşmaması, Çevre Koruma Dairesi ve/veya Limanlar Dairesi ve/veya Hayvanlık Dairesi ve/veya ilgili yerli yönetimler ve/veya ilgili yasalar çerçevesinde diğer yerli kurum ve kuruluşlar ile deniz bilmeleri ve/veya deniz biyolojisi alanında yerli ve yabancı olan kurum veya akademik kuruluşların uygun görmesi halinde, bu kuruluşlardan alınacak görüşler çerçevesinde belirlenecek, deniz hareketlerinden etkilenmeyi önleyecek, kıyının doğal morfolojik yapısını, kıyı, topografyasını, doğal yapısını ve ekolojisinin etkilenmesini sağlayacak önlemleri alınması, gelişme kapsamındaki herhangi bir binanın parselin deniz hududundan ve/veya denizin yüksekliği en az 100 m'den uzak mesafede konumlandırılması ve halkın denize erişimini ve kıyının kamu tarafından kamu yararı için kullanılmasını sağlamak amacı ile gerekli önlemlerin yapılması ve onlemlere alınması koşulları ile yapılabilir. Ancak hiçbir gelişme baskın sahil şeridi içerisinde gelişmesini engelleyen şekilde yapılamaz.

Bilgilerinize saygı ile sunarım.

  
Mustafa BALTACI  
Müdür

  
23/01/2011

  
K.K.T.C.  
ŞEHİR PLANLAMA DAİRESİ

# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

- **Licenses and Permissions:**
- According to “Girne Municipality, Building, Road, Allotment, Division License” certificate dated 27 February 2004; “According to the approved designs and specifications; there are restaurants, shops, cooling warehouses, swimming pool and administrative rooms, hotel service technical rooms, social utility areas on the basement floor; 50 (fifty) bedrooms, administrative buildings, social areas, swimming pool, 4 (four) floor offices on the ground floor; 70 bedrooms, an done office floor on the 1st floor; 70 bedrooms and four floor offices on the 2nd floor, and two royal suites, 48 bedrooms, 4 floor offices on the 3rd floor”. **(Annexed.)**
- According to “Girne Municipality Building, Road, Allotment, Division License” certificate dated 19 February 2008; “During the construction of the building licensed by our Municipality with the license no. 3095 dated 27 February 2004 further to the approved designs and specifications; a modification has been required during the construction for cancelling the swimming pool shown on the layout drawing and constructing a new one instead, modifying the place of the amphitheater, and additionally constructing a garbage room, treatment plant and a prefabricated warehouse; thus constructing a tourism hotel on the parcel with 2 (two) basement floors, 4 (four) meeting rooms respectively on the ground floor + 1st + 2nd + 3rd + 4+ floors, 4 (four) restaurants), recreation, dressing and shower areas, toilets, transformer and generator room, water tank and 299 rooms (606 beds)”. **(Annexed.)**
- According to the “Final Approval of Girne Municipality” dated 07 April 2008, the permits dated 27 February 2004 and 19 February 2008, and no. 4621 have been approved. (This document is equivalent to the building use permit in the Turkish system). **(Annexed.)**
- The data of the approved layout according to this Final Approval sheet are detailed in annex. **(Annexed.)**
- The inspection of the zoning archive file regarding the appraised property at Girne Municipality has not been allowed and the license, settlement and architectural design data have been provided by the client. However, the approvals of the authorized bodies on each document have been identified.
- The approved architectural design of the facility is dated 19 February 2008 and no. 4621.

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

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

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

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

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

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

## **4.5 Legal Liabilities**

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

## **4.6 Environmental and Ground Contamination**

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

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

***SECTION 5***

***PHYSICAL INFORMATION  
OF THE REAL ESTATE***

## SECTION 5

### PHYSICAL INFORMATION OF THE REAL ESTATE

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

**Open address of the property:** Kervansaray Locality, Karaoğlanoğlu / Mersin 10, Girne / KUZHEY KIBRIS TÜRİK CUMHURİYETİ

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

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

The tourism region of the TRNC is Girne. As the area where the real properties are located is both close to the Girne center and to the hotels region, it has high attraction capacity.

The five star hotels available in the Turkish Republic of Northern Cyprus are primarily located in the surroundings of Girne, close to the area where the real properties are located. These facilities are open through 365 days of the year, and usually serve in the half-board system. The hotels achieve the highest occupancies during the months of June – July - August.

In the TRNC hotels, the Casino is a significant element in keeping the occupancies high both in the summer and in the winter. In all five-star hotels and smaller scale hotels, a Casino is available. While the tourists coming to the area during the summer months prefer the area for marine tourism, it is observed the casino customers and a relative number of congress customers lodge at the hotels during the winter and spring months and increase the occupancy ratios of the hotels.

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

The land of the hotel is partially flat and partially hilly. These height differences have been used for taking advantage of the view. The facility's own beach area constitutes the lowest level.

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

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

# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.



# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## 5.2 Definition of the Subject Property of Appraisal

The real property subject to appraisal is the real property located in Girne district, Karaoğlanoğlu town or village, Kuzguncuk location, plot XII, plan no. 10 E1 E2, parcel no. 91/5, of 30 donums, 1 domain, 2000 square feet surface area, which is the property of the “TRNC Ministry of Finance State Real Estate and Supplied Department” on which a “Right of Construction” has been established for a period of 49 years to the benefit of “Akfen Gayrimenkul Ticareti ve İnşaat Anonim Şirketi”, from 01/08/2003 until 31/07/2052.

The parcel no. 91/5 subject to appraisal, according to the measurement unit used in Turkey, has a surface area of 40,654.37 sqm.

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

The parcel of the appraised hotel is owned by the Real Estate Department of the Turkish Republic of the Northern Cyprus. According to the superficies contract signed between the mentioned administration and Akfen Gayrimenkul Ticareti ve İnşaat A.Ş., superficies have been established for Akfen Gayrimenkul Ticareti ve İnşaat A.Ş. by 31 July 2052. Meanwhile, Akfen Gayrimenkul Ticareti ve İnşaat A.Ş. had leased the hotel it has constructed on the subject parcel for a period of 5 years, with an option of 5 years, to Serenas Turizm ve Organizasyon Hizmetleri Ltd., and had leased the Casino located on the basement storey on 15.03.2007 for a period of 5 years, with an option for 5 years, to Voyager Kıbrıs Limited company. After the expiry of the aforesaid contract terms, by the lease contract executed between Akfen Gayrimenkul Ticareti ve İnşaat A.Ş. and Voyager Kıbrıs Ltd. Şti. on 15.05.2012, the complete 5-star hotel, including the Casino, has been leased by Voyager Kıbrıs Ltd. Şti for a period of 20 years, starting with the lease beginning date. According to the information obtained from the customer’s side, the new lease payment term will start as of January 1<sup>st</sup>, 2013 and the hotel will undergo renovation in the meantime. It has been found out that the hotel’s name will be changed with the new lease term.

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

For standard type of rooms, the room sizes vary between 23 and 36.6 sqm. Bathroom sizes are between 4.9 and 6.2 sqm. Suite rooms have 43.5 sqm room, 9 sqm bathroom, and the WC has 3.2 sqm area. Deluxe suite rooms have 67.3 sqm room, 14.2 sqm bathroom, and the WC has 2.5 sqm area. The royal suites have 150 sqm room area and 18.6 sqm bathroom.

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

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

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

# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

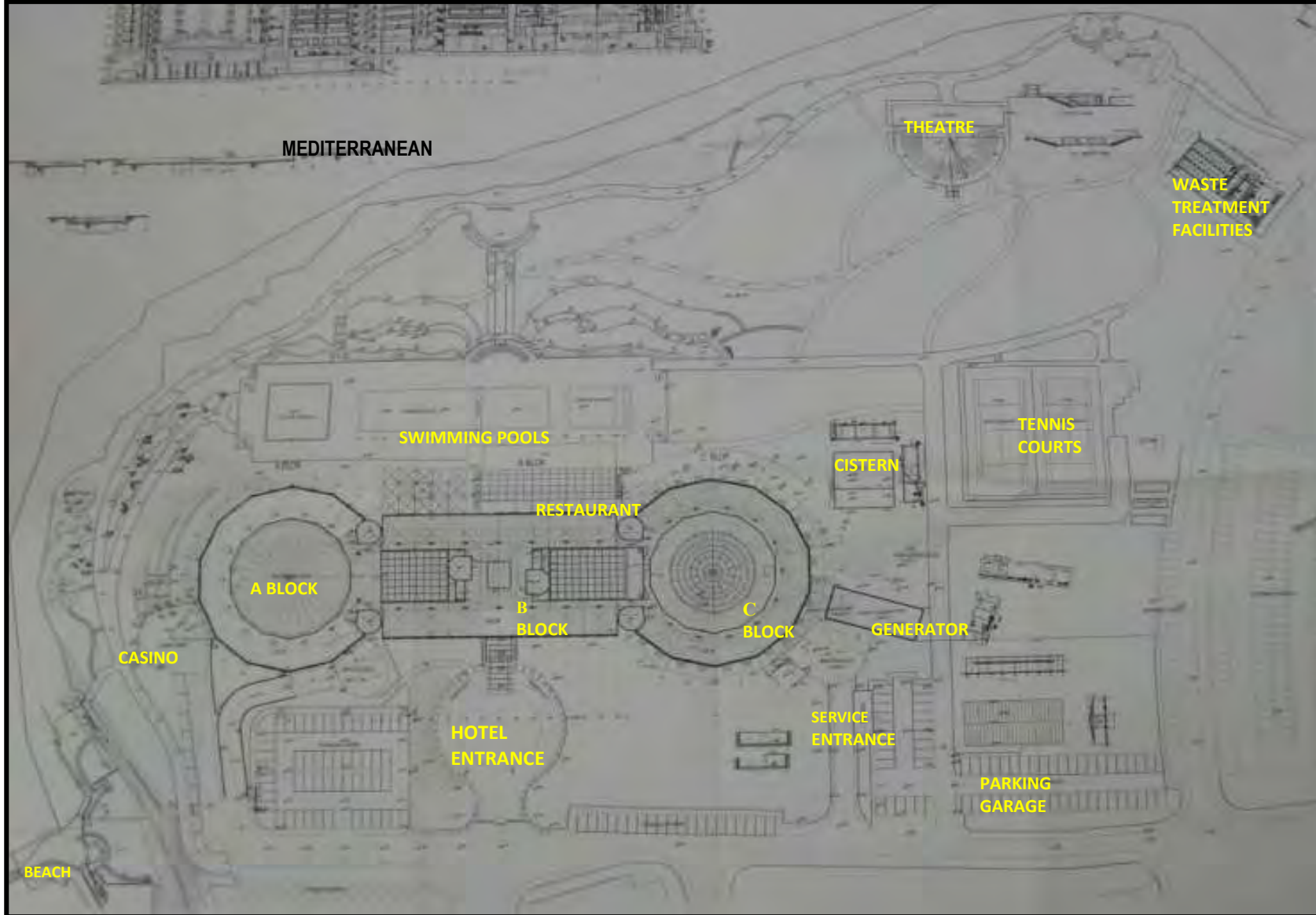
## Hotel Block Floor Areas

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

## Auxiliary Building Areas

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

# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.



REPORT NO: 2012REV917

REPORT DATE: 08.02.2013

\*CONFIDENTIAL

# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## 5.3 Construction Properties of the Hotel

Type of Building	:	Reinforced concrete carcass, steel carcass (main restaurant)
Subject Area of Appraisal	:	31,860 sqm (according to the building license)
Total Space	:	31,315 sqm (according to the architectural design and actual status)
Roof Coating	:	Partially terrace roof, partially skylight roof
Exteriors Coating	:	Paint for exteriors
Age	:	Nearly 5 years (Opening date of the hotel is July 2007)
Electrical	:	Connected to the public network
Water	:	Provided with a purification plant at the hotel.
Sewage	:	The waste water treated with a biological treatment system is used for landscaping irrigation.
The heating system	:	Chiller
Chilling System	:	Air-cooled Chiller groups.
Ventilation System	:	There is a central ventilation system.
Security System	:	Intruder alarm system and 24 hours security.
Fire Safety System	:	There is a fire safety and detection system connected to the automation system. Fire extinguishing system is a sprinkler system, and there are also fire cabinet and fire tubes.
Elevator	:	There are totally 4 lifts: respectively two lifts at blocks A and C.
Fire Escape	:	Available.
Car park	:	Available

## 5.4 Construction Details and Floor Uses per Floors

### 2. Basement Floor

The entire floor with 2,981 sqm area is used as a Casino. The floor is both accessed by staircases and lift within the hotel building, and by a separate entrance from the outside of the building. There is a parking lot area at the entrance of this section. The floor contains an entrance hall, cloakroom, casino, bar, floor offices, fire escape stairs, technical volumes, service entrance and a depot.

Flooring	:	Carpet Coating (casino), granite coating (merdivenler)
Walls	:	Decorative Coating
Ceiling	:	Plaster, Suspended Roof Applications
Joineries	:	Woodwork (Door), PVC (windows)
Lighting	:	Decorative Spot illumination

### 1. Basement Floor

The main restaurant opening to the outdoor swimming pool of the hotel is on this floor. In addition, there is a restaurant, kitchens and cold warehouses of the restaurants, 5 small meeting rooms, a grand meeting room and a foyer area, child club, laundry room, personnel dining hall, water tank, and technical offices on this floor. The personnel section can both be accessed from the inside of the hotel and from the service section. The grand meeting room on this floor can also be used as a single volume if desired. The room can be divided when the meeting groups are small.

Flooring	:	Carpet (meeting rooms, child club), ceramic + carpet (common areas), ceramic (restaurant)
Walls	:	Partially paper and partially decorative coated

# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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

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

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

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

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

# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## 4. Floor

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

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

### Swimming Pool:

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

### Amphitheater:

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

### Treatment Plant and Vaporizer:

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

### Prefabricated Warehouse:

The warehouse next to the greenhouse has 300 sqm area.

## 5.5 Determinations Made in The Real Estate Location

- 5-star hotel and its casino which was completed in 2007, and opened in the same year are located on the appraised property.
- The parcel no. 91/5 subject to appraisal, according to the measurement unit used in Turkey, has a surface area of 40,654.37 sqm The appraised property is located in Karaoğlanoğlu region of Girne.
- The parcel subject to appraisal is under the ownership of the Turkish Republic of Northern Cyprus State Real Estate.
- According to the right of construction contract signed between State Real Estate and Akfen Gayrimenkul Ticareti ve İnşaat A.Ş., right of construction has been established until 31.07.2052 to the benefit of Akfen Gayrimenkul Ticareti ve İnşaat A.Ş.
- By the lease contract signed on 15.05.2012, between Akfen Gayrimenkul Ticareti ve İnşaat A.Ş. and Voyager Kıbrıs Ltd. Şti, the 5-star hotel as a whole, including the Casino, has been leased by Voyager Kıbrıs Ltd. Şti for a period of 20 years, starting with the lease beginning date.
- It has been found out that the name of the hotel located on the parcel, and was previously named Mercure, will be changed starting with the new lease term.

***SECTION 6***

***THE HIGHEST AND THE BEST USE ANALYSIS***

## SECTION 6

### THE HIGHEST AND THE BEST USE ANALYSIS

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

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

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

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

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

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

**FACTORS THAT AFFECT THE VALUE OF THE REAL PROPERTY****7.1 Factors That Affect The Value Of The Real Property**

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

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

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

**7.2.1. Equivalent Comparison Approach Analysis**

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

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- Pound Sterling is used for property sales in the TRNC.
- For a 12.5 donums land in Alsancak, on the seafront, with hotel permit, 2,650,000 Pounds Sterling is being demanded. (212,000.-Pounds Sterling/donum; 257,782.-Euro/donum)
- For a plot of approximately 5 donums in Lapta, on the sea coast, with zoning conditions similar to those of the real properties, 1,300,000 Pounds Sterling is being demanded. (260.000.- Pounds Sterling/donum; 316.148.- Euro/donum)
- Opinion has been received on that plots of similar features with the real property, located in the blue zone area and suitable for hotel construction are handled in the range of 100,000-150,000 Pounds Sterling per donum, and that the sales price for a parcel on the seafront would be around 150,000-200,000 Pounds Sterling. (150.000-200.000.- Pounds Sterling/donum; 182.393-243.190.- Euro/donum)
- We have been informed that the mentioned land could be sold in £50,000 - 60,000 range if it wasn't on the seaside.
- For 4 plots of approximately 1 donum each, on the seafront in Girne, 200,000 Pounds Sterling is demanded per donum. (200.000.- Pounds Sterling/donum; 243.190.-Euro/donum)
- A plot located close to the real properties and of similar features, but does not have a front to the sea, has been recently sold for 100,000 Pounds Sterling/donum. (100.000.- Pounds Sterling/donum; 121.595.-Euro/ donum)
- A land of approximately 30 donums, next to the Çatalköy Kratos hotel, has been sold for 4,500,000 Pounds Sterling (150.000.- Pounds Sterling/donum; 182.393.-Euro/ donum)
- The appraised property is one of the most popular facilities in Girne and the TRNC, which affects the land value positively.
- Plots located in the same area as the real property subject to appraisal, on which homes may be built, may be sold at a rate of 40,000 – 60,000 Pounds Sterling/donum. (40.000-60.000.- Pounds Sterling/donum; 48.638-72.957.-Euro/ donum)
- For a 5 donums commercial plot, located quite close to the real property, but not on the sea coast, 550,000 Pounds Sterling is being demanded. It has been advised that it may be sold for 500,000 Pounds Sterling and that the demanded price is the urgent sales price. It has been noted that a similar plot could be sold easily for 750,000 Pounds Sterling under normal circumstances. (110.000.- Pounds Sterling/donum; 133.754.-Euro/ donum)
- It has been advised that a 20 donums plot, located close to the Girne American University and the Özyalçın estate, not on the seafront, included in the yellow zone, has been recently sold at 70,000 Pounds Sterling per donum. (70.000.- Pounds Sterling/donum; 85.116.-Euro/ donum)
- In the same location as the appraised property, it is indicated that the land price would decrease as the land size increases, but this inverse relation would change towards a correlation when a tourism investment is in question.
- Further to the zoning system in the TRNC, there are multiple zoning possibilities on the property in question. This is valid for all lands marked on the coast line zoning area in the TRNC.

## AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

- Due to the unavailability of land supply for tourism investment in the region of the property, any sales have not been realized recently. It is indicated that the prices have remained stable for a long time.

No	Area (Donum)	Quality	Unit price (Pounds Sterling/donum)	Explanation
1	12,5	Land	212.000	Land in Alsancak, on the seafront
2	5	Land	260.000	In Lapta, on the sea coast
3	1	Land	200.000	On the seafront in Girne
4	-	Land	100.000	Does not have a front to the sea
5	30	Land	150.000	Next to the Çatalköy Kratos hotel
6	-	Land	40.000-60.000	Housing Area
7	5	Land	110.000	Not on the sea coast
8	20	Land	70.000	Included in the yellow zone

### ✓ Professional Opinion of the Appraisal Expert:

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

SUPERFICIES VALUE OF THE LAND				
1 donum Land Value (*) 39,6/49 years(**)	79.163	.-€/sqm		
Land Size	30,39	donum		
Total Land Value	2.405.764	.-€		
			<b>2.405.764</b>	<b>EURO</b>
<p>(*) Unit Land Value Estimated as 140.000 €/donum. 70% is taken as the superficieses value for 49 years.</p> <p>(**) On the land owned by The Department of the Real Estate of the State of the TRNC, Superficies have been established for Gayrimenkul Ticareti ve İnşaat A.Ş. by 31 July 2052.</p> <p>The Detail of the Land Value Calculation = (zoned parcel value x 49 years superficieses coefficient x time period)</p> <p>= 140.000 €/ donum x 0,70 x 0,8077</p> <p>= 79.163 €/ donum</p>				

### 7.2.2 Construction Cost Analyse

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

LAND VALUE				
1 donum Land Value	79.163	.-€		
Total Land Area	30,39	donum		
Land Value	2.405.763,57	.-€	<b>2.405.764</b>	<b>.-€</b>
<b>TOTAL</b>			<b>2.405.764</b>	<b>.-€</b>

VALUE OF THE CONSTRUCTION
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# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

<b>Hotel</b>			
Construction Cost per 1 sqm	1.200	.-€	
Total Indoor Area of the Construction (basement floor included)	31.231,00	sqm	
Total Construction Cost	37.477.200	.-€	
Wear and tear Allowance	5,5%		
Building Cost according to the Actual Status	2.061.246	.-€	
Construction Value	35.415.954	.-€	<b>35.415.954 .-€</b>
<b>Auxiliary Buildings</b>			
Construction Cost per 1 sqm	250	.-€	
Total Indoor Area of the Construction (basement floor included)	2.156,00	sqm	
Total Construction Cost	539.000	.-€	
Wear and tear Allowance	5,5%		
Construction Cost according to the Actual Status	29.645	.-€	
Construction Value	509.355	.-€	<b>509.355 .-€</b>
<b>Pools</b>			
Construction Cost per 1 sqm	600	.-€	
Total Indoor Area of the Construction (basement floor included)	996,00	sqm	
Total Construction Cost	597.600	.-€	
Wear and tear Allowance	5,5%		
Construction Cost according to the Actual Status	32.868	.-€	
Construction Value	564.732	.-€	<b>564.732 .-€</b>
<b>Total Land Value</b>			<b>2.405.764 .-€</b>
<b>Total Construction Value</b>			<b>36.490.041 .-€</b>
<b>External Miscellaneous Works</b>			<b>950.000 .-€</b>
<b>TOTAL VALUE</b>			<b>39.845.805 .-€</b>
<b>TOTAL APPROXIMATE VALUE</b>			<b>39.850.000 .-€</b>

## 7.2.3 Revenue Reduction Method

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

- ❖ The construction right of the subject hotel is owned by Akfen Gayrimenkul Ticareti ve İnşaat Anonim Şirketi. During this study, it was assumed that the hotel will be operated in the existing concept throughout the term of the construction right.
- ❖ It is assumed that the appraisal study will be conducted according to the cash flows obtained due to the operation of the real estate during the years utilized within the income discount method.
- ❖ The appraisal study has been conducted according to the current capacity of the hotel. It is assumed that in the forthcoming years the hotel;
  - Will be operated as a five-star hotel,
  - The hotel will have 299 rooms and 600 beds capacity,
  - Will run for 365 days of the year,

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- ❖ It is assumed that the hotel will serve for 12 months: as a vacation hotel in summer and as a casino and business hotel in winter. Although the hotels run as business hotel sell rooms, considering that the hotel would mostly serve as a vacation hotel, the selling is assumed to be realized per bed. At the hotel, where bed/room ratio is calculated as 2, it is assumed that the average annual bed occupancy will begin at 55% and reach and remain stable at 60% in the 3<sup>th</sup> year.
- ❖ It is foreseen that the income from the bed will be €67 for 2012, and the bed price will increase by 3% in the first 10 years. Due to the increase in the hotel's advertising capacity, recognition and premium, the room rates are foreseen to increase by 3% and reach saturation for the first 10 years and then increase steadily at 2,5% afterwards.
- ❖ Morning breakfast, lunch and dinner, beverages, laundry, etc. expenditure which are considered as extra expenditure in the overall hotel are also added in other expenses. In the meantime, invitation and meeting income, among the most important revenues of the hotel have been considered within the other income item. It is foreseen that the other income item in the hotel will be equal to 30% of the income from beds. This rate is assumed to remain unchanged, but increase in proportion to the revenues per bed.
- ❖ The rent income from the shops such as two restaurants, a hairdresser, and a gift shop which have been rented in the hotel has been considered within the other income item.
- ❖ The hotel as a whole, complete with the casino located and currently available on the basement storey of the hotel, by the lease contract dated 15.05.2012 between Akfen Gayrimenkul Ticareti ve İnşaat A.Ş. and Voyager Kıbrıs Ltd., has been leased by Voyager Kıbrıs Ltd. for a period of 20 years. According to the contract, the lease amount to be paid for the hotel + casino in the first year is 4,750,000.-, there will be no increase during the first 5 years, and a 2% increase will be applied in the following years. In the contract, the lease amounts to be paid for the casino and the hotel have not been individually defined. In the 5-star hotel cash flow calculated as the 1<sup>st</sup> Method, the casino revenue has been assumed as 3,306,300.- Euro, which is the figure taken from the previous contract.
- ❖ The GOP (Gross Operating Profit) of the hotel is assumed to remain unchanged at 35% per year.
- ❖ It is assumed that 1% of the hotel's construction cost will be spared as renewal cost for the first year, and the rate will remain unchanged at 2,5% for the following years.
- ❖ Other expense items of the hotel include a superficies rent paid to the Real Estate Department of the State, the real estate tax and the building insurance. The superficies rent amount has been identified according to the contract, and it has been taken into account with 3% increase per year until the ending date of the contract as stated in the contract.
- ❖ It is assumed that all payments are made in cash.
- ❖ Considering that the hotel may be handed over after the 49-years superficies is completed, the hotel capitalization ratio has not been used in the projection. According to the superficies contract, it is assumed that the superficies will end on 31 July 2052, and the projection has been realized according to the operating income by that date.
- ❖ The current equipment, furniture and technical equipment of the hotel are considered for the appraisal.
- ❖ It is assumed at all legal procedures of the property have been completed.
- ❖ EURO is used during the studies and TL 1=€2,3630 is considered.

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- ❖ Taxes and VAT are not included in the studies within IVSC (International Valuation Standards Coverage).
- ❖ The real estate tax and building insurance have been included in the calculations in accordance with the client's declarations, and they have been assumed to increase by 2,5% every year.

HOTEL (5 STAR)	
ROOMS	299
NUMBER OF BEDS	600
OPERATING DAYS	365
YEARLY CAPACITY	219.000
ADR (EURO)(2011)	67,00
OTHER INCOME (%)	30%
RENEWAL COST	1,0%
Room Price Increase Rate in first 10 years (%)	3,0%
FOR THE REST OF THE YEARS INFLATION RATE (%)	2,5%

CASINO RENT INCOME (€) (2012)	3.306.300
LAND RENT PAID TO REAL ESTATE DEPT. (€)	7.883,81
INCREASE RATE OF LAND RENT PAID TO REAL ESTATE DEPT.	3,00%
REAL ESTATE TAX (€)	4.475
BUILDING INSURANCE (€)	11.330,16
THE HOTEL AND CASINO LEASE INCREASE RATIO DEFINED IN THE LEASE CONTRACT	2,00%

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		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
MERCURE OTEL CASHFLOW																		
YEARS	31.12.2012	31.12.2013	31.12.2014	31.12.2015	31.12.2016	31.12.2017	31.12.2018	31.12.2019	31.12.2020	31.12.2021	31.12.2022	31.12.2023	31.12.2024	31.12.2025	31.12.2026	31.12.2027	31.12.2028	31.12.2029
USE OF CAPACITY (%)	0%	55%	57%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%
NUMBER OF BEDS SOLD	0	120.450	124.830	131.400	131.400	131.400	131.400	131.400	131.400	131.400	131.400	131.400	131.400	131.400	131.400	131.400	131.400	131.400
ADR(EURO)	67,00	69,01	71,08	73,21	75,41	77,67	79,61	81,60	83,64	85,73	87,88	90,07	92,33	94,64	97,00	99,43	101,91	104,46
ROOMS INCOME (EURO)	0	8.312.255	8.872.954	9.620.150	9.908.754	10.206.017	10.461.168	10.722.697	10.990.764	11.265.533	11.547.172	11.835.851	12.131.747	12.435.041	12.745.917	13.064.565	13.391.179	13.725.958
OTHER INCOME (EURO)	0	2.493.676	2.661.886	2.886.045	2.972.626	3.061.805	3.138.350	3.216.809	3.297.229	3.379.660	3.464.151	3.550.755	3.639.524	3.730.512	3.823.775	3.919.369	4.017.354	4.117.787
TOTAL INCOME (EURO)	0	10.805.931	11.534.840	12.506.195	12.881.381	13.267.822	13.599.518	13.939.506	14.287.993	14.645.193	15.011.323	15.386.606	15.771.271	16.165.553	16.569.692	16.983.934	17.408.533	17.843.746
GOP (%)	0%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%
GOP (EURO)	0	3.782.076	4.037.194	4.377.168	4.508.483	4.643.738	4.759.831	4.878.827	5.000.798	5.125.818	5.253.963	5.385.312	5.519.945	5.657.944	5.799.392	5.944.377	6.092.986	6.245.311
CASINO RENT INCOME(EURO)	3.306.300	3.306.300	3.306.300	3.306.300	3.306.300	3.372.426	3.372.426	3.372.426	3.372.426	3.372.426	3.372.426	3.439.875	3.508.672	3.578.845	3.650.422	3.723.431	3.797.899	3.873.857
RENEWAL COST(EURO) (%1,0)		405.529	415.667	426.059	436.710	447.628	458.819	470.289	482.046	494.098	506.450	519.111	532.089	545.391	559.026	573.002	587.327	602.010
REAL ESTATE TAX(EURO)		4.475	4.586	4.701	4.819	4.939	5.063	5.189	5.319	5.452	5.588	5.728	5.871	6.018	6.168	6.322	6.481	6.643
INSURANCE COST(EURO)	0	11.557	11.846	12.083	12.324	12.571	12.822	13.079	13.340	13.607	13.879	14.157	14.440	14.729	15.023	15.324	15.630	15.943
LAND RENT COST(EURO)	7.884	8.120	8.364	8.615	8.873	9.139	9.414	9.696	9.987	10.287	10.595	10.913	11.240	11.578	11.925	12.283	12.651	13.031
EXPENSES (EURO)	0	-7.453.536	-7.938.109	-8.580.484	-8.835.624	-9.098.362	-9.325.804	-9.558.932	-9.797.888	-10.042.819	-10.293.872	-10.551.203	-10.814.967	-11.085.325	-11.362.442	-11.646.488	-11.937.635	-12.236.061
HOTEL OPERATION PROFIT	0	6.658.695	6.903.031	7.232.011	7.352.057	7.541.886	7.646.140	7.753.000	7.862.531	7.974.801	8.089.877	8.275.278	8.464.977	8.659.074	8.857.672	9.060.877	9.268.797	9.481.542
NET CASH FLOW	0	6.658.695	6.903.031	7.232.011	7.352.057	7.541.886	7.646.140	7.753.000	7.862.531	7.974.801	8.089.877	8.275.278	8.464.977	8.659.074	8.857.672	9.060.877	9.268.797	9.481.542

18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40
31.12.2030	31.12.2031	31.12.2032	31.12.2033	31.12.2034	31.12.2035	31.12.2036	31.12.2037	31.12.2038	31.12.2039	31.12.2040	31.12.2041	31.12.2042	31.12.2043	31.12.2044	31.12.2045	31.12.2046	31.12.2047	31.12.2048	31.12.2049	31.12.2050	31.12.2051	31.07.2052
60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%
131.400	131.400	131.400	131.400	131.400	131.400	131.400	131.400	131.400	131.400	131.400	131.400	131.400	131.400	131.400	131.400	131.400	131.400	131.400	131.400	131.400	131.400	76.680
107,07	109,75	112,49	115,30	118,19	121,14	124,17	127,27	130,46	133,72	137,06	140,49	144,00	147,60	151,29	155,07	158,95	162,92	166,99	171,17	175,45	179,83	184,33
14.069.107	14.420.835	14.781.356	15.150.890	15.529.662	15.917.904	16.315.851	16.723.747	17.141.841	17.570.387	18.009.647	18.459.888	18.921.385	19.394.420	19.879.280	20.376.262	20.885.669	21.407.811	21.943.006	22.491.581	23.053.871	23.630.217	14.134.431
4.220.732	4.326.250	4.434.407	4.545.267	4.658.899	4.775.371	4.894.755	5.017.124	5.142.552	5.271.116	5.402.894	5.537.966	5.676.416	5.818.326	5.963.784	6.112.879	6.265.701	6.422.343	6.582.902	6.747.474	6.916.161	7.089.065	4.240.329
18.289.839	18.747.085	19.215.763	19.696.157	20.188.561	20.693.275	21.210.606	21.740.872	22.284.393	22.841.503	23.412.541	23.997.854	24.597.801	25.212.746	25.843.064	26.489.141	27.151.370	27.830.154	28.525.908	29.239.055	29.970.032	30.719.282	18.374.760
35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%
6.401.444	6.561.480	6.725.517	6.893.655	7.065.996	7.242.646	7.423.712	7.609.305	7.799.538	7.994.526	8.194.389	8.399.249	8.609.230	8.824.461	9.045.073	9.271.199	9.502.979	9.740.554	9.984.068	10.233.669	10.489.511	10.751.749	6.431.166
3.951.335	4.030.361	4.110.968	4.193.188	4.277.052	4.362.593	4.449.844	4.538.841	4.629.618	4.722.211	4.816.655	4.912.988	5.011.248	5.111.473	5.213.702	5.317.976	5.424.336	5.532.822	5.643.479	5.756.348	5.871.475	5.988.905	3.564.793
617.060	632.487	648.299	664.506	681.119	698.147	715.601	733.491	751.828	770.624	789.889	809.637	829.877	850.624	871.890	893.687	916.029	938.930	962.403	986.463	1.011.125	1.036.403	619.925
6.809	6.979	7.153	7.332	7.515	7.703	7.896	8.093	8.296	8.503	8.716	8.933	9.157	9.386	9.620	9.861	10.107	10.360	10.619	10.885	11.157	11.436	6.874
16.262	16.587	16.919	17.257	17.602	17.954	18.313	18.679	19.053	19.434	19.823	20.219	20.624	21.036	21.457	21.886	22.324	22.770	23.226	23.690	24.164	24.647	14.671
13.422	13.824	14.239	14.666	15.106	15.559	16.026	16.507	17.002	17.512	18.038	18.579	19.136	19.710	20.301	20.911	21.538	22.184	22.849	23.535	24.241	24.968	15.008
-12.541.948	-12.855.482	-13.176.855	-13.506.263	-13.843.907	-14.189.992	-14.544.730	-14.908.337	-15.281.035	-15.663.050	-16.054.617	-16.455.973	-16.867.364	-17.289.041	-17.721.260	-18.164.286	-18.618.388	-19.083.844	-19.560.937	-20.049.959	-20.551.207	-21.064.988	-12.600.071
9.699.226	9.921.964	10.149.876	10.383.081	10.621.705	10.865.875	11.115.721	11.371.376	11.632.977	11.900.664	12.174.579	12.454.869	12.741.684	13.035.177	13.335.506	13.642.831	13.957.317	14.279.132	14.608.449	14.945.445	15.290.300	15.643.199	9.339.482
9.699.226	9.921.964	10.149.876	10.383.081	10.621.705	10.865.875	11.115.721	11.371.376	11.632.977	11.900.664	12.174.579	12.454.869	12.741.684	13.035.177	13.335.506	13.642.831	13.957.317	14.279.132	14.608.449	14.945.445	15.290.300	15.643.199	9.339.482

# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

Appraisal Chart			
Risk Free Rate of Return	3,60%	3,60%	3,60%
Risk Premium	5,40%	5,90%	6,40%
Discount Rate	9,00%	9,50%	10,00%
NET PRESENT VALUE (EURO)	91.567.357	86.499.209	81.892.210
Approximate Net Present Value (EURO)	91.570.000	86.500.000	81.890.000
Net Present Value (TL)	216.373.665	204.397.631	193.511.292
Approximate Net Present Value (TL)	216.370.000	204.400.000	193.510.000

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

- The appraised hotel is owned by Akfen Gayrimenkul Ticareti ve İnşaat A.Ş (Akfen Real Estate Trade and Construction Joint Stock Company), and it is operated by the international hotel operating company Serenas Group. During this study, it was assumed that the hotel will be operated in the existing concept throughout the term of the construction right.
- In line with the lease contract dated 15.05.2012, signed between Akfen Gayrimenkul Ticareti ve İnşaat A.Ş. and Voyager Kıbrıs Ltd., the hotel lease (including casino) in 2013 is 4,750,000.-Euro. For the first 5 years starting from this date, any lease increase will not be applied, and it will increase by a fixed ratio of 2% in the subsequent years.
- In appraisal method according to rent income, the cash flows obtained due to the operation of the property as per years include the sum of the cash flows acquired by Akfen Ticaret ve İnşaat Anonim Şirketi as the sum of casino and hotel rent revenues.
- The appraisal study has been conducted according to the current capacity of the hotel. It is assumed that in the forthcoming years the hotel;
  - Will be operated as a five-star hotel,
  - The hotel will have 299 rooms and 600 beds capacity,
  - Will run for 365 days of the year,
  - The casino in the hotel will be run by a tenant and the hotel and casino will positively influence the occupancies of each other.
- It is assumed in the operation alternative of the hotel that the hotel's repair cost will be at 1.5% for the first year, and at 2% unchanged for the following years. This study considers 5% of the renovation cost which is included in the operation alternative of the hotel. It is assumed that the interior renovations of the hotel will be undertaken by the tenant, and all other major repairs will be covered from the insurance.
- Other expense items of the hotel include a superficies rent paid to the Real Estate Department of the State, the real estate tax and the building insurance. The superficies rent amount has been identified according to the contract, and it has been taken into account with 3% increase per year until the ending date of the contract as stated in the contract.
- It is assumed that all payments are made in cash.

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- Considering that the hotel may be handed over after the 49-years superficies is completed, the hotel capitalization ratio has not been used in the projection. According to the superficies contract, it is assumed that the superficies will end on 31 July 2052, and the projection has been realized according to the operating income by that date.
- The current equipment, furniture and technical equipment of the hotel are considered for the appraisal.
- It is assumed at all legal procedures of the property have been completed.
- EURO is used during the studies and TL 1=€2,3630 is considered.
- Taxes and VAT are not included in the studies within IVSC (International Valuation Standards Coverage).
- In the appraisal study, Euro-based Eurobond rate for the last 6 months of 2020, which is 3,60%, is considered as the “Risk-free Rate of Return”.
- Discount ratio is foreseen as 8.0%. As the rent income risk is reduced due to the lease contract in the rent method, the risk premium is also considered low.
- The real estate tax and building insurance have been included in the calculations in accordance with the client’s declarations, and they have been assumed to increase by 2,5% every year.

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
INTERIMS OF AKFEN	31.12.2012	31.12.2013	31.12.2014	31.12.2015	31.12.2016	31.12.2017	31.12.2018	31.12.2019	31.12.2020	31.12.2021	31.12.2022	31.12.2023	31.12.2024	31.12.2025	31.12.2026	31.12.2027	31.12.2028	31.12.2029
TOTAL HOTEL AND CASİNO RENTAL INCOME (EURO)		4.750.000	4.750.000	4.750.000	4.750.000	4.750.000	4.845.000	4.941.900	5.040.738	5.141.553	5.244.384	5.349.271	5.456.257	5.565.382	5.676.690	5.790.223	5.906.028	6.024.149
RENEWAL COST (EURO) (%1,5)		405.529	415.667	426.059	436.710	447.628	458.819	470.289	482.046	494.098	506.450	519.111	532.089	545.391	559.026	573.002	587.327	602.010
REAL ESTATE TAX(EURO)		4.475	4.586	4.701	4.819	4.939	5.063	5.189	5.319	5.452	5.588	5.728	5.871	6.018	6.168	6.322	6.481	6.643
LAND RENT COST(EURO)	7.884	8.120	8.364	8.615	8.873	9.139	9.414	9.696	9.987	10.287	10.595	10.913	11.240	11.578	11.925	12.283	12.651	13.031
TOTAL EXPENSES (EURO)		- 32.871	- 33.734	- 34.619	- 35.527	- 36.460	- 37.417	- 38.400	- 39.408	- 40.443	- 41.506	- 42.596	- 43.716	- 44.865	- 46.045	- 47.255	- 48.498	- 49.774
NET CASH FLOW	-	4.717.129	4.716.266	4.715.381	4.714.473	4.713.540	4.807.583	4.903.500	5.001.330	5.101.109	5.202.878	5.306.675	5.412.541	5.520.517	5.630.645	5.742.968	5.857.530	5.974.375

18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40
31.12.2030	31.12.2031	31.12.2032	31.12.2033	31.12.2034	31.12.2035	31.12.2036	31.12.2037	31.12.2038	31.12.2039	31.12.2040	31.12.2041	31.12.2042	31.12.2043	31.12.2044	31.12.2045	31.12.2046	31.12.2047	31.12.2048	31.12.2049	31.12.2050	31.12.2051	31.07.2052
6.144.631	6.267.524	6.392.875	6.520.732	6.651.147	6.784.170	6.919.853	7.058.250	7.199.415	7.343.403	7.490.272	7.640.077	7.792.878	7.948.736	8.107.711	8.269.865	8.435.262	8.603.968	8.776.047	8.951.568	9.130.599	9.313.211	9.499.475
617.060	632.487	648.299	664.506	681.119	698.147	715.601	733.491	751.828	770.624	789.889	809.637	829.877	850.624	871.890	893.687	916.029	938.930	962.403	986.463	1.011.125	1.036.403	619.925
6.809	6.979	7.153	7.332	7.515	7.703	7.896	8.093	8.296	8.503	8.716	8.933	9.157	9.386	9.620	9.861	10.107	10.360	10.619	10.885	11.157	11.436	6.874
13.422	13.824	14.239	14.666	15.106	15.559	16.026	16.507	17.002	17.512	18.038	18.579	19.136	19.710	20.301	20.911	21.538	22.184	22.849	23.535	24.241	24.968	15.008
- 51.083	- 52.427	- 53.807	- 55.224	- 56.678	- 58.170	- 59.702	- 61.275	- 62.889	- 64.546	- 66.248	- 67.994	- 69.787	- 71.627	- 73.516	- 75.456	- 77.447	- 79.491	- 81.589	- 83.743	- 85.954	- 88.224	- 52.877
6.093.548	6.215.097	6.339.067	6.465.508	6.594.469	6.726.000	6.860.151	6.996.975	7.136.526	7.278.857	7.424.024	7.572.083	7.723.092	7.877.109	8.034.194	8.194.409	8.357.816	8.524.477	8.694.458	8.867.825	9.044.645	9.224.987	9.446.598

Appraisal Chart			
Risk Free Rate of Return	3,60%	3,60%	3,60%
Risk Premium	3,40%	4,40%	4,40%
Discount Rate	7,00%	8,00%	8,00%
NET PRESENT VALUE (EURO)	74.988.838	65.931.352	65.931.352
Approximate Net Present Value (EURO)	74.990.000	65.930.000	65.930.000
Net Present Value (TL)	177.198.623	155.795.785	155.795.785
Approximate Net Present Value (TL)	177.200.000	155.800.000	155.800.000

# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## Rental Value Of The Property

YEARS	31.12.2012	31.12.2013
Avarage Cash Flow of Rental Value	0	5.687.912

RENTAL APPRAISAL CHART			
Risk Free Rate of Return	3,60%	3,60%	3,60%
Risk Premium	5,40%	5,90%	6,40%
Discount Rate	9,00%	9,50%	10,00%
NET PRESENT VALUE (EURO)	5.218.268	5.194.440	5.170.829
Approximate Net Present Value (EURO)	5.220.000	5.190.000	5.170.000
Net Present Value (TL)	12.330.767	12.274.462	12.218.669
Approximate Net Present Value (TL)	12.330.000	12.270.000	12.220.000

## 7.2.5 Analysis of the Conclusion

The value of the appraised property according to cost method has been identified as **€ 39.850.000** according to the income capitalization method as **€ 86.500.000** And the net present value according to the rent income of Akfen Gayrimenkul Ticareti ve İnşaat A.Ş. as **€ 65.930.000**

The rent value of the property has been calculated by taking into account the average of the net cash flows in the first year according to the cost discount method and rent income. The annual rent value of the property has been calculated with the discount of the first year's annual rent value to the present day of appraisal. According to this calculation, the annual rent value of the hotel has been appraised as **€ 5.190.000.(TL 12.270.000)**

However, because the property is a facility which is currently running and generating an income, **€ 76.220.000 (Seventysixmilliontwohundredtwentythousand.-Euro)** as the average value of the value calculated with income capitalization approach of **€ 86.500.000** and the net present value of the rent income of **€ 65.930.000** has been concluded as the final value.

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

***SECTION 8  
CONCLUSION***

# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## SECTION 8 CONCLUSION

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

MARKET VALUE OF THE SUPERFÍCIES DATED 31.12.2012 (VAT Excluded)	
180.100.000.-TL <u>Onehundredeightymilliononehundredthousand.-</u> <u>Turkish Liras)</u>	76.220.000 € <u>(Seventysixmilliontwohundredtwentythousand.-</u> <u>Euro)</u>
ANNUAL RENT VALUE OF THE HOTEL AS OF 31.12.2012 (VAT Excluded)	
12.270.000.-TL <u>(Twelvemilliontwohundredseventythousand.-</u> <u>Turkish Liras)</u>	5.190.000.- € <u>(Fivemilliononehundredninetenthousand.- EURO)</u>
MARKET VALUE OF THE SUPERFÍCIES DATED 31.12.2012 (VAT Included)	
212.518.000.-TL <u>(Twohundredtwelvemillionfivehundredeightee</u> <u>nthousand.- Turkish Liras)</u>	89.939.600.- € <u>(Eightyninemillionninehundredthirtyninethousand</u> <u>sixhundred.- EURO)</u>
ANNUAL RENT VALUE OF THE HOTEL AS OF 31.12.2012 (VAT Included)	
14.478.600.-TL <u>(Fourteenmillionfourhundredseventyeighthousand</u> <u>sixhundred.- Turkish Liras)</u>	6.124.200.- € <u>(Sixmilliononehundredtwentyfourthousand</u> <u>twohundred.- EURO)</u>

- 6- These identified values are the market values respectively for cash sales payments.
- 7- VAT rate has been taken as 18%.
- 8- Exchange rate has been taken as EURO 1 = TL 2,3630; USD 1 = TL 1,7912; Sterlin 1 = TL 2,8733. The Exchange rate is given only for information.
- 9- This report has been prepared further to the related provisions of the Capital Markets Regulation
- 10- 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.***

<b>Özge AKLAR</b> Appraiser (401775)	<b>Hüsniye BOZTUNÇ</b> Appraiser in Charge (400811)
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***SECTION 9***  
***ANNEX***

# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## SECTION 9

### ANNEX

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