

AKFEN REAL ESTATE INVESTMENT TRUST INC.

CITY OF ESKIŞEHİR, DISTRICT OF TEPEBAŞI

BLOCK NO. 442, PLOT NO. 37

IBIS ESKIŞEHİR HOTEL

REAL ESTATE APPRAISAL REPORT

Report No: 2014-020-GYO-008

Appraisal Date: 31.12.2014

Date of Report: 02.01.2015



REAL ESTATE CONSULTANCY AND APPRAISAL INC.



i. Appraisal Report Summary

Person/Entity Requesting the Appraisal	:	Akfen Real Estate Investment Trust Inc.
Institution Preparing the Report	:	Epos Real Estate Consultancy and Appraisal Inc.
Date of Report	:	02. 01. 2015
Report No	:	2014-020-GYO-008
Appraisal Date	:	04.12.2014 - 31.12.2014
Information Concerning the Property Subject to the Appraisal	:	The real estate having the quality "Land and Office Lodging Building and Masonry Warehouse" with a surface area of 6.806,75 m ² , situated in the city of Eskişehir, district of Tepebaşı, Hoşnudiye Neighborhood, Block no. 442, Plot no. 37
Subject of Study	:	The appraisal report prepared for determining the current market value for the leasehold and annual current lease value of the said real estate.
Land Area of the Real Estate Subject to the Appraisal	:	6.806,75 m ²
Land Area of Closed Spaces of the Real Estate Subject to the Appraisal	:	Ibis Hotel: 5.478 m ² Fitness Center: 941 m ² Restaurant: 250 m ² Total: 6.669 m ² (based on the project and existing conditions)
Zoning Status of the Real Estate Subject to the Appraisal	:	Central Area for Logistics

As of 31.12.2014

	Market Value of the Remaining Leasehold of the Real Estate (EURO)	Market Value of the Remaining Leasehold of the Real Estate (TL)
VAT Excluded	5.220.000	14.724.000
VAT Included	6.160.000	17.376.000

	Annual Lease Value of the Real Estate (EURO)	Annual Lease Value of the Real Estate (TL)
VAT Excluded	438.000	1.235.000
VAT Included	517.000	1.457.000

- 1-) The appraised value is the current value regarding the cash sale price.
- 2-) The VAT ratio has been established at 18%.
- 3-) The currency rates have been established at 1 EUR = 2,8206 TL; 1 EUR = 1,21 USD
- 4-) This report has been prepared according to the relevant provisions of the Capital Market Legislation.



Names of the persons participating in the report

Certified Appraiser	:	Dilek YILMAZ AYDIN
Certified Appraiser	:	Hamdi ARIKAN
Responsible Appraiser	:	Neşecan ÇEKİCİ



Declaration of Conformity

- The findings hereby presented in this report are correct, within the scope of the information that the Appraisers had at their disposal.
- The analysis and their respective results are limited only according to the specified assumptions and conditions.
- The appraisers have no connection whatsoever to the property subject to the appraisal nor will they ever have.
- The appraisers are not biased in relation to the real estate and the related parties.
- The appraisal cost does not depend on any single part, analysis opinion or the results of the report.
- The appraisers have carried out the appraisal pursuant to the moral principles and performance standards.
- The appraisers meet the necessary professional education terms and possess the sufficient experience.
- The analysis, opinions and resulting values have been prepared in accordance with the International Valuation Standards (IVS - UDES).

Assumptions

- The value stated within this report is the value specified on the date of its preparation. The appraisers cannot be held responsible for the economic and/or physical changes that might affect the value herein stated, occurring after the date of this report.
- No comments in this report (even though the matters in question are discussed in the continuation of the report) have been made with the purpose of clarifying legal affairs, matters that might require special research and specialty or other issues that are beyond the scope of the area of expertise of the appraisers.
- No changes have been made to the information pertaining to the property. The authorities that provide the information related to the property and legal descriptions are generally accepted to be trustworthy; however, no guarantees are given with regard to their truthfulness.
- Documents and corresponding related information are found in the report as they have been procured from public institutions.
- The photographs, maps, images and diagrams have been used for illustrative purposes only, in the interest of further comprehending the matters mentioned in the report; thus, they cannot be used as a reliable reference for any other purpose.



- The projections subject to this appraisal have been performed in order to help the appraisal process by taking into account a stable economic process, in the case of a demand during the current market conditions. The projections depend on the variable market conditions, which the appraisers cannot accurately discern; moreover, it is possible that the value might be affected from these variable conditions.
- The appraisers do not possess the necessary qualifications to determine the dangerous or health threatening materials found within or in the proximity of the property. Throughout the value appraisal, it is assumed that such materials that might decrease the value are considered to be inexistent. No responsibility is accepted concerning this matter.
- Predictions and projections or business estimates included in this appraisal report depend on the current market conditions and short term supply, together with demand factors and a stable economy; consequently, these may present changes to plausible future conditions. No responsibility is accepted in the event that the opinions and results presented in the report are affected due to economic changes that might occur after its herein date.
- Unless stated otherwise, underground resources have not been taken into consideration.
- It is not possible for the appraisers to carry out a soil contamination investigation, in the matter of the property in question. For this reason, to the extent that it can be seen, it has been determined that there is no cause for concern in regard to soil contamination.
- On account of the area in question being an established earthquake zone, the subject of ground stability cannot be clarified without the performance of detailed geological surveys. For this reason, in behalf of the appraisal studies, it has been assumed that there are no negative issues presently concerning the ground.
- Soil investigation and soil contamination studies in real estate fall within the scope of the “Environmental Geophysics” field. Our company does not employ such a specialization, thus did not perform a detailed investigation regarding the aforementioned matter. However, in accordance with the observations carried at the locale, it has been established that the real estate poses no threat to the environment. For this reason, this appraisal has been carried out taking into consideration that there have not been any negative effects against the environment.



ii. CONTENTS

1	REPORT INFORMATION	1
1.1	The Date, Number and Type of the Appraisal Report	1
1.2	Date of Appraisal	1
1.3	Reference Agreement	1
1.4	Statement Whether the Report Has Been Prepared Within the Scope of the Board Arrangements for the Purpose of the Appraisal	1
2	INTRODUCTORY INFORMATION CONCERNING THE COMPANY AND THE CLIENT	2
2.1	Introductory Information Concerning the Appraisal Company	2
2.2	Introductory Information Concerning the Client	2
2.3	The Scope of the Client's Demand and the Applied Limitations, If Any.....	2
3	VALUE DEFINITIONS, DESCRIPTION OF APPRAISAL METHODS	3
3.1	Exemplary Comparison Approach (Market Value Approach)	3
3.2	Cost Approach	3
3.3	Revenue Discount Approach	4
4	ECONOMIC STATUS, REAL ESTATE SECTOR DATA AND ANALYSIS OF THE REGION WHERE THE REAL ESTATE IS LOCATED	5
4.1	General and Socio-Economic Data	5
4.2	General Status of the Real Estate Industry	9
4.3	Information Regarding the Tourism Industry.....	10
4.4	Analysis of the Region Where Real Estate Situated	11
4.4.1	The City of Eskişehir.....	11
4.4.2	The District of Tepebaşı.....	13
4.4.3	Information Regarding the Tourism Industry in Eskişehir.....	14
5	INFORMATION IN REGARD TO THE REAL ESTATE SUBJECT TO THE APPRAISAL	17
5.1	Information in Regard to the Location, Site and Environment of the Real Estate	17
5.2	Information with Regard to the Land Registry of the Real Estate.....	19
5.2.1	Investigation of the Land Registry of the Real Estate.....	20
5.2.2	Changes that Have Occurred in the Land Registry of the Real Estate within the Last Three Years	21



5.2.3	Opinion Whether There Is an Obstacle In Including the Investment Trust Portfolio in Terms of Land Title Records to the Real Estate Within the Scope of the Capital Market Legislation	21
5.3	Inspection of the Zoning Information of the Real Estate	21
5.3.1	Plan, License, Diagram and Similar Documents with Regard to the Real Estate	23
5.3.2	Building Inspection Institution and Maintenance	24
5.3.3	Changes that Have Occurred in the Legal Status (Changes in the Zoning Plan, Nationalization, etc.) of the Real Estate within the Last Three Years	24
5.3.4	Opinion Whether the Necessary Permit and Documents Pursuant to the Legislation are Accurate and Complete	25
5.3.5	Opinion Whether There Is an Obstacle in Including the Investment Trust Portfolio in Terms of Zoning Information to the Real Estate within the Scope of the Capital Market Legislation	25
5.3.6	Statement that the Detailed Information, along with the Value in Question Regarding the Project, are Completely in Connection with the Project and that, in the case of Executing a Different Project, the Resulting Value Might Vary	26
5.4	Physical Characteristics of the Real Estate	26
5.4.1	Structural Construction Characteristics of the Real Estate	26
5.4.2	Inspections Performed Within the Premises of the Real Estate	33
6	FACTORS AFFECTING AND DETERMINING THE VALUE OF THE REAL ESTATE	35
6.1	Factors that Limit or Negatively Affect the Appraisal Process	35
6.2	Swot Analysis	35
6.3	Exemplary Share Rate in the Projects that Will Be Performed According to the Revenue Sharing and Flat for Land Methods	36
6.4	Methods and Eligibility Motives Employed in the Appraisal of the Real Estate	36
6.4.1	Exemplary Approach	36
6.4.2	Cost Approach	36
6.4.3	Cost Discount Approach/ Development Approach	37
6.4.4	Value of the Real Estate with Regard to the Lease Revenue	42
6.4.5	Lease Value Analysis and Data Used	45
6.4.6	Empty Land and Project Values of the Terrain Where the Project is Being Developed.....	45
6.4.7	Most Effective and Most Productive Use Analysis	45
6.4.8	Appraisal Analysis of Common or Divided Parts	45
7	APPRAISAL OF ANALYSIS RESULTS:	46



7.1	Alignment of Different Appraisal Methods and Analysis Results, together with the Explanation of the Method and the Reasons Used for this Purpose	46
7.2	Explanation of the Motives Pursuant to the Minimum Information for Not Including Certain Aspects in the Report	47
7.3	Information Concerning the Last Three Appraisal of the Real Estate Carried Out by the Company.....	47
7.4	Opinion Whether There is Any Obstacle in Including the Real Estate, the Real Estate Project and the Rights and Benefits With Regard to the Real Estate in the Real Estate Investment Trusts Portfolio within the Scope of the Capital Market Legislation	47
8	OUTCOME.....	48
8.1	The Concluding Sentence of the Appraiser	48
8.2	Final Appraisal	48
9	APPENDIX	49



1 REPORT INFORMATION

1.1 The Date, Number and Type of the Appraisal Report

Date of Report : 31.12.2014

Report Number: 2014-020-GYO-008

Type of Report : Appraisal report relative to the real estate having the quality “Land and Office Lodging Building and Masonry Warehouse” with a surface area of 6.806,75 m2, situated in the city of Eskişehir, district of Tepebaşı, Neighborhood of Hoşnudiye, Block no. 442, Plot no. 37, for the purpose of determining the current market value and the current lease value in Turkish Lira currency.

Report Issued By : Certified Appraiser,
Dilek YILMAZ AYDIN

Report Controlled By : Certified Appraiser,
Hamdi ARIKAN

Responsible Appraiser : Responsible Appraiser,
Neşecan ÇEKİCİ

Capital Market Board Coverage : Yes

*** The hereby appraisal has been prepared in accordance with the scope of the Capital Market Legislations.**

1.2 Date of Appraisal

On the date of 04.12.2014, the necessary procedures have been initiated for this appraisal report. Subsequently, this report has been concluded on the date of 02.01.2015.

1.3 Reference Agreement

This Appraisal Report has been prepared pursuant to the provisions of the Reference Agreement executed between our company and Akfen Real Estate Investment Trust Inc. on the date of 13.10.2014.

1.4 Statement Whether the Report Has Been Prepared Within the Scope of the Board Arrangements for the Purpose of the Appraisal

The current Report has been prepared within the scope of the Capital Market Board arrangements.

2 INTRODUCTORY INFORMATION CONCERNING THE COMPANY AND THE CLIENT

2.1 Introductory Information Concerning the Appraisal Company

Company Title : EPOS Real Estate Consultancy and Appraisal Inc.

Company Address : Kore Şehitleri Cad. Yüzbaşı Kaya Aldoğan Sok. Engin İş Merkezi No: 20
Kat:2 Zincirlikuyu / ISTANBUL

2.2 Introductory Information Concerning the Client

Client Title : Akfen Real Estate Investment Trust Inc.

Client Address : Büyükdere Caddesi, No: 201, C Blok, Kat: 8 Levent / ISTANBUL

2.3 The Scope of the Client's Demand and the Applied Limitations, If Any

This study is the appraisal report, prepared in the scope of the Board arrangements, relative to the real estate having the quality "Land and Office Lodging Building and Masonry Warehouse" with a surface area of 6.806,75 m2, fully owned by "Eskişehir Metropolitan Municipality" and situated in the city of Eskişehir, district of Tepebaşı, Hoşnudiye Neighborhood, Block no. 442, Plot no. 37, for the purpose of determining its current net value in Turkish Lira by reducing as of 31.12.2014 the potential revenues to be arisen from operating and leasing of the real estate for the time remaining from 22 year agreement executed.

There are no restrictive constraints in force exercised by the client. During the appraisal study, market surveys, on site determinations, and the agreements made by Akfen Real Estate Investment Trust Inc. with Eskişehir Metropolitan Municipality and the Accor Group have all been taken into account.



3 VALUE DEFINITIONS, DESCRIPTION OF APPRAISAL METHODS

There are three different appraisal methods available in our country: “Exemplary Comparison Approach (Market Approach)”, “Cost Approach” and “Revenue Discount Approach”.

3.1 Exemplary Comparison Approach (Market Value Approach)

With regard to the real estate that will be appraised; this method follows particular procedures, such as the comparison of the real estate with other real estates that have similar characteristics in the market and those that have been recently sold, the application of appropriate comparison processes and making various modifications in the comparable sale values.

The appraisal analysis are carried out by means of comparing the examples found within specific criteria such as location, visibility, functional use, size, zoning status and its comparable. The market value approach is the most preferred method when there are widespread and comparable examples present.

The most trustworthy and realistic approach in real estate appraisal is the market value approach. In this appraisal method, comparable examples that share common characteristics with the real estate that has been submitted for the appraisal in the area are evaluated.

The Market Value Approach depends on the following assumptions:

- The existence of an available market, in relation to the type of the real estate in analysis, is acknowledged beforehand.
- It has been verified that the buyers and sellers in this market possess excellent knowledge on the subject of real estate and that, for this reason, time is not a critical factor.
- It has been established that the real estate has stayed on the market for an appropriate amount of time and for a reasonable price.
- It has been determined that the chosen comparable examples possess common characteristics with the real estate in question.
- It has been noted that the changes made in the prices given for the chosen comparable examples are subject to today’s socioeconomic conditions.

3.2 Cost Approach

In this method, the appraisal of the real estate is based on the cost of the reconstruction of the real estate, in accordance with today’s socio-economic conditions.

Pursuant to this approach, it has been established that the value of the real estate consists of two different facts, namely land and buildings; in addition, it is acknowledged that the real estate has a significant remaining economic life span. Therefore, for this reason, it is taken into account that the value of the real estate will decrease in time due to physical wear and become out of date in terms of



functionality and economic status. In other words, this method concedes that the current value of a real estate can never be more than the cost of its reconstruction.

The appraisal process is calculated by the addition of the interest or gain that the current building possesses, if any, to the present reconstruction or reinstallation cost of the real estate in question, followed by the subtraction of the wear and tear ratio from the total cost and, finally, the addition of the land value.

3.3 Revenue Discount Approach

In the revenue discount approach, the net revenue that the real estate will bring, the idle time, collection losses and business expenses are analyzed for the business period.

The appraisers will calculate the present value of the real estate by capitalizing the prospective future benefits and the revenue that it brings.

There are two different methods in revenue capitalization; Direct Capitalization is calculated through the division of the annual revenue by the revenue ratio or through the multiplication of the annual revenue with the revenue coefficient. On the other hand, in the Reduced Cash Flow, the value of the real estate is calculated by applying the lump sum value and reflecting it on the revenue model; afterwards, the revenues are brought to the present day value by an acceptable discount rate.

Some real estates, due to their characteristics, may need to be appraised by taking into account that they will be improved. In this case, the net revenues that the real estate will generate for its development will be set off from the expenses that will be made for its development; the net result will be taken into consideration to determine the present value of the real estate by taking into account the entrepreneur profit and an acceptable discount rate.

4 ECONOMIC STATUS, REAL ESTATE SECTOR DATA AND ANALYSIS OF THE REGION WHERE THE REAL ESTATE IS LOCATED

4.1 General and Socio-Economic Data

According to the result of the Address Based Population Registration System (ADNKS) for the year of 2013, from the date of 31.12.2013, the population of Turkey is established to be 76.667.864. 50,18% of this number (corresponding approximately to 38.473.360) represents men and 49,81% (corresponding approximately to 38.194.504) represents women.

One of the most significant characteristics of the Turkish population is the fact that it is comprised of a young population, with the 0-14 year group constituting approximately 24.58% of the population. However, this number has been in continuous decline since the year of 1965 and the population of Turkey is gradually getting older. While the 0-14 age group constituted 41,9% of the population in the year of 1965, it represented 24,58% in the year of 2013.

The annual population growth rate in Turkey is 13,7th of a thousand. 91,3% of the population resides in cities and districts. The average age in Turkey is 30,4. According to the data obtained, 96,1% of the Turkish population is literate.

The 15-64 age group, which corresponds to the working age group, makes up 67,7% of the population (corresponding approximately to 51.926.357 people). When the ramifications of the employment into industries is observed, it is concluded that 57% represents services, 23,6% agriculture, 19,4% industry and 7% construction.

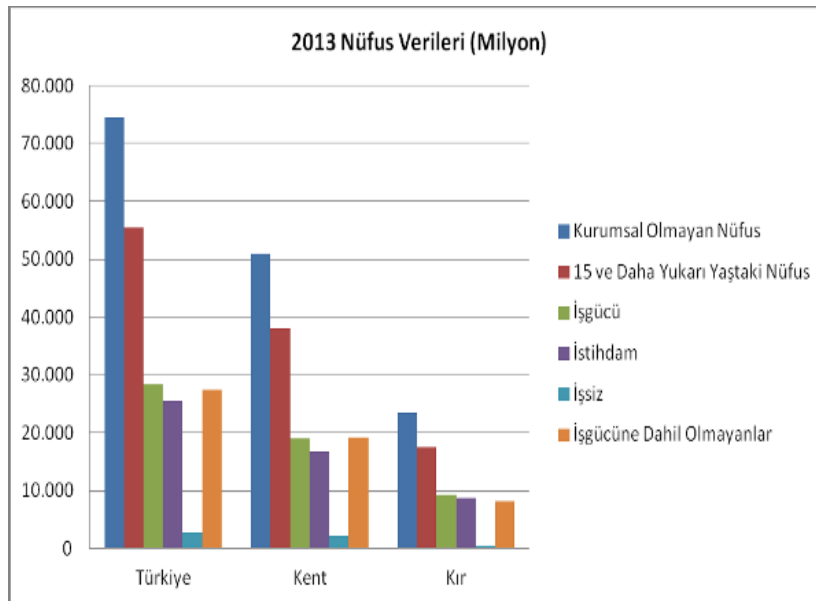
The analysis of the Turkish population information has been provided below in terms of Turkey in general, cities and country. The data with regard to the years 2013 and 2014 has been compared.

	TURKEY		CITY		COUNTRY	
	2012	2013	2012	2013	2012	2013
Non institutional Population (000)	73.504	74.457	50.397	50.885	23.207	23.572
Population of and above 15 years of age (000)	54.724	55.508	37.656	38.129	17.068	17.479
Labor force (000)	27.339	28.271	18.186	18.907	9.153	9.364
Employment (000)	24.821	25.524	16.167	16.736	8.653	8.788
Unemployment (000)	2.518	2.747	2.018	2.171	500	576
Not Included in the Labor Force (000)	27.385	27.337	19.470	19.222	7.915	8.115
Participation in the Labor Force Rate (%)	50	50,80	48,30	49,60	53,6	53,60
Employment Rate (%)	45,40	45,90	42,90	43,90	50,70	50,30
Unemployment Rate (%)	9,20	9,70	11,10	11,50	5,50	6,10
Indescribable Unemployment Rate (%)	11,50	12,00	11,40	11,80	11,90	12,90
Unemployment Rate in Young Population (15-24 age group) (%)	17,50	18,70	20,30	21,20	11,90	13,70

Population Data for the years of 2012 and 2013 (Source: Turkish Statistical Institute – TUIK)

When the data relative to the years of 2012 and 2013 is evaluated, it can be observed that the population, labor force and employment are on the rise for Turkey in general, as well as the cities and the country side. Nonetheless, unemployment has also increased. While those that are not included in the labor force are in decline in the cities, this number has been noted to rise in the country side. In addition, the increase in participation in the labor force and the employment rates in the city, with regard to the overall rates, has drawn attention. The unemployment rate has been verified to increase in all of the three groups. Meanwhile, the unemployment rate among the young population in Turkey in general, together with the cities, is another important topic to consider.

2013 Population Data (in millions)

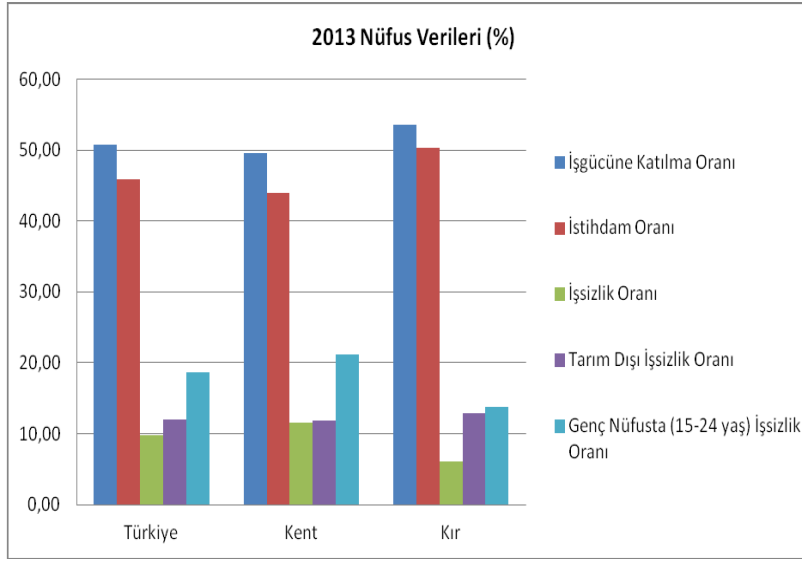


- Non Institutional Population
- Population of and above 15 years of age
- Labor force
- Employment
- Unemployment
- Not Included in the Labor Force

Turkey City Country Side

Furthermore, a second comparison is made based in Turkey in general, the city and the country side, with regard to the population data for the year of 2013 provided in the table.

2013 Population Data (%)



- Non Institutional Population
- Population of and above 15 years of age
- Labor force
- Employment
- Unemployment
- Not Included in the Labor Force

Turkey City Country Side

In light of this data, the information regarding general economic overview and real estate industry will be conveyed.

Economic Overview of Turkey

Although the global economy still seems to be following a moderate growth, the overview of this growth is weak and out of balance. The developed economy oriented growth expectations for the year of 2014, as it had been described previously, has been revised down. While the growth expectation of the Euro Zone has receded from 1,2% to 0,8%, the growth rates in the U.S.A and Japan have been down revised from 2,6% to 2,1% and from 1,2% to 0,9% consecutively.

A similar statement can be said of the developing markets; the growth in developing countries continues, despite the fact that the growth rate is far below the previously recorded levels.

The circumstances resulting from FED terminating its monetary expansion and the increase of the interest rate becoming out of the question have affected the developing countries with such liquidity conditions. Displaying a growth rate far below the expected in the first quarter, the Euro Zone and Japan have portrayed a lower performance than that of the expected in the first 9 months of the year of 2014.

This situation has also reflected itself on the central banks policies, causing FED to continue the reduction process of its bond purchase program, which started from the beginning of the year of 2014, as well as causing the European Central Bank to take additional expansion steps and Japan to maintain its current loose policy stance.



With these developments in the international markets, in the first quarter of 2014, the Turkish economy has continued to grow, especially private consumption, with the help of internal demand; afterwards, it has portrayed a slowing down above the expected levels in the second quarter. The annual 4,7% growth rate in the first quarter dropped to 2,1% in the second quarter, resulting in a quarterly shrinkage for the first time since the first quarter of 2012, as well as a reduction of 0,5% in the economy, with comparison to the previous quarter.

The macro precautionary measures, which have entered into effect in February 2014, in order to limit the consumption and the severe increase in the interest rates that the Central Bank applied at the end of January, affecting the internal demand, especially private consumption, together with the weakening of the TL, can be argued as to the cause of this slowing down in the economy.

BASIC ECONOMIC INDICATORS					
	2011	2012	2013	2014*	2015*
Gross Domestic Product (GDP)	774 Million \$	785,7 Million \$	820 Million \$	-	
GDP per Capita	10.604 USD	10.666 USD	10.782 USD	-	
Growth	8,50%	2,20%	4,00%	3,50%	3,90%
Inflation	10,50%	6,20%	7,40%	8,50%	7,20%
Current Account Deficit	-77 Billion USD	-48 Billion USD	-65,1 Billion USD	-63 Billion USD	-65 Billion USD
Current Account Deficit / GDP	9,90%	6,30%	7,90%	6,00%	6,20%
Unemployment Rate	9,80%	9,20%	9,70%	9,90%	9,60%

*Source: Turkish Statistical Institute, Central Bank of Turkey, World Bank (*Predictions, Forecast)*

It is expected that the International capital flow will once more be based on the U.S.A, in the forthcoming term, thus resulting in the dollar gaining strength. This situation, carrying great importance for countries such as Turkey, which are in need of financing, limits the interest of American and European investors in Turkey.

Investors from the gulf region countries have returned to the market with an interest, especially in housing development projects. Domestic investors, on the other hand, have continued to portray an eager attitude for land purchases and property sales, for the purpose of being used by the owner.

It is expected, in the next year, that the difficulties posed by the increase in interest rates by FED and the dependency of Turkey in foreign financing will affect the economies of developing countries, as well as Turkey's, therefore resulting in a decline in economic growth, decrease in capital flow, high inflation and interest rates, ultimately reducing the internal consumption and investment activities, in Turkey.



4.2 General Status of the Real Estate Industry

After displaying rapid growth rates of 18,3% in the year of 2010 and 11,3% in the year of 2011, the construction industry in Turkey has had a growth rate of 0,6% in the year of 2012. Parallel to the economic slowdown, a significant decrease in the growth performance has been observed in the construction industry.

The sale of the lands, within the scope of the “Code Regarding the Support of the Development of Forest Farmers and the Making Use of the Lands that Have Been Taken Outside of the Forest Borders to the Benefit of the Treasury, As Well As the Sale of Agricultural Lands Belonging to the State Treasury”, which is commonly known as “Law 2B”, has been established pursuant to the legal conditions in the year of 2012. However, the sales have been lower than expected and limited to the construction industry.

After the drafting of the Urban Renewal laws, in the year of 2013, the activities within the scope of the law, consisting mostly of large scale infrastructure investments, have gained speed and, in behalf of the numerous advantages that the law bestowed, the real estate industry has started growing once again in the year of 2013.

With the “Law Regarding the Sale of Property to Foreigners” lifting the limitations that had kept foreigners from purchasing properties, it has consequently caused the investors from Russia, Middle East and Asia, especially, to turn their attention towards Turkey, which has ultimately resulted in real estate purchases to gradually increase, on behalf of the foreigners.

The real estate market had been mostly fluctuating during the year of 2014. High internal demand and some support from the foreign investors have kept the prices in balance and consequently resulted in an increase in the housing prices, at an average of 13-14%, as had been the case in the year of 2013.

With the expectation of FED ending its easy money policy in the year of 2014, the interests and TL – Dollar currency rates have increased to the benefit of the Dollar; nonetheless, even though the international funds have adopted a tendency to reduce their funding towards developing countries, with FED pulling its interest rates to negative in the month of June 2014, it is expected that it will have positive effects in the future fund entries.

According to the foresight observed in the Standard & Poor’s “Residential Industry in the Developing Economies” report, the residential demand in Turkey is still above the current supply and the residential market will grow based on exportation, drifting away from the credit focused internal demand; lastly, the real and nominal residential prices in Turkey will slow down in the years of 2014 and 2015.

The young population and the rapid urbanization rate in Turkey have always kept the real estate demands high. Nevertheless, with the limited supply of land, particularly in the large cities, and with the



prices becoming significantly high, the developers and contractors are directed to projects that mostly appeal to middle – upper classes, as a consequence. This situation severely limits the target market and makes it difficult for the middle and middle-lower income class groups to access the new projects in development. It is estimated, in order for the real estate market in Turkey to increase steadily in the future, that political and economic stability, interest of the foreign investors in Turkey and the high growth rate that the Turkish economy will realize are all of the utmost importance.

4.3 Information Regarding the Tourism Industry

The Tourism industry in Turkey has closed the year of 2013 with an increase of 9,5% in terms of foreign visitors, corresponding to a total of 34.910.098 tourists.

Antalya became the first city in regards to foreign tourists visiting touristic centers, with a number of 11.12 million tourists. On the other hand, Istanbul has achieved a growth rate of 11% roughly. In the cities of Muğla and Izmir, the numbers recorded are approximately of 2,8%.

Number of Visitors in Touristic Centers			
	2012	2013	Change
Antalya	10.299.366	11.122.510	7,9
Istanbul	9.381.670	10.475.307	11,6
Muğla	3.009.342	3.078.781	2,3
İzmir	1.368.929	1.407.240	2,8
Total of 4 Cities	24.061.319	26.085.851	8,4
Turkey	31.782.832	34.910.098	9,5

Source: Turkish Hoteliers Federation (TUOFED) Tourism Report 2013

The revenue obtained in the Tourism industry, from the domestic and foreign tourists in the year of 2013, has increased 11,4%, thus reaching 32,3 billion dollars. The revenue obtained from foreign tourists in the year of 2013 has increased 13%, rising from 22,4 billion to 25,3 billion dollars. During the same time period, the revenue obtained from Turkish citizens living abroad and visiting the country has increased 6,4% and reached 6,7 billion dollars. (*Source: Mediterranean Touristic Hotels and Operators (AKTOB) Research Unit*)

While Turkey has managed to be one of the 20 biggest economies in the world (G20), it has also showed the success of entering top 10 countries in the world in terms of tourism. According to the data provided by United Nations World Tourism Organization (UNWTO), Turkey is in the 6th rank among top 10 countries in terms of number of visitors.

According to the real estate report for the year of 2014, which Deloitte has prepared for Turkey, one interesting topic is the Tourism Strategy of the Ministry of Culture and Tourism for the year of 2023. The

target visitor number is set for 63 million and the total planned revenue (from foreign visitors) is 86 billion dollars. The aim is to enter the top 5.

4.4 Analysis of the Region Where Real Estate Situated

4.4.1 The City of Eskişehir

Located in the northwest of the Central Anatolia Region, Eskişehir is bordered with Ankara, Düzce, Bilecik in the north; Ankara in the east; Afyon, Konya in the south; while is bordered with Bilecik and Kütahya in the west.



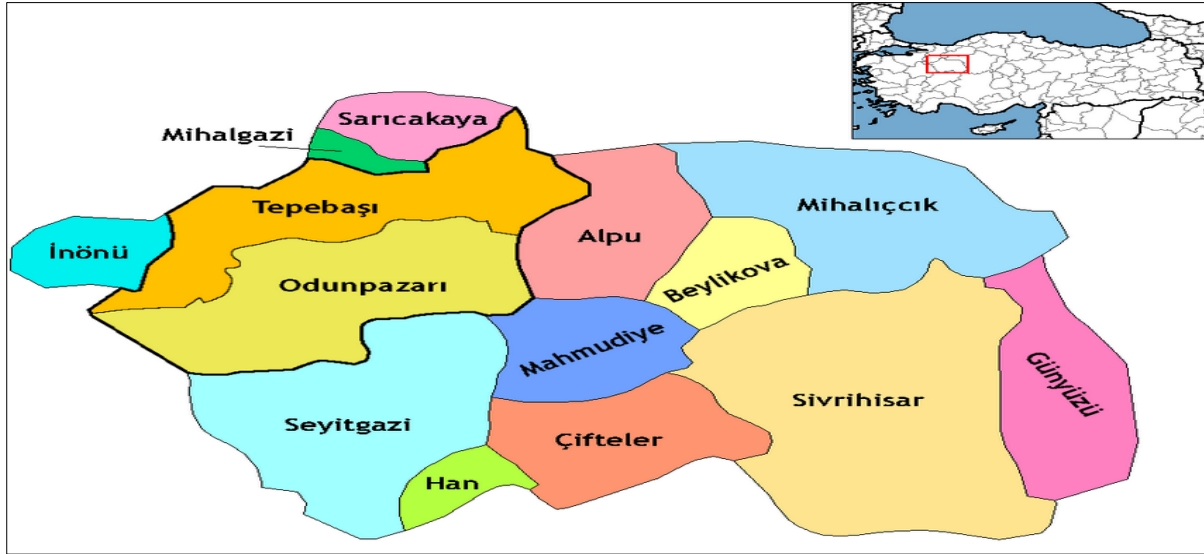
The city center covers an area of approximately 13,653km². Comprising 1,8% of Turkey's total surface area, elevation of the city center from sea level is 792m. Composed of nearly 26% mountains, the share of plains in the land of the city of Eskişehir is around %26 in terms of land forms. Sakarya River and Porsuk Brook are passing within border of the city of Eskişehir.

According to 2013 data obtained through address based population registration system (ADNKS), total population throughout the province is 99.724. The population of the central district is 485.125.

TOTAL POPULATION OF THE CITY						
2007	2008	2009	2010	2011	2012	2013
724 849	741 739	755 427	764 584	781 247	789 750	799 724

According to the reports of the United Nations, being the second city of Turkey offering a quality life in terms of habitability, the annual population growth rate is 13.61 of a thousandth. While the population growth rate in the city is 21.41 of a thousandth while this rate is -9.52 of a thousandth in the country side. When the population consensus data is reviewed, it is seen that migration from country side to the city center has been increase. The population density throughout the city of Eskişehir is 65, while it is 495 in the city center.

The city of Eskişehir has 14 districts consisted of; Alpu, Beylikova, Çifteler, Günyüzü, Han, İnönü, Mahmutiye, Mihalgazi, Mihaliçcik, Odunpazarı, Sarıcakaya, Seyitgazi, Sivrihisar and Tepebaşı.



The city is one of the important junction points of railroads in Turkey. With the completion of high-speed train line, the traveling time between Eskişehir-Ankara has become 1 hour 15 minutes; while it is 1 hour 30 minutes between Eskişehir-Istanbul. Turkish Airlines flights between Istanbul-Eskişehir were started on 21 June 2007 in the Eskişehir Anadolu Airport. The main highway connection of the Eskişehir is Istanbul-Eskişehir-Ankara state road. Making a disjunction from Adapazarı, this road goes towards south, pass through Bilecik, then directed towards east in Bozüyük and reaches within borders of the city of Eskişehir. This road passing throughout the city in the direction of northwest-southeast constitutes the backbone of the city transportation. The city is connected to other highways through this road. All villages in Eskişehir have accessibility through highways.

Intracity public transportation is the responsibility of the Metropolitan Municipality. For the purpose of providing wholeness of public transportation services in terms of routes and lines, bus and tramcar services have been integrated. Total length of the line is 15 km and plays an important role for intracity transportation. In the town, also boats on the Porsuk Brook are available for a pleasure trip.

Because of the advantage provided by its geographical location; being the junction point for the railroads and highways, besides the developments in the agriculture and industry, and the rich underground sources, all these factors have made the city of Eskişehir a significant economical center. When the share of each sector in the economy of the city is considered; the service sector is in the first rank with a share of 61% which is followed by Industry with 28%, and the industry sector is followed by agriculture with 11%. Besides Eskişehir Organized Industrial zone, small industrial zone and large public institutions



located throughout the province, also a large number of private organizations generating a high added value are available. Major industry segments are food, textile, locomotive, machine manufacturing, brick, tile and cement. In the small industrial zone, woodworking, metalware workshops, foundry shops, and various manufacturing and work benches provide service.

4.4.2 The District of Tepebaşı

Located in northwest of the city of Eskişehir, the district of Tepebaşı covers a surface area of 976.350 m². The district of Tepebaşı has been settled two sides of the Porsuk Brook passing through Porsuk plain between Bozdağ and Sündiken Mountains and Kütahya Hill, and Porsuk Brook is one of the most significant branches of Sakarya River. Its total population is 314.599 according to the population consensus made by address based population registration system in 2013. 97% of the population lives in the district center while 3% lives in boroughs and villages of the district. 51% of the total population is male while 49% is female.

Population of District of Tepebaşı		
Total	Male	Female
314599	159687	154912

The district is consisted of 53 neighborhoods and 39 villages. The facilities and organizations within the borders of the district such as Anadolu University, Eskişehir Train Station, Eskişehir Intercity Bus Terminal, Anadolu Airport, Eskişehir Sugar Factory, 1st Air Supply Maintenance Centre, TAI (TUSAŞ; Turkish Aerospace Industries, Inc.), TÜLOMSAŞ (Turkish locomotive and wagon building company), 1st Tactical Air Force Command, Officer's Club, Aviation Outdoor Museum, besides Espark, Kanatlı, Neo, and Ismar shopping malls are the core of the social life and the economic cycle. Especially in the district center, development and structuring comply with the zoning plans and earthquake regulations.

As development of Eskişehir city center also takes place within borders of the district, besides new living spaces, also structuring in the existing living spaces is also changing. Following the completion of the project for taking the newly completed railroad under the ground, also urban texture, especially around the railroad route and its vicinity will show a substantial change.

Both students and academicians besides the projects and activities of Anadolu University which is one of the outstanding universities of Turkey and situated within the district also has an important place in the social life of the district. Besides cultural events, also hosting many national and international events, Anadolu University also colors up the life in the district by panel discussions, symposiums, and presentations.

As most of the shopping malls and retail stores of the city of Eskişehir are situated within the borders of the district, this brings a big dynamism in the district. Both shopping malls and other organizations



ensure employment naturally, which means employment is based mainly on service sector. Parallel to the development of the city, the district is proceeding to become the business quarter. Correspondingly, large stores, banks and other representatives of the service sector opens new branches or move their headquarters in the newly developed sections of district.

4.4.3 Information Regarding the Tourism Industry in Eskişehir

In recent 10 years, the number of both domestic and foreign tourists in Eskişehir has been increased substantially. While 62.000 tourists entered to city in 2000, this figure was reached 200.000 as of end of 2012. It is seen that number of tourists visiting the city has increased substantially in the last 10 years. The dynamism seen in the tourism sector of Eskişehir mostly depends on the investments and publicity made, besides the High-Speed Train (HST) according to Eskişehir Tourism Master Plan 2011-2015 issued, approximately 600.000 tourists, consisted of 560.000 domestic and 40.000 foreign tourists, are expected to visit Eskişehir in 2015.

The number of foreign tourists (2012) is 107.853 and with this figure, its share in Turkey's tourism is 3%, the rank of Eskişehir in the tourism sector in Turkey wide is 23; the number of visitors, which was increased 66% in 2011 compared to previous year, was decreased by 25% in 2012.

DISTRICTS	CHECK-IN NUMBER		
	FOREIGNERS	DOMESTIC	TOTAL
CENTRAL	1304	51.354	52.658
ÇIFTELER	0	3.312	3.312
SIVRIHISAR	0	1.277	1.277
TOTAL	1304	55.943	5.7247

The Number of Foreign and Domestic Tourists Entered Eskişehir to Facilities with a Tourism Operation License, 2012

31 facilities have a bedding capacity of 3.267 in total as of 2011.

	Number of Facilities	Number of Rooms	Number of Beds
Tourism Investment License	3	241	482
Tourism Operation License	16	1047	2079
Municipal License	12	400	706
Total	31	1688	3267

Number of Facilities, Rooms and Beds throughout the Province, 2011

When the accommodation figures are considered, 21.861 persons stayed in hotels and pensions in 2011, and this number increased to 22.764 in 2012. 21% of the foreigner and domestic visitors stayed in hotels and pensions in 2012. The number of visitors who used Eskişehir airport corresponds to 23% of the



foreign visitors came to Eskişehir. If foreign visitors coming to Eskişehir use Eskişehir airport, then this number will have a positive reflection on the overnight stay and average length of stay figures for Eskişehir.

	2007	2008	2009	2010	2011
Total Number of Check-Ins	183.133	193.052	193.922	211.849	251.347
Share Rate in Turkey wide (%)	0,42	0,48	0,43	0,40	0,45
Average length of stay	1,68	1,52	1,58	1,57	1,6
Average length of stay (Turkey)	2,94	3,12	3,13	3,3	3,17
Average length of stay for Foreigners	2,41	2,12	2,78	2,58	2,59
Average length of stay for Foreigners (Turkey)	3,79	4,14	4,13	3,97	3,89

Total Number of Check-Ins and Its Share in Turkey Wide, Average Length of Stay for Turkey and the City, Average length of stay for Foreigners, 2011

Source:Bursa, Eskişehir, Bilecik Development Agency Eskişehir Tourism Specialization Commission Meeting (10.04.2013)

When average length of stay figures is considered, it is seen that the average length of stay in Eskişehir is almost half of the same figure for Turkey. Taking into account that all foreign visitors and almost all domestic visitors have stayed in the facilities situated in the city center, and also considering the fact that average length of stay figures are also low, it is seen that effect of tourism on local economies is low. Also, foreign tourist/domestic tourist ratio staying in the city is low compared to the average number given for Turkey.

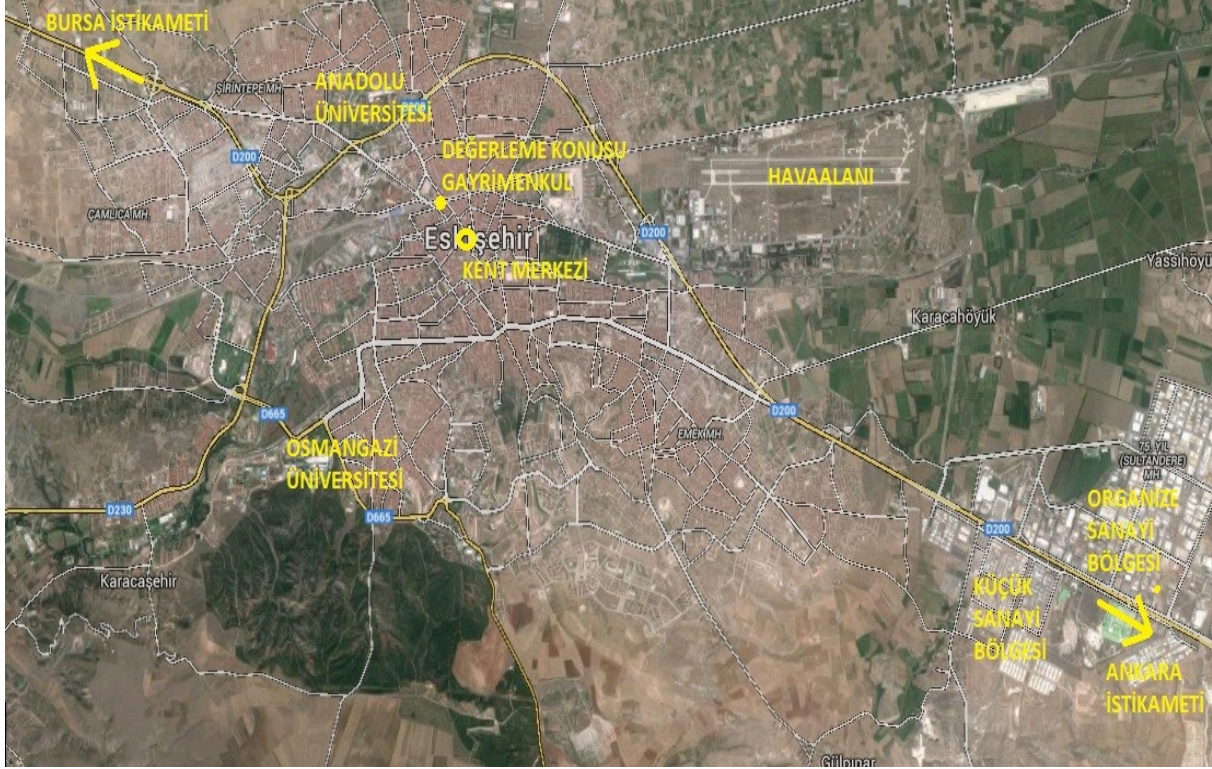
NAME OF THE FACILITY	TYPE*	Having a License of the Min.of Culture and Tourism	Class(*5)	total Number of Rooms	Total Number of Beds	
ANEMON HOTEL	HHOTEL	Tourism Operation License	5 *	174	348	Çamlıca Mah. Mustafa Paşa Sok. No:61
SAFFRON HOTEL	HHOTEL	Tourism Operation License	4 *	79	123	Şeker Mah. Sivrihisar Cad. No:155
DEDEPARK HOTEL	HHOTEL	Tourism Operation License	4 *	64	84	Yenişehir Mah. İsmet İnönü Cad. No:132
ATİŞKAN HOTEL	HHOTEL	Tourism Operation License	3 *	62	125	Yunus Emre Cad. No:87
BÜYÜK HOTEL	HHOTEL	Tourism Operation License	3 *	93	158	Mustafa Kemalpaşa M.Sivrihisar Cad. No:40
SOYUÇ HOTEL	HHOTEL	Tourism Operation License	3 *	62	124	Arifiye Mah.Yunus Emre Cad. No:95-97
İBİS HOTEL	HHOTEL	Tourism Operation License	3 *	108	216	Hoşnudiye Mah. Siloönü Sok.No:5
GRAND NAMLİ HOTEL	HHOTEL	Tourism Operation License	3 *	57	114	Eskişehir M.Üniversite Cad.No:14
ES ALBATROS HOTEL	HHOTEL	Tourism Operation License	3 *	82	164	Yenişehir M.Üniversite Cad.Gün S.No:1
ADA LIFE HOTEL	HHOTEL	Tourism Operation License	3 *	31	52	İstiklal M.Adalar S.No:2 Odunpazarı
VERMAN HOTEL	HHOTEL	Tourism Operation License	3 *	49	98	Yenişehir Mah.Uludağ Sok.No:2/A
ŞAHİNPAK HOTEL	HHOTEL	Tourism Operation License	3 *	44	88	Asarcıklı Cad. No:80
ROOF GARDEN HOTEL	HHOTEL	Tourism Operation License	3 *	57	114	Büyükdere Mah.Sarılar Sok.No:4/A
SÖR HOTEL	HHOTEL	Tourism Operation License	3 *	48	96	Yenişehir Mah.Türkmen sk.No:20
ZİN HOTEL	HHOTEL	Tourism Operation License	3 *	41	61	Yeni mahalle Sivrihisar -1/A Cad.No:102
DEMKA HOTEL	HHOTEL	Partial Tourism Operation License	3 *	32	64	Sivrihisar Caddesi No: 102 / Eskişehir
HAS TERMAL HOTEL	HHOTEL	Tourism Operation License	2 *	48	87	Hamam yolu Cad. No:7
ŞALE HOTEL	HHOTEL	Tourism Operation License	2 *	43	73	İ.İnönü 1 Cad.No:9
ARSLAN HOTEL	HHOTEL	Tourism Operation License	2 *	34	74	Deliktaş Mah.Y.Emre Cad.No:101
ALTINES HOTEL	HHOTEL	Tourism Operation License	2 *	13	22	K.Fidanlık Karşısı Bursa Yol. Erenler Mev.Y.Söğütözü
SULTAN HOTEL	HHOTEL	Tourism Operation License	1 *	32	52	Hamam yolu Cad. No:1
GÜRGENCİ APART	HHOTEL	Tourism Operation License	-	35	70	Muttalıp Cad. No:2
ABACI KONAK	HHOTEL	Special Facility	-	65	144	Akarbaşı Mh.Türkmen Hoca Sk.No:29

Hotels with a Tourism Operation License Located in Eskişehir

5 INFORMATION IN REGARD TO THE REAL ESTATE SUBJECT TO THE APPRAISAL

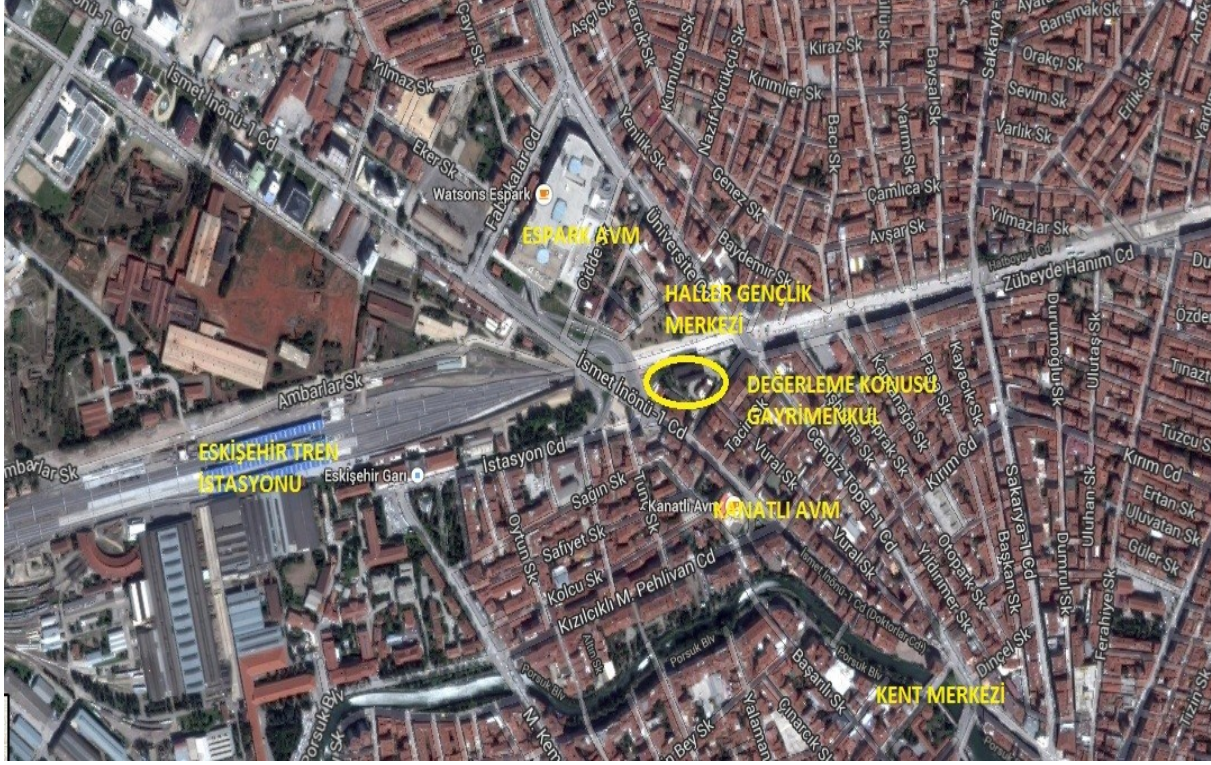
5.1 Information in Regard to the Location, Site and Environment of the Real Estate

The real estate subject to the appraisal is Eskişehir Ibis Hotel situated at the postal address Eskişehir ili, Tepebaşı ilçesi, Hoşnudiye Mahallesi, Siloönü Sokak, No: 5, the Sportif Club Fitness Center situated at the postal address Eskişehir ili, Tepebaşı ilçesi, Hoşnudiye Mahallesi, Siloönü Sokak, No: 5/B, and the restaurant building situated at the postal address Eskişehir ili, Tepebaşı ilçesi, Hoşnudiye Mahallesi, Yalın Sokak No:2.



Location of the Real Estate subject to the Appraisal- General View of the City

(Legend respectively; Bursa Direction, Anadolu University, Real Estate subject to the Appraisal, City Center, Osmangazi University, Airport, Small Industrial Zone, Organized Industrial Zone, Ankara Direction)



Location of the Real Estate subject to the Appraisal-Zoomed View

(Legend respectively; Eskişehir Train Station, Espark Shopping Mall, Haller Youth Center, Real Estate subject to the Appraisal, Kanatlı Shopping Mall, City Center)

Address explanation; after proceeding almost 80m towards southeast on the Ismet İnönü 1 Avenue from the point situated east of Eskişehir Train Station nearly 320m away it, by turning left hand side towards to Siloönü Street, it is situated on the left hand side 100 m away. The area where this real estate is situated is in the Eskişehir city center at junction of Ismet İnönü 1 Avenue, Cengiz Topel Avenue and HST line taken under the ground. The region is a settlement and commercial zone, its structuring has been completed. Because of its central location, the buildings in the vicinity of the real estate have been used for commercial purposes now, although they were constructed as housing. Ismet İnönü 1 Avenue and Cengiz Topel Avenue are the main urban axes due to intense commercial use. The region having a structuring condition of attached disposition with 3, 4, 5, 7, 8 storeys is very intense area in terms of vehicle and pedestrian traffic.

The real estate is nearly 420m away Eskişehir Train Station, and situated 850m away from Eskişehir city center. On the opposite side of it, Haller Youth Center, Espark AVM; 100m away on Ismet İnönü 1 Avenue, Kanatlı Shopping Mall are located. It is situated 18 km away Odunpazarı district center, 2 km away Anadolu University campus, 5km away Osman Gazi University campus, and 4 km away Neo



Shopping Mall. The location of the real estate subject to appraisal offers accessibility through alternative transportation means.

The train line in the north of the real estate subject to appraisal was taken under the ground in 2014. The planning for arranging this region still continues; according to the verbal information given, it is stated that the north of the plot will be arranged as green area, while west of it will be arranged as a square; and the plots with no.12, 19, 33, 38, 39 included to the same block and situated in the southwest of the plot will be expropriated and arranged as green area. If this plan is implemented after approval as stated, this situation will have a positive effect on publicity and accessibility of the real estate.

5.2 Information with Regard to the Land Registry of the Real Estate

City	:	Eskişehir
District	:	Tepebaşı*
Neighborhood	:	Hoşnudiye
Village	:	-
Street	:	**
Locale	:	-
Section No.	:	****
Block No.	:	442
Plot No.	:	37
Surface Area	:	6.806,75 m ²
Owner	:	Eskişehir Metropolitan Municipality
Nature	:	Land and Office Lodging Building and Masonry Warehouse
Land Title Date	:	21.11.2002
Journal No.	:	7664
Volume No.	:	21
Page No.	:	2063

* In the title deed sent to our company, the district where the real estate is registered is indicated as Central District/2; but in the restriction document related to the real estate the district name is registered as Tepebaşı.

** In the title deed sent to our company, the street where the real estate is registered is indicated as Bağlağ Avenue; but in the restriction document related to the real estate there is no record for street name.



*** In the title deed sent to our company, the section number where the real estate is registered is indicated as 88; but in the restriction document related to the real there is no record for section number. The real estate subject to the appraisal is registered at the Directorate of Land Registry of the district of Tepebaşı, with the Tepebaşı Neighborhood Volume No. 21, page 2063. Its quality is “Land and Office Lodging Building and Masonry Warehouse” of which owner is “Eskişehir Metropolitan Municipality.” The title deed information related to the real estate is given in the chart above, while restrictions shown on the same document are given below.

5.2.1 Investigation of the Land Registry of the Real Estate

According to the approved, and which is given in the attachment of this report, land registry record obtained from TAKBIS (Turkish Land Registry And Cadastre Information System) on 04.12.2014 at 11:27 a.m. in the Land Registry Directorate of the District of Tepebaşı, the following restrictions have been noted for the real estate subject to this appraisal.

Annotations Section

- *Registered on 17.03.2009 with journal no. 2954, there is “a lease agreement in favor of Akfen Real Estate Investment Trust Inc., for a period of 22 years, in a consideration of 3.960.000TL. Commencement Date:08.02.2007.”*

Statements Section

- *Registered on 24.04.2009 with journal no. 4713, there is the statement “defendant in the writ file of Eskişehir Civil Court of First Instance No.2 dated 18.04.2009 with docket and decision no. 2008/21.2009/110”;*
- *Registered on 16.04.2012 with journal no. 9355, there is the statement “Group 2 cultural asset need protection”;*
- *Registered on 15.05.2012 with journal no. 11928, there is the statement “Degree 2 real estate cultural asset need protection.”*

With regard to the defendant annotation registered on 24.04.2009 with journal no.4713 in the statements section related to the real estate, according to the verbal information given by the Legal Advisor in the Eskişehir Municipality Legal Department, this case filed against Eskişehir Municipality by T.M.O. (the Turkish Grain Board), previous owner of the real estate subject to the appraisal. The subject matter of the case is leasing of the real estate subject to the appraisal for private use after expropriation, not using for the public weal. It has been stated that the case was resulted in favor of Eskişehir Metropolitan Municipality and as the municipality has not make any application, annotation has not been removed from the land registry record.



5.2.2 Changes that Have Occurred in the Land Registry of the Real Estate within the Last Three Years

There are no buying or selling activities with regard to the real estate subject to the appraisal within the last three years. The following statements have been registered respectively, on 16.04.2012 with journal no. 9355 *“Group 2 cultural asset need protection”*, on 15.05.2012 with journal no. 11928 *“Degree 2 real estate cultural asset need protection.”*

5.2.3 Opinion Whether There Is an Obstacle In Including the Investment Trust Portfolio in Terms of Land Title Records to the Real Estate Within the Scope of the Capital Market Legislation

The title of the real estate subject to this appraisal possessed by Eskişehir Metropolitan Municipality, and there is an annotation thereto in favor of AKFEN Real Estate Investment Trust Inc. for a lease for 22 years.

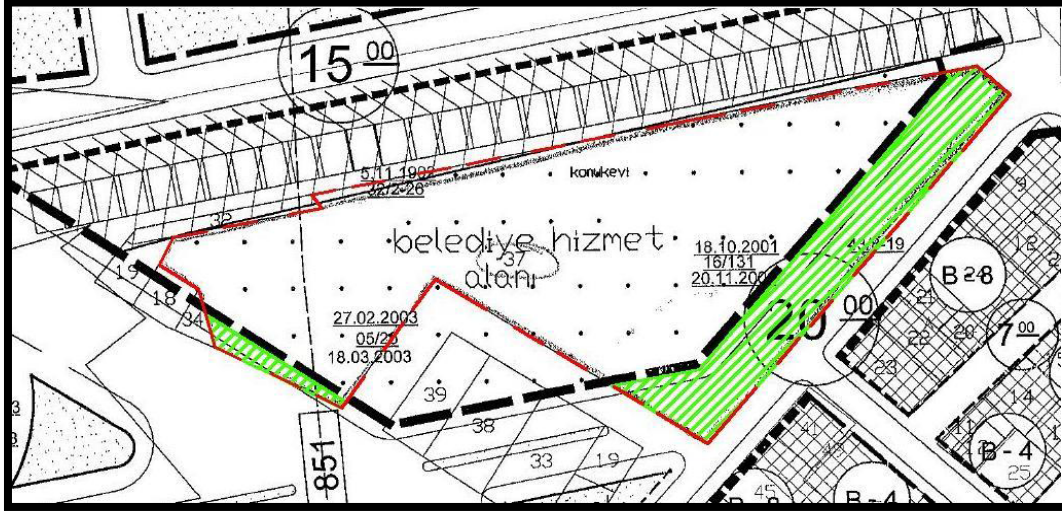
Pursuant to the subparagraph “a” of the Article number 22 of the communiqué, with regard to the real estate investment trusts principles of the Capital Market Board regulations, the Real Estate Investment Trusts “can purchase, sell, lease, lease out and pledge to purchase or sell all sorts of real estate, such as land, plot, building, office building, shopping mall, hotel, logistic centers, warehouse, park and hospitals, for the purpose of achieving gross profit or lease revenue.”

There is no obstacle for the real estate subject to this appraisal from being included in the “real estate investment trusts” portfolio.

5.3 Inspection of the Zoning Information of the Real Estate

According to the information obtained as a result of the inspections made in the Municipality of the District of Tepebaşı, Zoning and Urbanism Directorate on 04.12.2014 and based on the official zoning status certificate with no. M.263.TEP.0.13/9099/22561 of which date is 15.12.2014, enclosed herewith; the zoning status and structuring conditions relative to the real estate subject to the appraisal given below.

Pursuant to the “Implementation Zoning Plan, with a scale of 1/1000, approved on 18.10.2001, zoning of the real estate subject to the appraisal is for a “Municipal Service and Road Area.”



Legend: Municipal service area, guesthouse

In line with the plan, approximately 1.322,00 m² of the land is within the zone to be separated for the road, the areas shown with green color in the sketch to be left to the road have façade to the road, and there are no buildings in these areas.

In the region where the real estate is situated, within the scope of Ankara Istanbul High Speed Train Project and within the framework of the protocol signed between Eskişehir Metropolitan Municipality and the Turkish State Railways for the passage from Eskişehir city center, changes have been made on the Master Plan with a scale 1/5000 and Implementation Zoning Plan with a scale of 1/1000 for taking the railroad under the ground and for transportation and green space arrangements.

Master Plan with a scale 1/5000 was approved upon the decision of Eskişehir Metropolitan Municipal Council dated 13.02.2014 and numbered 59; and also assented by Eskişehir Cultural and Natural Heritage Conservation Board upon the decision dated 28.02.2014 and numbered 2213. During the announcement period, Turkish State Railways filed an objection against the plan regarding the zone belongs to it, the Metropolitan Municipal Council concluded this objection and referred it to Eskişehir Cultural and Natural Heritage Conservation Board for taking their assent. It has been stated that no objection has been filed against the plot no.37 included to block no.442 where the real estate subject to this appraisal is situated.

The Implementation Zoning Plan with a scale of 1/1000 was announced on 10.04.2014 for an announcement period of 1 month, and announcement period was ended on 10.05.2014. As there is an objection filed against the expropriation decision for the plots with no. 12, 19, 33, 38, 39 included to the same block and abreast of the real estate subject to this appraisal, the plan was sent to the Municipal Council on 04.06.2014; the review of the commission still pending. It has been noted that structuring



conditions for the region have not changed according to the new plan which is under investigation of the commission within the scope of the objection. It has been also stated that the area where a square will be built according to the plan in the west of the plot where the real estate subject to this appraisal is situated will be reduced by 80m². As the plan is under investigation within the scope of the objection, the sketch and the plan were not given to our company.

Information was requested from Eskişehir Cultural and Natural Heritage Conservation Board regarding the current zoning status of the real estate subject to this appraisal; the relevant officer stated that the zoning status information should be taken from the Tepebaşı Municipality. It has been stated that the real estate subject to the appraisal has not registered on plot basis and as it is registered on structure basis, they give their opinion on the plan and the plan amendments. It has also noted that changes and implementations on structure basis shall be made under control of the board. Measured drawing for the restaurant situated on the plot is under investigation of the board; the board stated that they would not allow our company to review the drawing without written consent of the architect who prepared the drawing, and therefore it was not investigated.

5.3.1 Plan, License, Diagram and Similar Documents with Regard to the Real Estate

It has been stated that as the title of the real estate subject to the appraisal belongs to Eskişehir Metropolitan Municipality, legal permits and certificates related to construction and occupancy besides architectural project approvals have been given by Eskişehir Metropolitan Municipality, and no document related to this structure exists in the Tepebaşı Municipality.

Eskişehir Metropolitan Municipality Zoning Implementation Division has approved permits and certificates related to construction and occupancy of the building. The officer in the relevant division stated that the construction permits and occupancy permits sent to our company by Akfen Real Estate Investment Trust Inc. are approved and valid; and there are no other certificates exist in their hand. Construction permits and occupancy permits together with their description are given in the below chart.

	Date and certificate no.	Surface Area	Description
Additional Construction Permit	15.12.2005/2	5.000m ²	Hotel
Additional Construction Permit	27.07.2006/3	868 m ²	Swimming Pool and Fitness Center (silo hotel additional block)
Occupancy Permit	2007/6	5.000m ²	Hotel
Occupancy Permit	13.04.2011	868m ²	Multi-purpose tourist facility

Construction and Occupancy Permits



Approved architectural projects of the hotel and the fitness center which are undated have been provided from the Construction Department and these are reviewed. As the architectural project belongs to the restaurant is under investigation of Eskişehir Cultural and Natural Heritage Conservation Regional Board, and as they did not allow their review, it was not possible to review them.

According to the approved architectural projects of the hotel area which are undated, the hotel is consisted of basement+ground floor+6 normal floors+2 attics. Total closed area is 5.478 m². Basement floor is 604m²; ground floor is 763m²; each normal floor 1, 2, 3, 4, 5 and 6 is 586m²; 1st attic is 397m²; 2nd attic 198m².

According to the architectural project of the fitness center which is undated, the building is consisted of basement+ground floor+top floor. Total closed area is 868m². The basement floor with an elevation of - 2.90 is 290m², basement floor with an elevation of +0.15 is 195m², ground floor with an elevation of +0.60 is 121m² and 1st floor with an elevation of +4.10 is 260m².

Abovementioned certificates are given in the attachment of this report.

5.3.2 Building Inspection Institution and Maintenance

The real estate related to this appraisal is subject to the Law Regarding Building Inspection with the number 4708 and dated 29.06.2001, and the building inspection has been carried out by Eskişehir Metropolitan Municipality Technical Works Department.

5.3.3 Changes that Have Occurred in the Legal Status (Changes in the Zoning Plan, Nationalization, etc.) of the Real Estate within the Last Three Years

Zoning of the real estate subject to the appraisal for “Municipal Service and Road Area” within the scope of the “Implementation Zoning Plan” with a scale of 1/1000, approved on 18.10.2001. After approval of the zoning plan in the region where the real estate is situated, within the scope of Ankara Istanbul High Speed Train Project and within the framework of the protocol signed between Eskişehir Metropolitan Municipality and the Turkish State Railways for the passage from Eskişehir city center, changes have been made on the Master Plan with a scale 1/5000 and Implementation Zoning Plan with a scale of 1/1000 for taking the railroad under the ground and for transportation and green space arrangements.

Master Plan with a scale 1/5000 was approved upon the decision of Eskişehir Metropolitan Municipal Council dated 13.02.2014 and numbered 59; and also assented by Eskişehir Cultural and Natural Heritage Conservation Board upon the decision dated 28.02.2014 and numbered 2213. During the announcement period, Turkish State Railways filed an objection against the plan regarding the zone belongs to it, the Metropolitan Municipal Council concluded this objection and referred it to Eskişehir Cultural and Natural Heritage Conservation Board for taking their assent. It has been stated that no objection has



been filed against the plot no.37 included to block no.442 where the real estate subject to this appraisal is situated.

The Implementation Zoning Plan with a scale of 1/1000 was announced on 10.04.2014 for an announcement period of 1 month, and announcement period was ended on 10.05.2014. As there is an objection filed against the expropriation decision for the plots with no. 12, 19, 33, 38, 39 included to the same block and abreast of the real estate subject to this appraisal, the plan was sent to the Municipal Council on 04.06.2014; the review of the commission still pending. It has been noted that structuring conditions for the region have not changed according to the new plan which is under investigation of the commission within the scope of the objection. It has been also stated that the area where a square will be built according to the plan in the west of the plot where the real estate subject to this appraisal is situated will be reduced by 80m².

5.3.4 Opinion Whether the Necessary Permit and Documents Pursuant to the Legislation are Accurate and Complete

All of the necessary permits and licenses, such as the Zoning Status Document, the Approved Architectural Project, the Construction Permit and Occupancy Permit with regard to the real estate subject to the appraisal have been obtained.

With regard to hotel and fitness center situated on the real estate subject to the appraisal, Zoning Status Certificate, Approved Architectural Project, Construction Permit and Occupancy Permit are available and all necessary permits and certificates have been taken. Our company could not reach Construction Permit or Occupancy Permit with regard to the restaurant; on the other hand its approved architectural project is available.

Hotel and the restaurant building are shown on the layout of the hotel in the architectural project as complying with their current positions. Fitness center is shown in the west end of the plot, but it has been struck through. Fitness center's actual location is in the south end of the plot, in the south of the hotel. There is no layout for the fitness center given in its architectural project. Fitness center building is recorded on the cadastral map and zoning plan as complying with its current positions.

5.3.5 Opinion Whether There Is an Obstacle in Including the Investment Trust Portfolio in Terms of Zoning Information to the Real Estate within the Scope of the Capital Market Legislation

1.322 m² of the real estate subject to this study has to be left for the road within the scope of the Zoning Plan approved in 2001; the areas to be left for the road are near to the road border. They have no negative impact on the current location of the real estate. Amendment on the Master Plan with a scale of 1/5000 and Implementation Zoning Plan with a scale of 1/1000 with regard to the real estate and the



region where it is situated are not yet approved, and an objection was filed against the plans during the announcement period; objections still continue to investigate by the board and the commission. Some parts of the real estate subject to the appraisal has to be left for the road within the scope of the plan amendment, the areas to be left for the road have no buildings and at the road border of the plot. There is no change on the zoning plan and structuring conditions. In case the amendment made is approved and the sad areas are left for the road, the surface area of the land will be decreased. However, arrangements (opening a square, demolition of the surrounding buildings, etc.) to be made will affect the value of the real estate positively. There is no negative impact on the current situation of the real estate. There is no obstacle for including the real estate in the portfolio of the real estate investments trust within the scope of the Capital Market Legislation.

5.3.6 Statement that the Detailed Information, along with the Value in Question Regarding the Project, are Completely in Connection with the Project and that, in the case of Executing a Different Project, the Resulting Value Might Vary

The appraisal study in question is not carried out within the scope of the “project evaluation”.

5.4 Physical Characteristics of the Real Estate

5.4.1 Structural Construction Characteristics of the Real Estate

The real estate subject to this appraisal study is located in the city of Eskişehir, district of Tepebaşı, Neighborhood of Hoşnudiye, Block no: 442, Plot no: 37, with a surface area of 6.806,75 m², and having the quality “Land and Office Lodging Building and Masonry Warehouse.”

Block no.442, plot no. 37 has a flat topography. There is the railroad line taken under the ground in the north of the plot, while Siloönü street and Yalın street are located in the south of the plot; İsmet İnönü Avenue is in the west and University Avenue is in the east. On the plot, the building constructed as detached used as IBIS Hotel, restaurant and fitness center are located. In the north of the plot at its border the hotel; in the southeast of it at the façade to Siloönü street the Fitness center; in the southwest on the Yalın strret the restaurant are existed. Hotel and the restaurant are Gorup 2 registered buildings. Except for the north façade of the plot, it is surrounded with concrete wall with iron railings on top this wall. Landscaping for the plot has been made and there is open car park with a capacity of 29 vehicles which belongs to the hotel. Hotel entrance is from Siloönü strret and a private security team is existed. The entrance of the Fitness Center is from Siloönü street and the entrance of the restaurant is from Yalı street.



Satellite view, locations of the buildings

ESKİŞEHİR IBIS HOTEL is a Group 2 registered building constructed as silo storage and auxiliary premises in 1930s. The building and the land which was belong to the Turkish Grain Board was expropriated on by Eskişehir Metropolitan Municipality on 21.11.2002. In addition to the registered parts of the building, an outbuilding with a floor area of 160m² was constructed and by completely restoring the building, it has been converted to a 3 star hotel with 108 rooms. Constructed as steel and concrete carcass style, the building is consisted of basement+ground floor+6 normal floors+2 attics according to the approved architectural project. Total closed area is determined as 5.478m² from the drawing. Construction permit and Occupancy permit has been taken for an area of 5.000m². Basement floor covers an area of 604m²; while ground floor covers an area of 763m²; each of the normal floors 1, 2, 3, 4, 5, 6 covers an area of 586m²; 1st attic covers an area of 397m²; 2nd attic covers an area of 198m²'dir. As the building was complying with its project, the areas determined from the architectural project have been taken into account.

IBIS ESKİŞEHİR HOTEL		
Floor Name	Project Surface Area (m ²)	Actual Surface Area (m ²)
Basement Floor	604	604
Ground Floor	763	763
1, 2, 3, 4, 5, 6	586	586
1 st Attic	397	397
2 nd Attic	198	198
TOTAL	5.478	5.478

Ibis Eskişehir Hotel's Project and Actual Surface Areas

Basement Floor: The basement floor, of which elevation is -1.85, is below the normal ground level. According to its approved architectural project, it is composed of storerooms for potable water tank and



water reserve tank against fire, 2 mechanical rooms, house keeper room, dry cleaning and laundry rooms, men's and ladies locker rooms for the personnel, personnel cafeteria, 2 separate storerooms, boiler room and maintenance room. Its current status complies with the closed area project; depending on the use type, use type and sectioning of some parts have been changed. In the current status, on the basement floor, there are storerooms for potable water tank and water reserve tank against fire, 2 nested electrical board rooms, dry cleaning and laundry rooms, men's and ladies locker rooms for the personnel, personnel cafeteria, 1 cold storeroom, technical room, security chief's room and boiler room. The floors are covered with concrete and ceramics whereas the walls are covered with paint and ceramics over mortar, ceilings are covered with paint over mortar.

Ground Floor: The basement floor, of which elevation is +1.10, is composed of a baggage room, general manager's room, system control room, reception, reception office room, accountants' room, business center, restaurant, bar, kitchen, meeting room, 2 separate ladies-men's WC areas according to its approved architectural project. Its current status complies with the closed area project; depending on the use type, use type of some parts have been changed. Entrance hall is at the east front on the ground floor. Other than the main entrance door, there are also exits to outside from restaurant area, elevator and service area, emergency exit area and fire exit. Main entrance door is power operated and made of Aluminum joinery and glass. The floorings are consisted of carpet, ceramics, marble and wood; on the other hand, walls are covered with ceramics, wooden decorative elements and paint over plaster. Ceilings are suspended ceiling consisted of rock wool and carton-pierre. While windows are Aluminum joinery on this floor, interior doors are wood joinery. In the kitchen, there are stainless steel equipment are available.

1st Floor: The 1st floor, of which elevation is +5.60, is consisted of totally 18 rooms, 6 of them silo rooms while 12 of them standard rooms, according to its approved architectural project. Its current status complies with the closed area and sectioning project. In the common areas, the flooring is consisted of carpet and marble, while walls and ceilings are covered with paint over plaster. Rooms include bathroom and bedroom sections. The bathroom floors are covered with PVC, paper and ceramics, while ceiling is suspended ceiling. In the bedroom section, floors are covered with laminated parquet, walls are covered with paint over plaster, ceiling is suspended ceiling where inside with spot lights. While windows are Aluminum joinery on this floor, interior doors are wood joinery.

2nd Floor: The 2nd floor, of which elevation is +9.60, is consisted of totally 18 rooms, 6 of them silo rooms while 12 of them standard rooms, according to its approved architectural project. Its current status complies with the closed area and sectioning project. In the common areas, the flooring is consisted of



carpet and marble, while walls and ceilings are covered with paint over plaster. Rooms include bathroom and bedroom sections. The bathroom floors are covered with PVC, paper and ceramics, while ceiling is suspended ceiling. In the bedroom section, floors are covered with laminated parquet, walls are covered with paint over plaster, ceiling is suspended ceiling where inside with spot lights. While windows are Aluminum joinery on this floor, interior doors are wood joinery.

3rd Floor: The 3rd floor, of which elevation is +13.60, is consisted of totally 18 rooms, 6 of them silo rooms while 12 of them standard rooms, according to its approved architectural project. Its current status complies with the closed area and sectioning project. In the common areas, the flooring is consisted of carpet and marble, while walls and ceilings are covered with paint over plaster. Rooms include bathroom and bedroom sections. The bathroom floors are covered with PVC, paper and ceramics, while ceiling is suspended ceiling. In the bedroom section, floors are covered with laminated parquet, walls are covered with paint over plaster, ceiling is suspended ceiling where inside with spot lights. While windows are Aluminum joinery on this floor, interior doors are wood joinery.

4th Floor: The 4th floor, of which elevation is +17.60, is consisted of totally 18 rooms, 6 of them silo rooms while 12 of them standard rooms, according to its approved architectural project. Its current status complies with the closed area and sectioning project. In the common areas, the flooring is consisted of carpet and marble, while walls and ceilings are covered with paint over plaster. Rooms include bathroom and bedroom sections. The bathroom floors are covered with PVC, paper and ceramics, while ceiling is suspended ceiling. In the bedroom section, floors are covered with laminated parquet, walls are covered with paint over plaster, ceiling is suspended ceiling where inside with spot lights. While windows are Aluminum joinery on this floor, interior doors are wood joinery.

5th Floor: The 5th floor, of which elevation is +21.60, is consisted of totally 18 rooms, 6 of them silo rooms while 12 of them standard rooms, according to its approved architectural project. Its current status complies with the closed area and sectioning project. In the common areas, the flooring is consisted of carpet and marble, while walls and ceilings are covered with paint over plaster. Rooms include bathroom and bedroom sections. The bathroom floors are covered with PVC, paper and ceramics, while ceiling is suspended ceiling. In the bedroom section, floors are covered with laminated parquet, walls are covered with paint over plaster, ceiling is suspended ceiling where inside with spot lights. While windows are Aluminum joinery on this floor, interior doors are wood joinery.

6th Floor: The 6th floor, of which elevation is +25.60, is consisted of totally 18 rooms, 6 of them silo rooms while 12 of them standard rooms, according to its approved architectural project. Its current status complies with the closed area and sectioning project. In the common areas, the flooring is consisted of



carpet and marble, while walls and ceilings are covered with paint over plaster. Rooms include bathroom and bedroom sections. The bathroom floors are covered with PVC, paper and ceramics, while ceiling is suspended ceiling. In the bedroom section, floors are covered with laminated parquet, walls are covered with paint over plaster, ceiling is suspended ceiling where inside with spot lights. While windows are Aluminum joinery on this floor, interior doors are wood joinery.

1st Attic: Its elevation is +29.10; according to its approved architectural project, it has 2 storerooms and a mechanical room. Its current status complies with the closed area and sectioning project. The flooring is ceramic and its ceiling is painted.

2nd Attic: Its elevation is +32.30; according to its approved architectural project, it has a machine room and garret. Its current status complies with the closed area and sectioning project. The flooring is ceramic and its ceiling is painted.

	IBIS ESKIŞEHİR HOTEL						
	1 st Floor	2 nd Floor	3 rd Floor	4 th Floor	5th Floor	6th Floor	Total
Standard Rooms	12	12	12	12	12	12	72
Silo Rooms	6	6	6	6	6	6	36
Total	18	18	18	18	18	18	108

Number of standard and Silo Rooms by Hotel Floors in Ibis Eskişehir Hotel

The structural properties of Ibis Hotel are given below.

Structural Characteristics of the Ibis Hotel	
Total Area	<u>According to the Architectural Project and current status:</u> 5.478 m ² <u>According to the Construction Permit and Occupancy Permit:</u> 5.000 m ²
Age	Approximately 9 years
Construction Type	Steel and Concrete
Roofing System	Shingle
Disposition	Detached
Number of Floors	10 Storeys (Basement + Ground Floor + 6 Normal Floors+ 2Attics)
Exterior Façade	House paint
Electricity	City Grid
Heating System	Central, Fancoil heating and cooling
Water	City Grid
Sewerage	City Grid



Structural Characteristics of the Ibis Hotel	
Elevator	Available (2 elevators)
Ventilation System	Available
Fire Escape	Available
Fire Extinguisher Systems	Available
Car Park	Available (Open)
Generator	Available (1 kW)

FITNESS CENTER; according to its approved architectural project, it covers an area of 868 m² in total consisted of 2 basements+ground floor+1 normal floor+ attic. It was constructed as a concrete detached building in 2006. As of the appraisal date, it is used as a fitness center by the lessee. Having a front to the Siloönü Street, the entrance of the building is from this street on the ground floor in the southeast direction. Its total area is 868m² consisted of 290 m² 2nd basement floor, 195 m² 1st basement floor,, 123 m² ground floor and 260 m² 1st floor. Construction Permit and Occupancy Permit are taken for 868m², and this figure complies with the area determined from the drawing.

FITNESS CENTER		
Floor Name	Legal Area	Actual Surface Area
2 nd Basement Floor	290	290
1 st Basement Floor	195	195
Ground Floor	123	123
1 st Floor	260	260
Attic	-	-
TOTAL	868	868

2nd Basement Floor: 2nd basement floor, of which elevation is -2.90, is composed of men's and ladies locker rooms, shower rooms, doctor's room, and pool overflow tank according to its approved architectural project. 2nd basement floor, of which use area complies with the project, doctor's room is used as tools room. The floors are covered with ceramics whereas the walls are covered with satin paint and ceramics over mortar, ceilings are plasterboard suspended ceiling with spot lights inside, and doors and windows are Aluminium and PVC joinery.

1st Basement Floor: 1st basement floor, of which elevation is +0.15, is composed of a swimming pool, sauna and shower rooms according to its approved architectural project. The swimming pool is approximately 167m² and has a depth of 1.45m. Its current status complies with the project. The floors are covered with ceramics and wood whereas the walls are covered with satin paint and ceramics over mortar, ceilings are plasterboard suspended ceiling with spot lights inside, and doors and windows are Aluminium and PVC joinery.



Ground Floor: The ground floor, of which elevation is +0.60, is consisted of entrance hall, cloakroom, Office, WC and shop. The section which is shown as shop is currently used as pilates room. The floors are covered with laminated parquets and ceramics whereas the walls are covered with satin paint over mortar, ceilings are plasterboard suspended ceiling with spot lights inside, and doors and windows are Aluminum joinery.

1st Normal Floor: The 1st floor, of which elevation is +4.10, is consisted of step aerobics dance room, fitness area and bar. The floors are covered with laminated parquets whereas the walls are covered with satin paint over mortar, ceilings are plasterboard suspended ceiling with spot lights inside, and doors and windows are Aluminum joinery.

Attic: According to its approved architectural project, it is a closed garret. Access to this area is provided by the stairs made of steel joinery which is mounted onto exterior wall.

The structural properties of the fitness center are given below.

Structural Characteristics of the Fitness Center	
Total Area	According to the Architectural Project and current status: 868 m ² According to the Construction Permit and Occupancy Permit: 868 m ²
Age	Approximately 8 years
Construction Type	Concrete
Roofing System	Terrace Roof
Disposition	Detached
Number of Floors	4 Storeys (2 Basements + Ground Floor + 1 Normal Floor + Attic)
Exterior Façade	House paint
Electricity	City Grid
Heating System	Central, Fancoil heating and cooling
Water	City Grid
Sewerage	City Grid
Elevator	Not Available
Ventilation System	Available
Fire Escape	Not Available
Fire Extinguisher Systems	Available
Car Park	Not Available
Generator	Not Available

RESTAURANT building is a group 2 registered building. It is situated at the Yalın Street front of the plot. No certificate has been reached regarding construction and occupancy of the building; the measured



drawing of the restaurant is under investigation by Eskişehir Cultural and Natural Heritage Conservation Board. Our company was not allowed to review the drawing. Therefore, investigation made in the premise is taken into account. The building, of which renovation was still continuing as of the appraisal date, had been operated as restaurant before date; the renovation is carried out by the lessee in order to operate it again as restaurant. The building is consisted of a basement+ground floor. The basement comprises kitchen and 2 WC, while the ground floor is an open space. Ground floor ceiling is high; according to the measurements and determinations carried out in the building, its use area is 250,00 m². In the front of the restaurant area, a semi closed section, a verandah having approximately 72,00 m² area is built. The façade of the building has tile lining, and its roof is covered with tiles, joinery is consisted of wooden and glass. In the interior, flooring of the kitchen area are covered with ceramics, while WC area is covered with marble, and other use areas are covered with wood. Other renovation works still continue.

Structural characteristics of the restaurant are given below:

Structural Characteristics of the Restaurant	
Total Area	According to the current status: 250 m ²
Age	Approximately 9 years
Construction Type	Concrete
Roofing System	Roof tile
Disposition	Detached
Number of Floors	2 Storeys (Basement + Ground Floor)
Exterior Façade	Tile lining
Electricity	City Grid
Heating System	Central, Fancoil heating and cooling
Water	City Grid
Sewerage	City Grid
Elevator	Not Available
Ventilation System	Available
Fire Escape	Not Available
Fire Extinguisher Systems	Available
Car Park	Not Available
Generator	Not Available

5.4.2 Inspections Performed Within the Premises of the Real Estate

- Block no.442 plot no. 37 has no regular from and has a flat topography. The plot has a front to the railroad line which has been taken under the ground in the north, and the length of this north front is approximately 190 m. It has a front to the Cengiz Topel avenue in the west which is



approximately 25 m long. In the south, it has a front to the Siloönü street and its front to this street is approximately 100 m. its front in the west is to the İsmet İnönü Caddesi with an approximate length of 70 m; in the southeast, it has a front to the Yalı street and the length of the front to this street is approximately 100 m.

- The plot has a façade to Ankara-Eskişehir high-speed train and train line in the north; the train line was taken under the ground in 2014. While it was a noise source in the past for the hotel building, taking the train line under the ground has solved the noise problem.
- Eskişehir Ibis hotel was started to operate as 3 star hotel in April 2007. The landlord is the Eskişehir Metropolitan Municipality and lease out it to Akfen Real Estate Investment Trust Inc. for 22 years.
- Hotel has two different room types, one is silo room and the other is standard room. There is a bathroom in each room. The silo room covers an area of approximately 20m², and the standard room covers an area of approximately 17m².
- There is 1 meeting room, restaurant and lobby found in the hotel.
- The customer portfolio of the hotel is consisted of business travelers and medium income group traveling in summer months.
- The fitness center and the restaurant situated on the plot besides the hotel are subleased to third parties by Akfen Real Estate Investment Trust Inc. Fitness center is operating, on the other hand, as the lessee of the restaurant is newly changed, renovation works still continue.
- The open car park area has a capacity of 29 vehicles and used by the hotel. There is no closed car park area.
- Other issues, considered as external and miscellaneous works, which have been determined on site and included to the scope of the appraisal study are concrete area, landscaping, concrete wall surrounding the plot, and security cabin. External and miscellaneous works have been included as additional cost to the calculations made under the cost approach analysis.



6 FACTORS AFFECTING AND DETERMINING THE VALUE OF THE REAL ESTATE

6.1 Factors that Limit or Negatively Affect the Appraisal Process

There is no limiting or negatively affecting factors hindering the appraisal studies in question.

6.2 Swot Analysis

Strengths

- The real estate subject to this appraisal is situated in Eskişehir city center, at a point where transportation and shopping facilities are available and with high publicity.
- Train station is located at a walking distance to the public transportation vehicles.
- The real estate has been leased out to Akfen Real Estate Investment Trust Inc. by Eskişehir Metropolitan Municipality for 22 years and an annotation regarding the lease has been recorded to the land registry record.
- The hotel is operated under the name IBIS HOTEL which is a well-known brand name belongs to Accor group which has activity worldwide.

Weaknesses

- There are areas on the plot which will be cut off according to the approved zoning plan and the zoning plan which has been objected and under investigation of the relevant commission.

Opportunities

- There are significant commercial zones, shopping malls and university areas are existed in its vicinity.
- As the train line situated in the north has been taken under the ground, noise and noise pollution factor have been removed.
- In case the zoning plan under the investigation of the commission will be approved and completed as it has been announced, the green area and square arrangements will rise; therefore, publicity and accessibility will be affected positively.

Threats

- As the train line situated in the region where the real estate subject to the appraisal has been taken under the ground, a zoning plan amendment has been made in the region, but the plan has not been approved due to the objections filed, and it is still under investigation of the relevant commission.
- Economic changes both in domestic and global scale also directly affect the real estate sector. This fact may cause retardation of the investments planned for this region.



6.3 Exemplary Share Rate in the Projects that Will Be Performed According to the Revenue Sharing and Flat for Land Methods

Revenue Sharing and Flat for Land Methods have not been employed throughout this appraisal study.

6.4 Methods and Eligibility Motives Employed in the Appraisal of the Real Estate

In this study, as the ownership of the real estate subject to the appraisal belongs to the Eskişehir Metropolitan Municipality, Cost analysis Method has been employed. Since the real estate has been leased out to Akfen Real Estate Investment Trust Inc. and it is a commercial property generating revenue having the quality of hotel, the Revenue Approach Methods have been employed.

6.4.1 Exemplary Approach

As the ownership of the real estate subject to the appraisal belongs to the Eskişehir Metropolitan Municipality, exemplary approach has not been used.

6.4.2 Cost Approach

The title of the real estate property is possessed by the Eskişehir Metropolitan Municipality. For estimating the costs for restoration and construction of the existing buildings by the Akfen Real Estate Investment Trust Inc., Cost analysis Method has been employed.

The building cost values in this analysis, with the cost generation approach; the technical specifications of the buildings, construction costs of the buildings that have similar characteristics in the market, restoration costs and realized construction costs for the real estate subject to the appraisal that have been submitted by AKFEN Real Estate Investment Trust Inc. have been taken into consideration



COST SHEET (LAND + BUILDING)

HOTEL CLOSED AREAS		COST		
FLOOR SURFACE AREAS	TOTAL CONSTRUCTION AREA (m ²)	HOTEL COST PER M2 (€)	TOTAL COST (€)	TOTAL COST WITH DEPRECIATION (€)
Basement Floor	604	300	181.200	166.704
Ground Floor	763	800	610.400	561.568
1 st Normal Floor	586	800	468.800	431.296
2 nd Normal Floor	586	800	468.800	431.296
3 rd Normal Floor	586	800	468.800	431.296
4 th Normal Floor	586	800	468.800	431.296
5 th Normal Floor	586	800	468.800	431.296
6 th Normal Floor	586	800	468.800	431.296
1 ST Attic	397	500	198.500	182.620
2 nd Attic	198	500	99.000	91.080
Attic	5.478		3.901.900	3.589.748
TOTAL HOTEL CONSTRUCTION COST	250	800	200.000	184.000
Restaurant	868	600	520.800	479.136
Fitness Center			250.000	250.000
External Miscellaneous Works (***) (€)			4.872.700	4.502.884
TOTAL STRUCTURE VALUE (€)	13.451		3.001.313	3.001.313
LAND VALUE (€)			7.874.000	7.504.197
TOTAL VALUE (€)	604	300	181.200	166.704

(*) The total construction cost value has been calculated by scrutinizing the verified construction cost information taken from Akfen Real Estate Investment Trust Inc. together with our industry experience in relation to the similar hotel costs.

(**)The appraisal has been conducted by taking into consideration the age and physical status of the real estate.

(***) Costs for site concrete, wire fencing on top of walls surrounding the plot, arrangement of open car park, etc. have been roughly estimated.

6.4.3 Cost Discount Approach/ Development Approach

Considering that the real estate subject to this appraisal study is a property that brings in revenue, the revenue approach method has not been employed.



IBIS HOTEL PROJECTION:

- The hotel subject to the appraisal has a capacity for 108 rooms and 216 beds.
- A lease agreement for 22 years has been signed by and between the Eskişehir metropolitan Municipality and the Akfen Real Estate Investment Trust Inc. to be commenced on 08.02.2007.
- According to the agreement conditions, Akfen Real Estate Investment Trust Inc. has agreed to pay a monthly rent of 9.209 Euro. However, if 5% of the hotel revenue will be higher than 9.209 Euro, instead of the fixed hotel rent, 5% of the revenue will be paid as consideration for right of construction.
- The hotel has been operating since April 2007. It has been estimated that the occupancy rate of the hotel in the year of 2015 will be realized as 76% and that this rate will be increased each year until 2019, and will be reached 82% in 2019 and it will be operated with an occupancy rate of 82% in the subsequent years.
- It has been assumed that the hotel will be operating 365 days a year.
- The hotel prices have been calculated based on the room-breakfast system. The hotel started its operation in 2007; taking into consideration the surveys performed in regard to the tourism industry and in the region, it has been estimated that the average price for a room will be 45 EUR, in the year of 2015. Room prices increases approximately 5 Euro per year until 2019. Moreover, it has been anticipated that this price will increase based on the inflation in the Euro Zone (2,5%) annually in the following years.
- Considering the performance of the facility, it has been assumed that the room revenues will constitute 86,5% of the total revenue, whereas the total department revenues will be around 13,5%.
- The gross operating profit has been calculated by subtracting the department and operating expenses from the total revenues. It has been determined that the Gross Operating Profit (GOP) in the hotel will be of 42% in the year of 2015, which will then stabilize in the following years.
- The ownership belongs to the Eskişehir Metropolitan Municipality and has a zoning of "Municipal service area", and it is exempted from real Real Estate Tax.
- According to the information obtained from Akfen Real Estate Investment Trust Inc., it has been acknowledged that the insurance value for the year of 2015 will be of 11.751 Euro and it is estimated that it will remain so in the following years, as it is estimated by Akfen Real Estate Investment Trust Inc. that there will no increase in the insurance premiums.



- Furniture Fixture Renovation Reserve has been determined based on the agreements made with the ACCOR. Accordingly, it is accepted as 1,5% of the annual gross revenue.
- In the projection, lease values of the fitness center and the restaurant are taken into account. Restaurant and fitness center are operated by the third parties. Therefore, revenues from fitness center and restaurant are added to the hotel net operating revenue.
- The agreement with the restaurant was signed on 11.05.2007, and the agreement term has been determined as 10 years. Restaurant income has been determined as 3.000 TL for 2007. Lease value will be increased based on the average value of the annual wholesale price index (WPI – TEFE) and the consumer price index (CPI- TUFİE) at the beginning of each lease year. In light of this, the lease value has been set forth as 5.121 TL in 2014. It has been acknowledged that the increase in the following years will happen on a rate of 2,5% based on the Euro currency.
- There is an agreement signed on 01.09.2006 between the group which will operate the Fitness Center and the Akfen Real Estate Investment Trust Inc. In addition to that agreement, under the Lease Agreement Annex No:6, lease agreements to be paid in 2014 determined once more. Lease value for 2014 has been discounted and monthly rent was as 15.000 TL. In 2015, lease value will be re-determined. In the light of these data, the lease value to be paid for 2015 has been set forth as 18.000 TL. It has been acknowledged that the increase in the lease values to be paid as of this date will happen on a rate of 2,5% based on the Euro currency.
- In the appraisal study, the 10 year Eurobond interest rate of 3,10% has been employed as the “Risk Free Revenue Rate”. (In this appraisal study, the most ready 10 year EURO base Eurobond revenue rate has been employed as the risk free revenue rate.)
- The discount rate has been determined as 9% in the Projection.
- In the course of the studies, the exchange rate for 1 EUR has been acknowledged at 2,8207 TL, in accordance with the 30.12.2014 dated buying rate exchange of the Central Bank of Turkey.
- It has been assumed that all payments are made in cash.
- Throughout the course of the studies, the Euro Zone inflation rate of 2,5% has been employed as the inflation rate.
- Within the scope of the International Valuation Standards (IVSC), taxes and VAT have not been included in the studies.



TOTAL EXPENSES	1.042.127	1.107.438	1.177.386	1.252.300	1.332.533	1.362.790	1.393.803	1.425.592	1.460.842	1.497.069	1.534.202	1.572.263	1.611.276	1.651.264	151.793
NET OPERATING REVENUE	516.444	561.791	610.359	662.375	718.084	739.092	760.626	782.698	802.655	823.016	843.885	865.276	887.201	909.675	66.954
NET CASH FLOW	516.444	561.791	610.359	662.375	718.084	739.092	760.626	782.698	802.655	823.016	843.885	865.276	887.201	909.675	66.954
CUMULATIVE CASH FLOW	516.444	1.078.235	1.688.594	2.350.969	3.069.053	3.808.145	4.568.772	5.351.470	6.154.126	6.977.141	7.821.026	8.686.302	9.573.503	10.483.178	10.550.132
RESTAURANT LEASE REVENUE	21.352	21.886	22.433	22.994	23.569	24.158	24.762	25.381	26.015	26.666	27.332	28.016	28.716	29.434	2.514
FITNESS CENTER LEASE REVENUE	65.409	67.045	68.721	70.439	72.200	74.005	75.855	77.751	79.695	81.687	83.729	85.823	87.968	90.167	7.702
TOTAL NET CASH FLOW	603.205	650.722	701.513	755.807	813.852	837.255	861.243	885.830	908.366	931.369	954.947	979.114	1.003.886	1.029.276	77.170
AKFEN OBTAINED LEASE															
LEASE OBTAINED FROM IBIS HOTEL REVENUE	389.643	417.307	446.936	478.669	512.654	525.471	538.607	552.072	565.874	580.021	594.522	609.385	624.619	640.235	54.687
Operator Share	62.343	66.769	71.510	76.587	82.025	84.075	86.177	88.332	90.540	92.803	95.123	97.502	99.939	102.438	8.750
Mobilya Demirbaş Yenileme Rezervi	62.343	66.769	71.510	76.587	82.025	84.075	86.177	88.332	90.540	92.803	95.123	97.502	99.939	102.438	8.750
NOVOTEL OTEL AGOP	376.177	417.274	446.900	478.630	512.613	525.429	538.564	552.028	565.829	579.975	594.474	609.336	624.569	640.184	54.682
KULLANILAN NOVOTEL KİRA GELİRİ	389.643	417.307	446.936	478.669	512.654	525.471	538.607	552.072	565.874	580.021	594.522	609.385	624.619	640.235	54.687
Emlak Vergisi	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sigorta	11.751	11.751	11.751	11.751	11.751	11.751	11.751	11.751	11.751	11.751	11.751	11.751	11.751	11.751	11.751
Furniture Fixture and Renovation Reserve 5%	3.117	3.338	3.575	3.829	4.101	4.204	4.309	4.417	4.527	4.640	4.756	4.875	4.997	5.122	437
Lease to be paid to Eskişehir Municipality	110.508	110.508	110.508	110.508	110.508	110.508	110.508	110.508	113.175	116.004	118.904	121.877	124.924	128.047	10.937
LEASE CASH FLOW	264.267	291.710	321.102	352.581	386.294	399.008	412.040	425.397	436.422	447.626	459.110	470.882	482.948	495.315	31.561
CUMULATIVE CASH FLOW	264.267	555.977	877.079	1.229.659	1.615.953	2.014.961	2.427.001	2.852.398	3.288.820	3.736.446	4.195.556	4.666.438	5.149.386	5.644.701	5.676.262
RESTAURANT LEASE REVENUE	21.352	21.886	22.433	22.994	23.569	24.158	24.762	25.381	26.015	26.666	27.332	28.016	28.716	29.434	2.514
FITNESS CENTER LEASE REVENUE	65.409	67.045	68.721	70.439	72.200	74.005	75.855	77.751	79.695	81.687	83.729	85.823	87.968	90.167	7.702
TOTAL NET CASH FLOW	351.028	380.640	412.255	446.013	482.062	497.170	512.656	528.529	542.132	555.979	570.172	584.720	599.632	614.917	41.777



DISCOUNTED CASH FLOW CHART																		
Hotel Name	EWSİŞİRİ İBİS			Total room numbers	108		Occupancy Rate	2.0%										
Land surface (m ²)	6.062,75			Days per season	165													
Total construction surface (m ²)	5.478,00			Long Term Growth #	2,5%													
Year	0			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Costs	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	08.02.2029		
REVENUES																		
ROOM REVENUES																		
Annual Average Occupancy, %	76%	78%	79%	81%	82%	82%	82%	82%	82%	82%	82%	82%	82%	82%	82%	82%	82%	
Average Room Price, EUR	45	47	50	52	55	56	57	59	60	62	63	65	67	68	70			
Total Room Revenues	1.348.164	1.443.884	1.546.399	1.656.194	1.773.783	1.818.128	1.863.583	1.910.171	1.957.825	2.006.879	2.057.045	2.108.471	2.161.183	2.210.213	229.216			
DEPARTMENT REVENUES																		
Food and Beverage - Meeting	208.849	223.677	239.558	256.566	274.783	281.652	288.694	295.911	303.309	310.891	318.664	326.630	334.796	343.166	29.312			
Phone & Internet	779	835	894	957	1.025	1.051	1.077	1.104	1.132	1.160	1.189	1.219	1.249	1.280	109			
Servings	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9			
Other revenues	779	835	894	957	1.025	1.051	1.077	1.104	1.132	1.160	1.189	1.219	1.249	1.280	109			
Total Department Revenues	210.407	225.346	241.346	258.481	276.833	283.754	290.848	298.119	305.572	313.211	321.042	329.068	337.294	345.727	29.531			
TOTAL REVENUES																		
	1.558.571	1.669.230	1.787.745	1.914.675	2.050.617	2.101.882	2.154.429	2.208.293	2.263.497	2.320.090	2.378.087	2.437.539	2.498.477	2.560.939	218.747			
EXPENSES																		

Years	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	08.02.2029
NET CASH FLOW	0	516.444	561.791	610.359	662.375	718.084	739.092	760.626	782.698	802.655	823.016	843.885	865.276	887.201	909.675	66.954
Risk Free Revenue Rate	3,10%	3,10%	3,10%													



Hotel Operating Model Net Current Value

Risk Free Revenue Rate	3,10%	3,10%	3,10%
Risk Premium	5,40%	5,90%	6,40%
Discount Rate	8,50%	9,00%	9,50%
NET CURRENT VALUE (Euro)	5.711.441	5.534.458	5.365.472
NET APPROXIMATE CURRENT VALUE (Euro)	5.710.000	5.530.000	5.370.000
NET APPROXIMATE CURRENT VALUE (TL)	16.106.000	15.598.000	15.147.000

Restaurant Lease Revenue Net Current Value

Risk Free Revenue Rate	3,10%	3,10%	3,10%
Risk Premium	5,40%	5,90%	6,40%
Discount Rate	8,50%	9,00%	9,50%
NET CURRENT VALUE (Euro)	196.110	190.263	184.677
NET APPROXIMATE CURRENT VALUE (Euro)	200.000	190.000	180.000
NET APPROXIMATE CURRENT VALUE (TL)	564.000	536.000	508.000

Fitness Center Lease Revenue Net Current Value

Risk Free Revenue Rate	3,10%	3,10%	3,10%
Risk Premium	5,40%	5,90%	6,40%
Discount Rate	8,50%	9,00%	9,50%
NET CURRENT VALUE (Euro)	600.760	582.849	565.738
NET APPROXIMATE CURRENT VALUE (Euro)	600.000	580.000	570.000
NET APPROXIMATE CURRENT VALUE (TL)	1.692.000	1.636.000	1.608.000

6.4.4 Value of the Real Estate with Regard to the Lease Revenue

According to the Lease conditions documents submitted to our company by Akfen Real Estate Investment Trust Inc.;

- As the annual lease value which has to be paid by the Accor Group, an international hotel operating company for the hotel of which appraisal study is carried out, it shall pay for Ibis Hotel 25% or an amount higher than seventy percent (70%) of the Adjusted Gross Operating Profit (AGOP) obtained in 2015. Depending on the contractual conditions, Adjusted Gross Operating Profit (AGOP) sharing rate is accepted as 72,5% as of 2016.
- Adjusted Gross Operating Profit (AGOP) has been calculated by subtracting a ratio of 4% operator share, which will be paid to ACCOR, from the gross operating profit (GOP) and a ratio of 4% Furniture Fixture and Renovation Reserve from the gross revenue.

Adjusted Gross Operating Profit = Gross Operating Profit – Accor Fee + Furniture and Fixture Renovation Reserve.



- The hotel subject to the appraisal study is operated by the international hotel operating company ACCOR Group. In the appraisal study, it has been assumed that the hotel will be operated within the terms of the current concept.
- It has been assumed that the facility will be operating 365 days a year.
- The renovation expenses, which will be met by the investor for the lease of the hotel, have been based on the ratio of 5% of the renovation expenses calculated in the lease alternative.
- The ownership belongs to the Eskişehir Metropolitan Municipality, and having a zoning of “Municipal Service Area” and is exempted from real Real Estate Tax.
- According to the information obtained from Akfen Real Estate Investment Trust Inc., it has been acknowledged that the insurance value for the year of 2015 will be of 11.751 Euro and it is estimated that there will be no increase in the insurance premiums by Akfen Real Estate Investment Trust Inc., it has been acknowledged that it will remain so.
- The lease revenue generated in relation to the hotel leased out to the Accor Group has been guaranteed with a lease agreement for the duration of 25 years. It has been assumed that the risk premiums in obtaining the lease revenue will be low for Akfen Real Estate Investment Trust Inc. and, therefore, it has been calculated accordingly. The discount rate has been estimated at 7% by adding a 3,90% “Risk Premium” to the 3,10% to the Risk Free Revenue.
- In the projection, lease values of the fitness center and the restaurant are taken into account.
- Restaurant and fitness center are operated by the third parties. Therefore, revenues from fitness center and restaurant are added to the hotel net operating revenue
- In the course of the studies, the exchange rate for 1 EUR has been acknowledged at 2,8207 TL, in accordance with the 30.12.2014 dated buying rate exchange of the Central Bank of Turkey.
- Throughout the course of the studies, the Euro Zone inflation rate of 2,5% has been employed as the inflation rate.
- Within the scope of the International Valuation Standards (IVSC), taxes and VAT have not been included in the studies.



REDUCED CASH FLOW CHART

Name of the hotel	ESKİŞEHİR IBİS	Total Number of Ro			108	Occupanc Growt		2,0%							
Land Area (m2)	6.806,75	number of Seasonal			365										
Total Cosntruction Area (m2)	5.478,00	Long-Term Growth f			2,5%										
Year	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Date	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
AKFEN OBTAINED LEASE															
LEASE OVER IBİS REVENUES		389.643	417.307	446.936	478.669	512.654	525.471	538.607	552.072	565.874	580.021	594.522	609.385	624.619	640.235
Operator Share		62.343	66.769	71.510	76.587	82.025	84.075	86.177	88.332	90.540	92.803	95.123	97.502	99.939	102.438
Furniture and fixture Renovation Reserve		62.343	66.769	71.510	76.587	82.025	84.075	86.177	88.332	90.540	92.803	95.123	97.502	99.939	102.438
NOVOTEL HOTEL AGOP		376.177	417.274	446.900	478.630	512.613	525.429	538.564	552.028	565.829	579.975	594.474	609.336	624.569	640.184
USED NOVOTEL LEASE REVENUE		389.643	417.307	446.936	478.669	512.654	525.471	538.607	552.072	565.874	580.021	594.522	609.385	624.619	640.235
Estate Tax		0	0	0	0	0	0	0	0	0	0	0	0	0	0
Insurance		11.751	11.751	11.751	11.751	11.751	11.751	11.751	11.751	11.751	11.751	11.751	11.751	11.751	11.751
Furniture and fixture Renovation Reserve 5%		3.117	3.338	3.575	3.829	4.101	4.204	4.309	4.417	4.527	4.640	4.756	4.875	4.997	5.122
Lease to be paid to Eskişehir Municipality		110.508	110.508	110.508	110.508	110.508	110.508	110.508	110.508	113.175	116.004	118.904	121.877	124.924	128.047
LEASE CASH FLOW		264.267	291.710	321.102	352.581	386.294	399.008	412.040	425.397	436.422	447.626	459.110	470.882	482.948	495.315
CUMULATIVE CASH FLOW		264.267	555.977	877.079	1.229.659	1.615.953	2.014.961	2.427.001	2.852.398	3.288.820	3.736.446	4.195.556	4.666.438	5.149.386	5.644.701



6.4.5 Lease Value Analysis and Data Used

The value of the real estate subject to the appraisal has been calculated taking into consideration the revenue discount method and the average cash flow value. The annual lease value of the real estate has been calculated by reducing the 1st year cash flow average to the appraisal day. Restaurant and fitness center lease revenues have been added to this calculation. According to this calculation, the annual lease value of the hotel is **438.000.- EUR (1.235.000 Turkish Liras)**. The discount rate has been determined to be of 9%.

Date	31.12.2014	31.12.2015
Annual Lease Revenue	0	474.250

Net Current Value of the Annual Lease Value (EURO)	438.000
Net Current Value of the Annual Lease Value (TL)	1.235.000

6.4.6 Empty Land and Project Values of the Terrain Where the Project is Being Developed

The appraisal study in question does not enter the scope of “project evaluation”.

6.4.7 Most Effective and Most Productive Use Analysis

It has been appraised that the current use of the real estate in question (as a hotel), in accordance with the zoning status and structuring conditions, consists of the most effectively appropriate and productive use for the property.

6.4.8 Appraisal Analysis of Common or Divided Parts

The real estate subject to the appraisal study does not fall into the scope of analysis of common or divided areas.



7 APPRAISAL OF ANALYSIS RESULTS:

7.1 Alignment of Different Appraisal Methods and Analysis Results, together with the Explanation of the Method and the Reasons Used for this Purpose

On the grounds that the real estate subject to this appraisal study consists of a property operating as a revenue bringing hotel, the Revenue Approach and Cost Approach Methods have been employed.

The real estate subject to this appraisal study is an income generating property, and for such properties, the value calculated by use of revenue approach and lease value analysis gives a more healthier result. Therefore, in the final value appreciation, the value calculated based on the cost method has been ignored.

The total value in the cost method, including the land, has been calculated as **7.500.000 Euro (21.167.000 TL)**.

As a result of the discount of the potential revenue of the structure on the plot that will be generated during the remainder of the 22 years lease agreement, in accordance with the revenue discount approach, the net current value of the HOTEL has been calculated to be **5.530.000.- Euro (15.598.000.- TL)**. The amount determined to be paid to the Akfen Real Estate Investment Trust Inc. by the Accor Group, with the use of the lease revenue discount method, is **ise3.370.000.- Euro (9.506.000.- TL)**.

The lease revenues from the restaurant and the fitness center which are additional premises of the hotel have been calculated separately. Accordingly, net current lease revenue obtained from the restaurant section has been calculated as **190.000.- Euro (536.000.- TL)**, while net current lease value obtained from the Fitness Center has been calculated as **580.000.- Euro (1.636.000.- TL)**.

The final value of the hotel has been calculated to be **5.220.000.-Euro (14.724.000.- TL)**, b adding leases revenues obtained from the restaurant and the fitness center to the approximate arithmetic average of the value calculated by both of two methods.

The lease value of the real estate, since the date of 31.12.2014, has been calculated by taking into consideration the average cash flow of the first year and sum of lease revenues obtained from the restaurant and the fitness center, in accordance with the revenue discount approach and the lease revenue. The annual lease value of the real estate has been calculated by reducing the annual average net cash flow to the day when the appraisal study is performed. Pursuant to this calculation, the annual lease value has been determined to be **438.000.- Euro (1.235.000.- TL)**.

During the course of this study, the revenue discount approach and revenue discount pursuant to the lease revenues approaches are employed for appraisal.



In the cost discount method, from the total revenue that the real estate will generate, the gross operating revenue and net operating revenues have been calculated, respectively.

In the discount model pursuant to the lease revenue, the lease revenues have been evaluated and the calculations have been made in accordance with the value obtained. Different discount rates have been employed in both models. Since there is a guaranteed lease revenue in the lease revenue analysis, the risk premium is lower.

While the value of the real estate according to the revenue discount approach was being determined, in the 1st model the revenue obtained by operating the real estate without a brand name has been calculated and in the 2nd model the revenue obtained by operating by leasing it out to a brand (Accor) has been calculated. Both models are methods that are exercised in the market and, thus, the final appraisal has been determined by calculating the average of their outcome.

The insurance policy belonging to the real estate subject to the appraisal study has been supplied by Akfen Real Estate Investment Trust Inc. and has been enclosed herewith. Accordingly, it has been noted that the insurance value of the real estate is 5.466.297 Euro.

7.2 Explanation of the Motives Pursuant to the Minimum Information for Not Including Certain Aspects in the Report

There is no information that has not been included in the minimum information.

7.3 Information Concerning the Last Three Appraisal of the Real Estate Carried Out by the Company

There have not been any other appraisal studies performed by our company, with regard to the real estate subject to this appraisal analysis.

7.4 Opinion Whether There is Any Obstacle in Including the Real Estate, the Real Estate Project and the Rights and Benefits With Regard to the Real Estate in the Real Estate Investment Trusts Portfolio within the Scope of the Capital Market Legislation

There are no obstacles to prevent the rights and benefits in connection with the Block no. **442**, Plot No. 37, to be employed as right of the real estate (lease rights), within the scope of the Capital Market Board Regulations.



8 OUTCOME

8.1 The Concluding Sentence of the Appraiser

I hereby agree with the effective and productive use analysis of the appraiser, together with all of the aspects mentioned in the report.

8.2 Final Appraisal

The totality of the characteristics that can affect the value of the real estate, such as the location, the style of formation of its surroundings, the infrastructure and means of transportation, façades looking over to the avenue and street, the area and its position, the construction form of the structure, its system, the materials used in its construction and the craftsmanship quality, fixture status, ventilation – illumination – landscape status, have all been carefully taken into account and a detailed market research has been conducted in the area. Correspondingly, the value of the real estate subject to this appraisal report has been presented in the following chart.

As of the date of 31.12.2014

	Market Value of the Remaining Lease Right for the Real Estate (Euro)	Market Value of the Remaining Lease Right for the Real Estate (TL)
VAT Excluded	5.220.000	14.724.000
VAT Included	6.160.000	17.376.000

	Annual Lease Value of the Real Estate (EURO)	Annual Lease Value of the Real Estate (TL)
VAT Excluded	438.000	1.235.000
VAT Included	517.000	1.457.000

- 1-) The appraised value is the current value regarding the cash sale price.
 - 2-) The VAT ratio has been established at 18%.
 - 3-) The currency rates have been established at 1 EUR = 2,8206 TL; 1 EUR = 1,21 USD
 - 4-) This report has been prepared within the scope of the related Capital Market Legislation.
- We respectfully submit our expert report representing the situation and our appraisal.

Dilek Yılmaz Aydın
Certified Appraiser

Hamdi Arıkan
Certified Appraiser

Neşecan ÇEKİCİ
Responsible Appraiser



9 APPENDIX

1. Title Deed Photocopies
2. Approved Restrictions Document
3. Approved Zoning Status Document
4. Construction Licenses/Permits
5. Occupancy Permit
6. Architectural Project, Cover Page, Condition and Floor Plans
7. Lease Agreement signed with the Municipality
8. Accotel Operating Agreement
9. Fitness Center Lease Agreement
10. Restaurant Lease Agreement
11. Business Starting and Operating License/Permit
12. Tourism Operating Document
13. Tourism Investment Document
14. Insurance Policies
15. Photographs
16. Backgrounds
17. SPK Certificate Samples