

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.



REAL ESTATE APPRAISAL REPORT

Report Date: 08.02.2013
Appraisal Date: 31.12.2012

R. No: 2012REV916



ISO9001:2008
FS 509685

AKFEN GAYRİMENKUL
YATIRIM ORTAKLIĞI
A.Ş.

LAND IN BAFRA

GAZIMAGOSA / KUZEY
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 **2012REV916**;

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

EXECUTIVE SUMMARY

OPEN ADDRESS OF PROPERTY

Bafra locality, plot XVI, 23/2/1/1+23/4 parcel, İskele/ Gazimagosa/ KUZZEY KIBRIS TÜRK CUMHURİYETİ

USE OF PROPERTY

167 donum, 3 evlek, 1.200 square feet size (224.500 sqm according to the metric system) land

TITLE DEED INFORMATION

The construction right issued for a term of 49 years from 30.12.2010 to 29.12.2059 in favor of "Akfen İnşaat Turizm ve Ticaret A.Ş." for the property located Iskele Locality, Bafra town or village, plot XVI, plan no 1, with parcel no 23/2/1/1+23/4, while it was previously owned by "Department Of Forests which is responsible for forest affairs and represents the Ministry of Agriculture and Natural Resources of the Turkish Republic of Northern Cyprus (TRNC)"

ZONING STATUS

Stated under the heading 4.3. of the report.

MARKET VALUE OF THE SUPERFİCİES DATED 31.12.2012 (VAT Excluded)

6.800.000.-TL

(Sixmillioneighthundredthousand.-Turkish

Liras)

2.880.000.- €

(Twomillioneighthundredeightyfourthousand.-

EURO)

MARKET VALUE OF THE SUPERFİCİES DATED 31.12.2012 (VAT Included)

8.024.000.-TL

(Eightmilliontwentyfourthousand.-

Turkish Liras)

3.398.400.- €

(Threemillionthreehundredninetyeightthousand

fourhundred.- 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 BOZTUŇ
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 2012REV916 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 İskele city, Bafra town or village, plot XVI, plan no 1, with parcel no 23/2/1+23/4, while it was previously owned by "Department of Forests which is responsible for Forest affairs and represents the Ministry of Agriculture and Natural Resources of the Turkish Republic of Northern Cyprus(TRNC)" for "Akfen İnşaat Turizm ve Ticaret Anonim Şirketi" for 49 years beginning from 30.12.2010 to 29.12.2059.

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 31.10.2012, and in accordance with the provisions of the capital markets legislation in effect on the subject property. No restrictions were imposed by the customer during the valuation study.

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

Report-1	
Report Date	28.02.2011
Report No	2011A87
Report Prepared by	Hüsniye BOZTUNÇ – Adem YOL
Propert Total Value (TL) (VAT Excluded)	6.074.000. -TL

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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 project for the entrepreneur covers the examination and evaluation of the industry where

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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 rate¹

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

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

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

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

Variant 3 has been selected as the method in the assumptions our company has made by using all these data. However, especially when assessing the value of the real estates with long-term commercial lifetime, an asset appropriate for the

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

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commercial lifetime of the real estate does not exist. For that reason, our company suggests appropriate bonds for each projects regarding their duration as a risk free return rate. The chosen bonds vary according to the duration of projects and to the rate of exchange. This rate also covers the country risk. In addition to hat, the rates suggested by Damodaran for use in accordance with its Financial Market Characteristics are as follows:

Financial Market Characteristics ²	Premium Cover Govt.Bond Rate
Emerging markets with political risk (South America, Eastern Europe)	8.5 % over govt. bond Rate
Developed Markets with limited listings (Western Europe, minus Germany and 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.

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

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

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

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

Where R_f = Risk Free rate

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

Analysis Of The Methods Used In The Appraisal

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

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

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

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

2.2.2 Project Development Approach

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

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

2.3 The Value Definitions

2.3.1 Fair Market Value (Market Value)

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

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- 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 4th, 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 (%)
TOPLAM	286,257	100.0	294,396	100.0
LEFKOŞA	94,824	33.1	97,293	33.1
GAZİMAĞUSA	69,741	24.4	69,838	23.7
GİRNE	69,163	24.1	73,577	25.0
GÜZELYURT	30,037	10.5	30,590	10.4
İSKELE	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 nüfusdaki 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 that had been reduced. Moreover, it has been foreseen in the report that the developing

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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 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

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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.

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3.2.2 Gazimağusa Province



Famagusta is an important port town of the Turkish Republic of Northern Cyprus; which is administratively named as the Gazi Mağusa district. Famagusta is the only city on the Cyprus island with a deep-water port.

The city has initially been established in 3rd century BC by Ptolemy 1, under the name of "Arsinoe". As a consequence of Salamis being looted by the Arabs in 647/648 AD, immigrants from that area have settled in the city. In 1291, after Akka has been seized during the Crusades, those migrating from Akka have settled at Famagusta. As a consequence of the arrival of tradesmen, along with the general public, the city has prospered and gained significance, and has evolved into a commercial center. During the time of the Lusignans, the Lusignan kings who also ruled Jerusalem have been coronated at the St. Nicholas Cathedral in Famagusta until 1372. During that period, many churches have been built in the city. In 1372, the Genovese have taken over the city, and as required by the treaty made, the city has remained under the rule of the Genovese until 1469, and then has been returned to the Lusignans. The city that has been used as a military zone during the Genovese period has lost its feature of being a trade center.

The fortress that has previously been seized by the Roman and the Eastern Roman Empires, the Latin and the Venetians, has been conquered by the Turkish Forces on August 6th, 1571, during the Cyprus Expedition in the reign of Selim II (1566-1574); and has remained under Turkish rule until 1878. In 1878, it has been left to the British rule together with the rest of Cyprus.

Famagusta, evolving into one of the most important tourism towns of the Republic of Cyprus that has gained its independence in 1960, has been conquered by the Turkish troops during the 1974 Cyprus Campaign. The city has become one of the most significant port, tourism and university education centers of the Turkish Federated State of Cyprus declared in 1975 and the Turkish Republic of Northern Cyprus established in 1983.

The Othello Tower, St. Nicholas Cathedral, Francis Church, Namık Kemal Dungeon and Museum, Kertikli Bath, Famagusta Walls, St. Barnabas Monastery and the Salamis Ancient City are the important historical monuments available in Famagusta.

According to the 2011 population count, the population of the city is 69.741.

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, the ownership details are as follows.

City	:	İskele
Town or Village	:	Bafra
Quarter	:	
Locality	:	
Plot No.	:	XVI
Section No.	:	-
Property	:	Forest
Parcel No.	:	23/2/1+23/4
Area**	:	167 donum, 3 evlek, 1.200 square feet
Landlord	:	Representing the Turkish Republic of Northern Cyprus (TRNC) Ministry of Agriculture and Natural Resources, the Forestry Office which is entitled to carry out forestry work
Tenant	:	Akfen İnşaat Turizmi ve Ticaret A.Ş.***
Term of the Lease	:	49 years from 30.12.2010 to 29.12.2059 .
Annual Rent Amount	:	Leasing contract may be seen in Annex part.

*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.

**The subject rental agreement was signed in 2006 with TRNC Ministry of Finance State Real Estate and Materials Office cancelled the agreement since the subject immovable property is a forestry land.

On the date of 31.12.2010, a new rental agreement with a period of 49 years was signed with Forestry Office representing the Turkish Republic of Northern Cyprus (TRNC) Ministry of Agriculture and Natural Resources, which is entitled to carry out forestry works.

***With the Resolution Number 348-2011, the Board of Ministers approved for the transfer of the rental agreement signed on 30 December 2010 by and between Akfen Turizm, Ticaret ve İnşaat A.Ş. and Forestry Office, to Akfen Gayrimenkul, Ticaret ve İnşaat A.Ş. However, on the date of appraisal, the construction right in the title deed registry currently belongs to Akfen İnşaat Turizm ve Ticaret A.Ş. The relevant letter is attached to the report.

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 encumbrance document received from the customer for the subject immovable property, dated 12.12.2012, there are no encumbrances on the subject immovable property.

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

121891

TAPU VE KADASTRO DAİRESİ
TAŞINMAZ MAL ARAŞTIRMA BELGESİ

Hazırlanış Tarihi: 12.12.12 Ödenen Harçlar: TL 450 Mülkiyet F. 153 No: 977687 Tarih: 12.12.12

Dilekçe Sahibi: Hüseyin Kaya Adresi: Güreç

Dilekçe No: 18481-3676/102 İnceleme Bölgesi: Balıca Turizm Bölgesi: p/16/1, parsel: 23/2/1/1/1 + 23/4/1, konut: 7, parsel: 101, mal sahibinin ve temsilcinin gösterdiği belge.

Kart No	Tarih	Mevzuat		Mevzuat No	Mevzuat İçeriği	Yüzölçümü			Durum	Mülkiyet Sahibi
		Paha / Plan No	Parç. No			Alan	Yüzölçümü	A.K.		
7	5.5.06	16/1	23/2/1/1-23/4	=	Orman	167	3	1000	Kirik	Akfen İnşaat Turizm & Ticaret A.Ş.

12.12.12

12.12.12

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

Any buying & selling transactions related with the appraised property have not been realized for the last three years.

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 document and the information in the attached preliminary approval document with application date of 12.12.2012 received from Gazimagosa City Planning Office, which is the institution from which preliminary permission is received for any construction work in TRNC.

❖ Zoning Status:

- ❖ In TRNC, unlike the zoning system in Turkey, construction is possible not with zoning plans but with decrees. Also, regions are separated from one another in decrees and multiple construction rights are possible in these regions.

According to the First Phase Decree for Bafra and Surrounding Area with the approval date of 30.06.2006, with the scale of 1/2500, the subject immovable property remains within the legend of 'Tourism Development Area.' According to the paragraph "d" of the subject decree;

- In the map of the First Phase Decree for Bafra and Surrounding Area (Amendment 2), Development decisions, named as 'Tourism Development Area', within the regions marked, the ones with road, water, electricity, treatment facilities and other similar infrastructure, on the lots where projects prepared for development and/or parceling projects will be implemented and/or parceling projects will be implemented and/or completed in line with the 2nd clause and

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

paragraph d of the 11th article below, in the developments serving the purpose of Mixed Type Accommodation Facilities such as Hotels, Apart Hotels and Bungalow type structures, on the condition that these will be in compliance with the article 30, the projects that have received Construction License and/or approved by Cyprus Turkish Union of Chambers of Architects and Engineers before the enactment of this decree can be constructed on the area.

(ii) In the map of the First Phase Decree for Bafra and Surrounding Area (Amendment 2), Development decisions, named as 'Tourism Development Area', within the regions that are not marked, the ones with road, water, electricity, treatment facilities and other similar infrastructure, on the lots where projects prepared for development and/or parceling projects will be implemented and/or completed in line with the 2nd clause and paragraph d of the 11th article below, in the developments serving the purpose of Mixed Type Accommodation Facilities such as Hotels, Apart Hotels and Bungalow type structures, on the condition that the Facilities such as Hotels, Apart Hotels and Bungalow type structures, on the condition that the maximum measurements will be 0.35/1 of the Total Construction Area and %20 of the Base Construction Area (37 feet), for the hotels and apart hotels, the number of floors in the building will not exceed 3 (three) and the total height of the building will not exceed 11.10 meters (37 feet), and for the bungalow buildings, the number of floors in the building will not exceed 1 (one) and the total height of the building will not exceed 5.10 meters (17 feet), construction is allowed in these areas.

(iii) However, on the condition that building coefficient construction and lot proportion will not change, in case there are environmental values that need protection within the parcel and/or there are measures to be taken and/or open areas are needed for the facility, the building can be allowed to gain in height by narrowing towards the top. In such cases, permission is granted on the condition that the maximum coefficient will not exceed 8 (eight).

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.



**KUZEY KIBRIS TÜRK CUMHURİYETİ
İÇİŞLERİ ve YEREL YÖNETİMLER
BAKANLIĞI**

ŞEHİR PLANLAMA DAİRESİ

Planlama Hizmetleri, Lefkoşa, KKTC - Tel: (90) (35) 228 5402
Trafik: (90) (35) 228 5004 - E-Posta: akp@akp.gov.tr

**PLANLAMA ONAYI
ÖN ONAY
BELGESİ**

5/1988 İmar Yasası
1990, Planlama Çerç. Tüzüğü

Sayın : Hüseyin Kaya
Adres : Bafra Turizm Bölgesi – Bafra - İskele

Planlama Makamı, yukarıda sözü edilen Yasa ve Tüzüğün kendisine verdiği yetkiyi kullanarak, aşağıda sözü edilen arazi ve/veya arazi üzerindeki gelişme ve/veya gelişmelere, aşağıdaki koşullarda KESİN ONAY verir:

ONAY NO : 2011 BAF 3	GELİŞMENİN TÜRÜ : Btg. İstasyon
ONAYIN TARİHİ : 21/5/2011	

KAZA / İSKELE	YAPYA NO : XVI
KARABA VEYA KÖY : BAFRA	HARİTA NO : 1
MAHALLE :	PARSEL NO : 23/2/1/1-234
MEVKİ :	ÖLÇEK : 1/2500
BLÖK :	KOÇAN NO : Devlet Hazine Mali Rıza Bölgesi

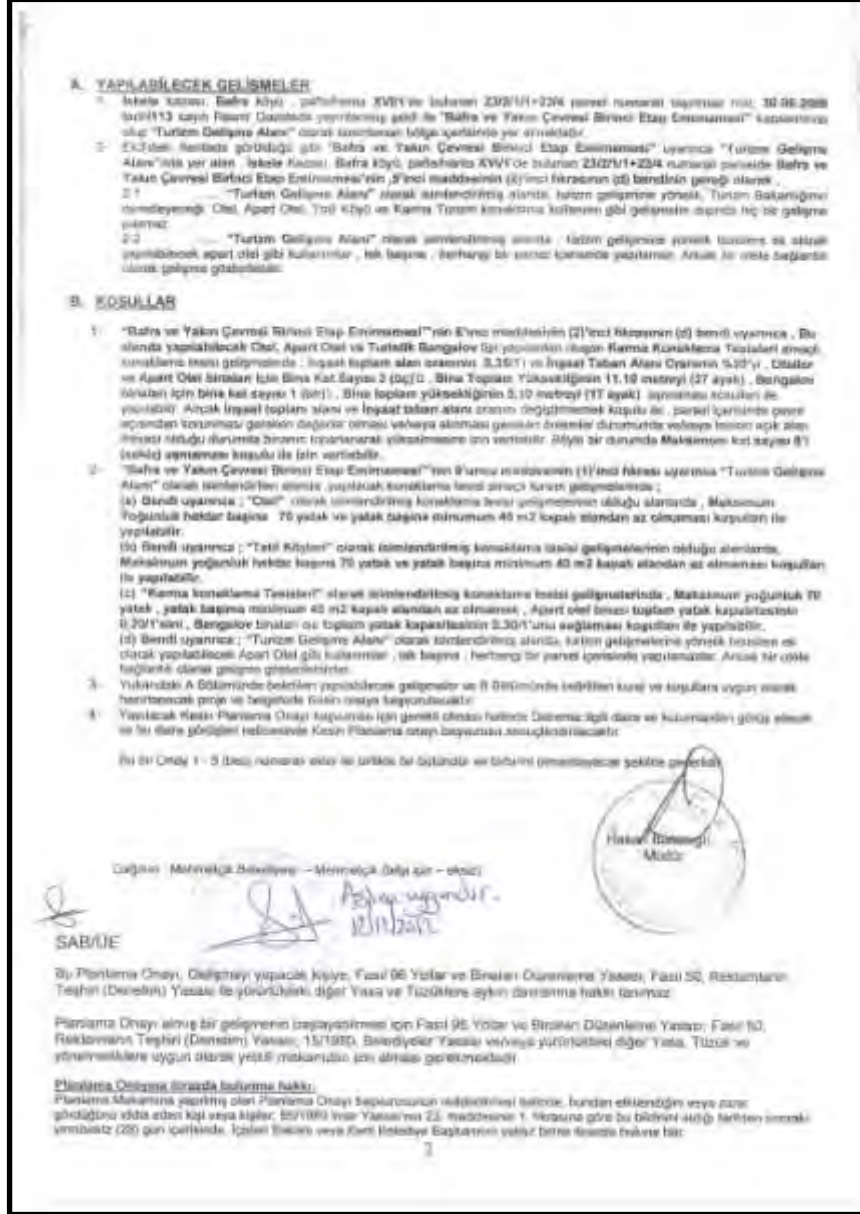

SAB/DE

Bu Planlama Onayı, Gelişmeyi yazacak İmar, Fasi 96 Yollar ve Binalar Düzenleme Yasaası, Fasi 50, Reklamları Teşhisi (Denetim) Yasaası ile yürürlükteki diğer Yasa ve Tüzüklere aykırı olmamasına bağlıdır.

Planlama Onayı alması bir gelişmenin başlamasına (yani Fasi 96 Yollar ve Binalar Düzenleme Yasaası, Fasi 50 Reklamları Teşhisi (Denetim) Yasaası, 15/1980, Belediyeler Yasaası ve/veya yürürlükteki diğer Yasa, Tüzük ve yönetmeliklere uygun olarak yetkililerden izin alınması gerekmektedir.

Planlama Onayına İlişkin Bilgilendirme Sistemi
Planlama Makamına yapılmış olan Planlama Onayı başvurusuna ilişkin olarak, birden altıncı defa veya daha fazla görüşülmesi için eden kişi veya kişiler, 50/1980 İmar Yasaasının 22. maddesinin 1. fıkrasına göre bu bildiri çıktıktan itibaren altmış (60) gün içinde, ilgili İskan veya Kuvvet Belediye Başkanlığı yetkililerine başvurarak bildiri için başvurmuşlardır.

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.



➤ Licenses and Permissions:

- The buildings on the parcel subject to appraisal are not legal and the said appraisal study is conducted for the lot and the projects to be developed on the lot. For this reason, no archive examination of the buildings was conducted. There are no new certificate received in relation to the lots.

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 legal status of the property has not changed for the last three years.

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

- Appraised property, having superficies, in the REIT portfolio as a "land" is not considered doubtful due to the mortgage.

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

4.5 Legal Liabilities

The subject immovable property has no legal problems.

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: Bafra locality, plot XVI, parcel 23/2/1/1+23/4 , İskele/ Gazimağusa/ KUZEY KIBRIS TÜRK CUMHURİYETİ

The subject immovable property was located in the Turkish Republic of Northern Cyprus, at the town center of İskele, in Bafra Tourism Center region.

In order to get access to the immovable property, İskele signs can be followed from Ercan Airport. After İskele locality is reached, one should continue in Bafra direction and reach Tourism Center. The region was declared a Tourism Center within the scope of "The First Phase Decree for Bafra and the Surrounding Area" dated 30.06.2006. In the region, Kaya Artemis Hotel, which is 300 meters of distance to the subject immovable property is currently active. However, there are many other hotels under construction or at project phase. One of these hotels is Limak Babylon Resort Hotel constructed by Limak İnşaat located next to the subject immovable property. Noah's Ark Hotel which is at 2,5 km. distance to the subject immovable property was opened in 2011

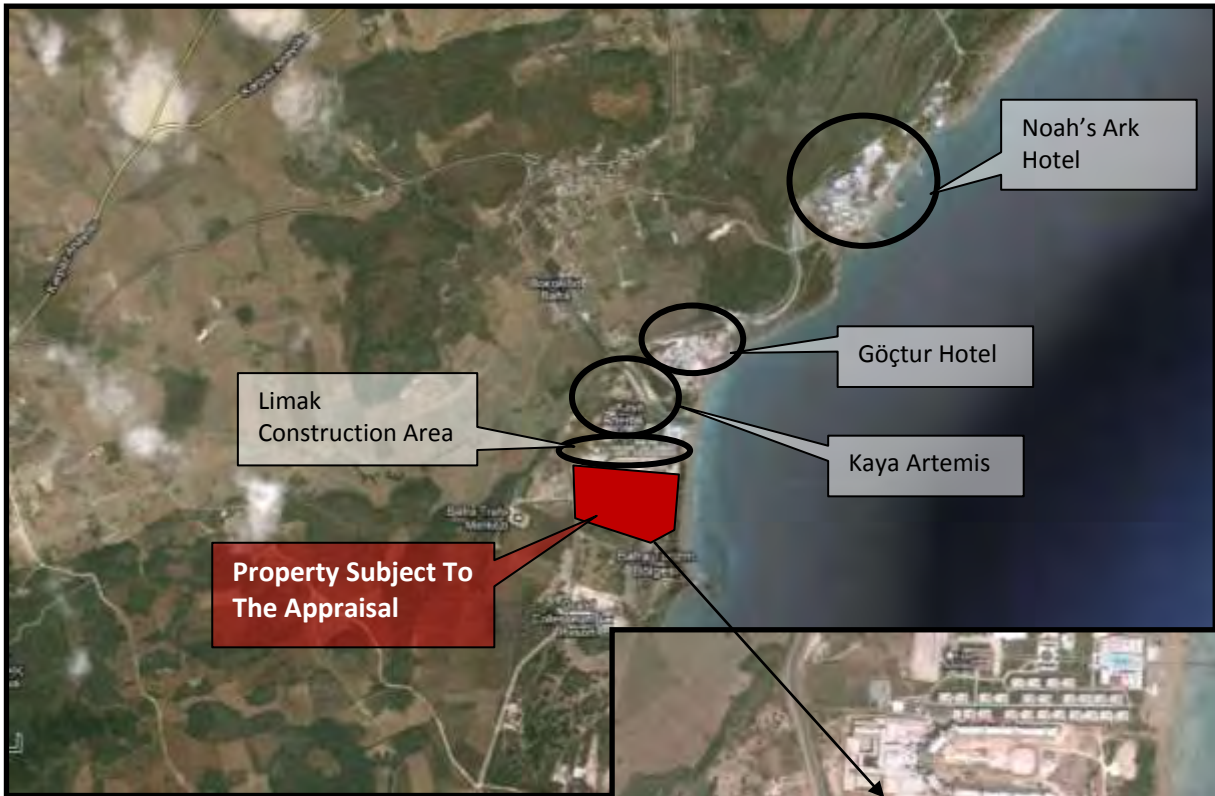
The region where the subject immovable property located has become attractive after it was declared a tourism center. The subject immovable property, which is located in Gazimağusa Gulf has border with the coastal line of 350 meters. The beach and the sea within the subject coastal line are pleasant. Although the region is yet untouched, it is quite open for development. The greatest disadvantage of the region is that it is far away from Ercan Airport.

The subject hotel is located in Bafra İskele locality, at 20 km. distance to the city center, 72 km. Distance to Ercan Airport and 45 km. distance to Gazimağusa.

Distances of the Subject Real Estate to Identified Important Points;

Location	Distance (km)
Ercan Airport	72 km.
İskele City Center	20 km.
Gazimağusa City Center	45 km.

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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 İskele city, Bafra town or village, plot XVI, plan no 1, with parcel no 23/2/1+23/4, while it was previously owned by “Department of Forests which is responsible for Forest affairs and represents the Ministry of Agriculture and Natural Resources of the Turkish Republic of Northern Cyprus(TRNC)” for “Akfen İnşaat Turizm ve Ticaret Anonim Şirketi” for 49 years beginning from 30.12.2010 to 29.12.2059.

The subject immovable property is located in the administrative district of İskele, Bafra locality, Bafra Tourism Investments Area. The immovable property has facade to the coastal line for 350 meters, to the lot of Babylon Resort Hotel Project for 600 meters and the lot has a plain topography and the shape of a rectangular.

The subject immovable property is a lot of 167,83 decares (with surface area of 224.500 sqm) located in “Tourism Development Area”. As of the date of appraisal, on the subject immovable property, there are ruins of 25 detached villa houses of 1-2 that cannot be in utilization with total construction area of around 10.000 sqm. According to the information received from the customer and İskele Kaymakam’s Office, the construction of these buildings started in 1980s and was halted for long years. The archive file about the buildings was tried to be reached however, no information could be received. Other than these buildings on the subject lot, there is no natural vegetation.

The subject lot has border to the coastal line and has beach and sea with remarkable beauty. In case a hotel is constructed on the lot, this beach and sea will be among the factors that make the hotel attractive. Moreover, in the surrounding area of the lot, there will be many prestigious hotel projects which are currently under construction and anticipated to be active soon.

Since construction right is not available on the coastal line where the immovable property has facade, in case hotel is constructed on the lot, the rooms in the hotel will have view of the sea.

5.3 Determinations Made in The Real Estate Location

- The real property subject to appraisal is located in İskele District, Bafra location.
- The area where the real property is located has been announced as “Tourism Development Area” within the scope of the “Bafra and Close Surroundings 1st Stage Decree” dated 30.06.2006.
- The real property has a size of 167.83 Cypriot acres (224,500 sqm).
- On the parcel, there are deserted buildings, appearing as independent villas, with a total construction area of approximately 10,000 sqm.
- The buildings available on the parcel have not been included in the scope of the valuation.
- On the parcel adjacent to the real property subject to appraisal, the Babylon Resort Hotel project of Limak İnşaat is located.
- The parcel has a front of approximately 350 m to the coastline.

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 quit often in our sector. In other words, in the conditions prevailing in our country the best project is not only the option providing the highest return and the most perfect technical results, but also the project which can meet the requirements of the laws and regulations.

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

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

SECTION 7
FACTORS THAT AFFECT THE VALUE
OF THE REAL PROPERTY

SECTION 7

FACTORS THAT AFFECT THE VALUE OF THE REAL PROPERTY

7.1 Factors That Affect The Value Of The Real Property

STRENGTH	WEAKNESS
<ul style="list-style-type: none">✓ The natural beauty of the sea and the beach in the area where the immovable property is located draws the attention.✓ The immovable property has around 350 meters of facade to the coastal line.✓ Bafra region is the Tourism Development Area Of TRNC supported by Turkey.✓ It is envisaged that the recognition of the region will increase after the opening of the tourism facilities that are projected and under construction in the region.✓ The immovable property has nearly plain topography and a rectangular-like shape.	<ul style="list-style-type: none">✗ The immovable property is far away from Ercan Airport, Girne and Lefkoşe✗ Only the plains from Turkey are allowed to land in TRNC. This affects the number of visitors.✗ The development of the region where the immovable property is located has not been completed yet.
OPPORTUNITIES	THREATS
<ul style="list-style-type: none">✓ The fact that the casinos are run legally in TRNC has a positive effect on the number of tourists visiting the country✓ The climatic conditions allow for ideal vacations 12 months a year✓ Many hotel projects are being planned in the region and it is considered that these hotels will affect one another positively.✓ KKTC zengin bir tarih ve kültür mirasına sahiptir✓ The fact that TRNC has a rich historical and cultural background, the potential of Karpaz district for religious tourism are advantages for the increase in the recognition and commercial capacity of Bafra region	<ul style="list-style-type: none">✗ The uncertainties and the fluctuations in economy have negative impact on the real estate market.✗ There are no flights to the island from any country other than Turkey.✗ TRNC is not politically recognized by any other state than Turkey.

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7.2. The Analysis of methods Used in the Appraisal

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

7.2.1. Equivalent Comparison Approach Analysis

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

- Pound Sterling is used for property sales in the TRNC.
- The lot in proximity with the subject immovable property, with border to the coastal line, in "Tourism Development Area", with 200 donums was sold for 4.000.000 Pounds Sterling. (20.000 Pounds Sterling/donum; 24.319 Euro/donum)
- The lot in proximity with the subject immovable property, with border to the coastal line, in "Tourism Development Area", with 3 donums of area was sold for for 50.000 Pounds Sterling. (16.666 Pounds Sterling/donum; 20.265 Euro/donum)
- The lot in proximity with the subject immovable property, with 85 donums of area is on sale for 1.550.000 Pounds Sterling. (17.647 Pounds Sterling/donum; 21.458 Euro/donum)
- The lot in proximity with the subject immovable property, with 2 donums of area is on sale for 45.000 Pounds Sterling. (22.500 Pounds Sterling/donum; 27.358 Euro/donum)
- In research carried out in the surrounding area, it was learned that the unit price of the lots that have similar zoning and construction conditions and position with the subject lot, could be 20.000-25.000 Pounds Sterling/donum.
- As required by the zoning system in the TRNC, multiple zoning possibilities are available on the aforesaid real property. This holds true for all lands marked in the coastline zoning area in the TRNC.

No	Area	Quality	Unit price	Explanation
1	200 donum	Land	24.319 Euro/donum	in "Tourism Development Area"
2	3 donum	Land	20.265 Euro/ donum	in "Tourism Development Area"
3	85 donum	Land	21.458 Euro/donum	in "Tourism Development Area"
4	2 donum	Land	27.358 Euro/ donum	in "Tourism Development Area"

✓ Professional Opinion of the Appraisal Expert:

In consideration of the position of the subject immovable property, that it has a border to the coastal line, that it will gain prestige with the investments anticipated to be developed in the surrounding area, its construction rights and conditions, that there is construction right on the lot and on the assumption that it has no legal problems, also in consideration of the coefficient real estate values obtained from the surrounding area, the It value of one donum (according to the measurement system of Cyprus) was appraised as **21.000 Pounds Sterling/donum** (25.535.- Euro/donum) olarak takdir edilmiştir.

Land Size (Donum)	Unit Price (Sterlin/Donum)	Unit Price (Euro/Donum)	Total Market Value (Euro)
167,83	21.000	25.535	4.285.630,91
Land Value			4.285.630,91
Approvimate Land Value			4.290.000,00

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

SUPERFICIES VALUE OF THE LAND				
1 donum Land Value (*) 47,02/49 years**)	17.143	.-Euro/sqm		
Land Size	167,83	donum		
Total Land Value	2.877.178	.-Euro	2.880.000	.-Euro
Total Land Value	6.798.771	.-TL	6.800.000	.-TL
(*) Unit Land Value Estimated as 25.535 €/donum. 70% is taken as the superficies value for 49 years.				
(**) 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 29.12.2059.				
The Detail of the Land Value Calculation = (zoned parcel value x 49 years superficies coefficient x time period)				
= 25.535 Euro/donum x 0,70 x 0,8077				
= 17.143 Euro/ donum				

7.2.5 Analysis of the Conclusion

The market value of the subject lot was calculated according to coefficient comparison approach.

The right of construction value of the parcel no. 23/1/1+23/4 subject to appraisal, calculated according to the equivalent comparison approach method, **of 6,800,000.TL (Sixmillioneighthundredthousand), 2.880.000-Euro has been assessed as the report conclusion value.**

The zoning conditions of the real property subject to appraisal are suitable for the construction of a hotel. However, since the revenue sharing system has not been established fully in the TRNC and the calculation of settlement rights in TRNC is different from the system in Turkey, any return to the plot value through the project development method could not be made from our side. Since any activity (construction license, architectural project, etc.) for any hotel project on the parcel have not been initiated, plus the data for the hotel project have not yet been developed by Akfen GYO A.Ş. either, value has been assessed using a single method within the scope of the study.

***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 SUPERFİCİES DATED 31.12.2012 (VAT Excluded)

6.800.000.-TL (Sixmillioneighthundredthousand.-Turkish Liras)	2.880.000.- € (Twomillioneighthundredeightyfourthousand.-EURO)
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MARKET VALUE OF THE SUPERFİCİES DATED 31.12.2012 (VAT Included)

8.024.000.-TL (Eightmilliontwentyfourthousand.-Turkish Liras)	3.398.400.- € (Threemillionthreehundredninetyeightthousand fourhundred.- EURO)
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- 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.*

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

Özge AKLAR Appraiser (401775)	Hüsniye BOZTUNÇ Appraiser in Charge (400811)
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***SECTION 9
ANNEX***

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

SECTION 9

ANNEX

Sectoral Report
Photocopies of Title Deeds
Zoning Status Document
Land Registry Encumbrance Document
Contracts for Superficies
Photographs
SPK Licences