

# **AKFEN REAL ESTATE INVESTMENT TRUST INC.**

**CITY OF TRABZON, DISTRICT OF YOMRA**

**BLOCK NO. 209, PLOT NO. 12**

**KAŞÜSTÜ NOVOTEL PROJECT**

**REAL ESTATE APPRAISAL REPORT**

**Report No: 2014-020-GYO-004**

**Appraisal Date: 31.12.2014**

**Date of Report: 02.01.2015**



**REAL ESTATE CONSULTANCY AND APPRAISAL INC.**

i. APPRAISAL REPORT SUMMARY

<b>Person/Entity Requesting the Appraisal</b>	:	Akfen Real Estate Investment Trust Inc.
<b>Institution Preparing the Report</b>	:	Epos Real Estate Consultancy and Appraisal Inc.
<b>Date of Report</b>	:	02. 01. 2015
<b>Report No</b>	:	2014-020-GYO-004
<b>Appraisal Date</b>	:	20.10.2014 - 31.12.2014
<b>Information Concerning the Property Subject to the Appraisal</b>	:	Real Estate consisting of a "Concrete Hotel with Appurtenances and Land" with a surface area of 13.450,71 m <sup>2</sup> , located in the city of Trabzon, district of Yomra, Neighborhood of Kaşüstü/Cumhuriyet, Locality of Yalı, Section No: G43b02c1c2ad2, Block No: 209, Plot No: 12
<b>Subject of Study</b>	:	Determining the market value of the construction right of the real estate subject to the appraisal and the updated market value of the annual lease.
<b>Land Area of the Real Estate Subject to the Appraisal</b>	:	13.450,71 m <sup>2</sup>
<b>Land Area of the Closed Spaces of the Real Estate Subject to the Appraisal</b>	:	15,232 m <sup>2</sup>
<b>Zoning Status of the Real Estate Subject to the Appraisal</b>	:	Central Office Block

As of 31.12.2014

	<b>Market Value of the Remaining Construction Right of the Real Estate (EURO)</b>	<b>Market Value of the Remaining Construction Right of the Real Estate (TL)</b>
<b>VAT Excluded</b>	<b>39.125.000</b>	<b>110.360.000</b>
<b>VAT Included</b>	<b>46.168.000</b>	<b>130.224.800</b>

	<b>Annual Lease Value of the Real Estate (EURO)</b>	<b>Annual Lease Value of the Real Estate (TL)</b>
<b>VAT Excluded</b>	<b>2.043.000</b>	<b>5.763.000</b>
<b>VAT Included</b>	<b>2.411.000</b>	<b>6.800.000</b>

- 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 = 2,8207 TL; 1 EUR = 1,21 USD
- 4- ) This report has been prepared within the scope of the related Capital Market Legislation.

**Names of the persons participating in the report**

<b>Certified Appraiser</b>	:	Hamdi ARIKAN
<b>Certified Appraiser</b>	:	Dilek YILMAZ AYDIN
<b>Responsible Appraiser</b>	:	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.

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## **1 REPORT INFORMATION**

**Date of Report** : 02.01.2015

**Report Number** : 2014-020-GYO-004

**Type of Report** : Appraisal report relative to the "Concrete Hotel with Appurtenances and Land" with a surface area of 13.450,71 m<sup>2</sup>, located in the city of Trabzon, district of Yomra, Neighborhood of Kaşüstü/Cumhuriyet, Locality of Yalı, Section No: G43b02c1c2ad2, Block No: 209, Plot No: 12, for the purpose of determining the current market value of its construction right and the current lease value in Turkish Lira currency.

### **1.2 Information Regarding the Responsible Appraiser that has prepared the Appraisal Report**

**Report Issued By** : Certified Appraiser, Hamdi ARIKAN

**Report Controlled By** : Certified Appraiser, Dilek YILMAZ AYDIN

**Responsible Appraiser** : Responsible Appraiser, Neşecan ÇEKİCİ

**Capital Market Board Coverage** : Yes

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

### **1.3 Date of Appraisal**

On the date of 20.10.2014, the necessary procedures have been initiated for this appraisal report. Subsequently, the report has been concluded on the date of 02.01.2014.

### **1.4 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.

### **1.5 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**

The Appraisal report relative to the "Concrete Hotel with Appurtenances and Land" quality real estate, with a surface area of 13.450,71 m<sup>2</sup>, located in the city of Trabzon, district of Yomra, Neighborhood of Kaşüstü/Cumhuriyet, Locality of Yalı, Section No: G43b02c1c2ad2, Block No: 209, Plot No: 12, has been hereby prepared for the purpose of determining its sale and lease value.

With reference to the 13.10.2014 dated request of Akfen Real Estate Investment Trust, the property subject to this appraisal report belongs to Trabzon World Trade Center Inc. with a Construction Right agreement dated 27.02.2008, to be operated for the remaining time of its 49 years duration, on behalf of Akfen Real Estate Investment Trust. The potential revenue in relation to its use or leasing has been evaluated. There are no restrictive constraints in force exercised by the client. During the appraisal studies, the market research, the onsite surveys and the existing lease agreement between Akfen Real Estate Investment Trust Inc. and Trabzon World Trade Center Inc. 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**

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. In this sense, the basic principle of the Cost Approach can be explained through the usage value, whereas the usage value is described as “Even though nobody desires or knows about its value, the goods have their real 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.

The studies and analysis that constitute the basis of the appraisal remain with the appraiser.

#### 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.

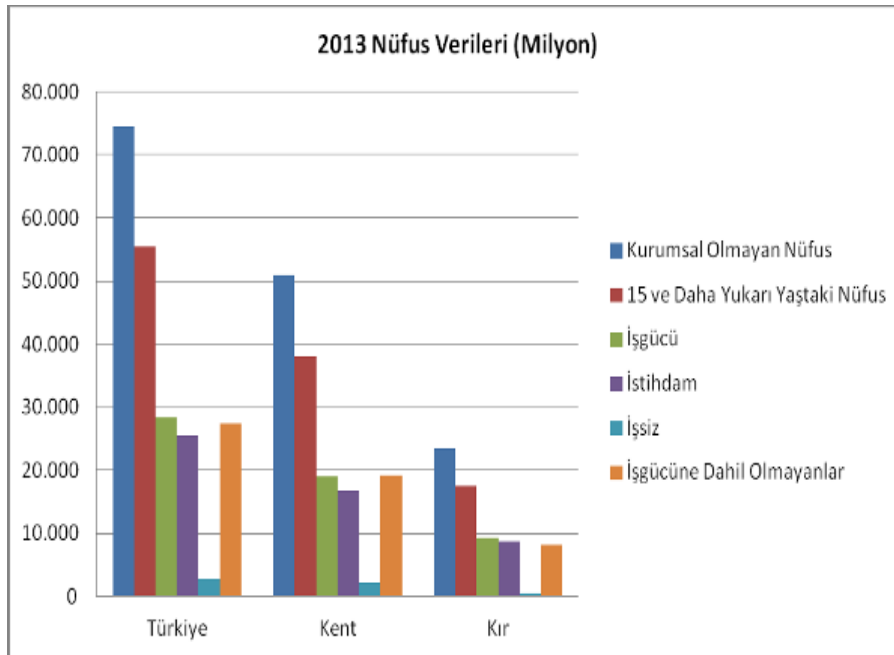
	TURKEY		CITY		COUNTRY	
	2012	2013	2012	2013	2012	2013
Non institutional Population (000)	73.504	74.457	50.397	50.885	23.207	23.572
Population of and above 15 years of age (000)	54.724	55.508	37.656	38.129	17.068	17.479
Labor force (000)	27.339	28.271	18.186	18.907	9.153	9.364
Employment (000)	24.821	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 – TÜİK)

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. 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

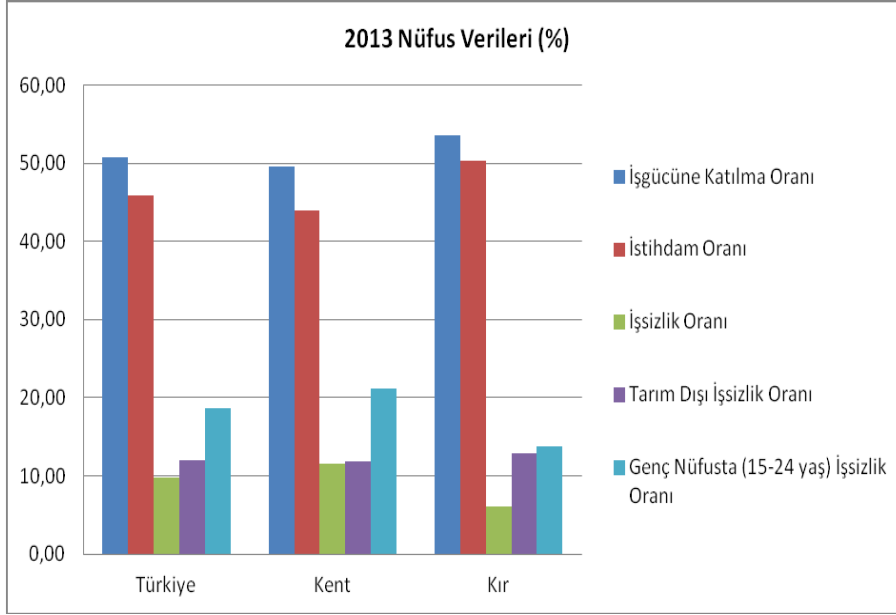
Turkey

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 (%)



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.

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

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.

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

<b>Number of Visitors in Touristic Centers</b>			
	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 (TUROFED) Tourism Report 2013*

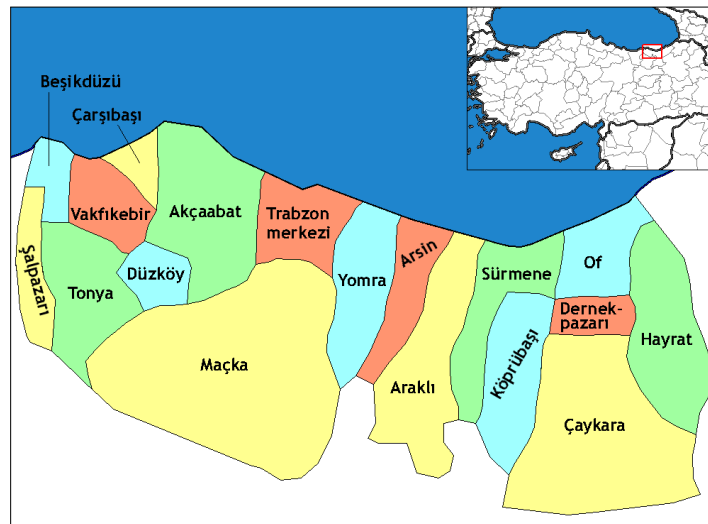
The revenue obtained in the Tourism industry, from the domestic and foreign tourists in the year of 2013, has increased 11,4%, thus reaching 32,3 billion dollars. The revenue obtained from foreign tourists in the year of 2013 has increased 13%, rising from 22,4 billion to 25,3 billion dollars. During 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 is ranked at number 6 among the 10 touristic destinations.

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 the Real Estate is Situated

##### 4.4.1. The City of Trabzon

The city of Trabzon has a surface area of 4,664 km<sup>2</sup>. Trabzon is surrounded by the city of Rize to the east, the city of Giresun to the west, the cities of Gümüşhane and Bayburt to the south and the Black Sea to the north. 67% of its lands consist of mountains, with 33% of these being covered with plateaus; the mountains located to the south of the city reach all the way to the coast, in the forms of valleys between ridges, intermittently covering areas amounting to 2.000 m<sup>2</sup>. Rich in underground natural resources, the city of Trabzon possesses mines that have been operating since the 17<sup>th</sup> century and are still being operated by local and foreign companies, in the present day.



Provincial Map of Trabzon and its location in Turkey

In accordance with the Address Based Population Registration results, the population of Trabzon is of 758.237. The economy of the city is mostly based on livestock and agriculture; whereas 65% of the population earns their living from these activities, the remaining 35% is employed in areas such as commerce, industry, handcraft, transportation, construction and other service industries.

Even though the city of Trabzon is a culturally and socially developed city, it could not yet achieve a desired economic progression. Simultaneously, the city has a significant role in air transportation, on account of being the only city with an airport in the Eastern Black Sea region.

Tea and hazelnuts are important livelihoods of the region. Moreover, the livestock production has more of a focus on dairy and dairy products. Despite the fact that fishing constitutes another major source of income for the city of Trabzon, fish production has suffered a perceivable decline as a result of the continuous pollution of the Black Sea.

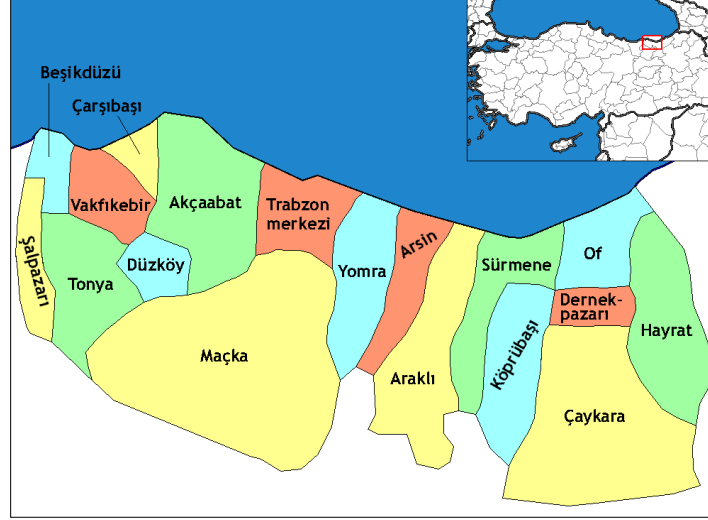
As an alternative to maritime fishing, there are 85 Trout Facilities operating in the inland water sources today.

Predominant goods, which are being produced in the city and can be considered as an industry, consist of flour and bran, dairy products, fish oil, ready wear and outfits, shoes, wood, concrete poles, tires and rubber products, PVC tubes, copper, zinc, lead, aluminum, lead products, tubes, galvanized sheet, brick, metal, automotive supply industry and surgical stitches.

There are more than 350 industrial enterprises, small and big. The number of employees in these industries is of approximately 22.000 people, based on the city population.

#### **4.4.2 The District of Yomra**

The district of Yomra is situated at 15 km north of Trabzon and has an area of 207km<sup>2</sup>. To the north of the district is the Black Sea and the Yalincak Ridges to the west, while to the east it reaches 250 m eastwards along the Harmanlı River, in a way that covers the lower part of the Zil stream.



*The Location of the District of Yomra*

At the southern end is the district of Arsin and the Kilise (Church) Hills at an altitude of 2213 m; the district of Maçka is located at its southern borders, as well. The district displays the typical Eastern Black Sea climate. The fact that the land inclination is regular from the coast to the interior results in the maritime climate affecting the interior region. However, due to the elevation, different climatic characteristics can be observed at the coast, interior and heights.

The temperature drops 0,5 degrees every 100 meters. Accordingly, if the center of Yomra reaches 10 degrees during winter, the Sırhanlı Highlands are below zero. The fact that the land and mountains are open to the northwest winds is interpreted as being the primary factor to change the humid air of the Black Sea into rain. The average annual temperature is of 14.6 degrees. Moderate climate is dominant in the area.

The district of Yomra is comprised of 4 municipalities and has a total of 18 neighborhoods and 17 villages, 4 in the Central Municipality, 6 in the Özdil Municipality, 3 in the Kaşüstü Municipality and 5 in the Oymalitepe Municipality.

According to the population data obtained from the Turkish Statistical Institution, the population of the district is 31.746. This number constitutes 28% of the population of Trabzon.

Yomra is at a distance of 10 km from the center of Trabzon and 7 km to the Airport and the Black Sea Technical University. With the construction of the coastal road that transverses the city to the north, traffic density has been relieved in the center; thus, a low traffic density can be observed in the district.

Within the borders of the district are the Novotel, the Saylamlar Hotel, the Sandal Hotel, the Palace of Justice of Trabzon, the Dünya Ticaret Merkezi (World Trade Center), sales and services for a number of car brands, furniture dealers, fish farms, the Cevahir Outlet Shopping Mall, the Deepomar Shopping Mall,

Petrol Office, Shell, BP and Opet gas stations, as well as the Petrol Ofisi Fuel Storage Center for the Eastern Black Sea and Eastern Anatolia region.

Furthermore, the Eurasia University campus, which is the first Foundation University of Trabzon, is located within the district, along with the Student Dorms of the Credit and Dormitories Institution with a capacity for 4000 students.

#### **4.4.3 Information Regarding the Tourism Industry in Trabzon and the Hotel Market**

Trabzon is a city that goes beyond the traditional tourism based solely on the “sea, beach and sun” trio, possessing “alternative tourism” options. The first aspect to consider should be “nature tourism”. The tourism potential of the city relies heavily on nature and culture, containing various other tourism opportunities, as well. A variety of works in the city center and its surrounding areas, which include cultural spaces, tourism centers, special nature protection areas, in addition to the applicability of eco-tourism, can serve as an example of the diversity. Moreover, with the qualified facilities coming along, the progresses in the congress tourism area in recent years, as well as the health institutions, have helped to boost the tourism in the city.

The tourism industry in the city of Trabzon primarily depends on domestic tourism. However, in recent years, foreign tourists have shown considerable interest in the region, especially from Middle Eastern and the Arab countries.

In accordance with the data obtained from the Provincial Directorate of Culture and Tourism, the area currently has 23 accommodation facilities with an operating permit and 12 accommodation facilities with a municipality permit.

Among the facilities with an operating permit, there is one 5 Star Hotel, five 4 Star Hotels, seven 3 Star Hotels, eight 2 Star Hotels and one mountain lodge accommodation facility.

While the number of rooms of the inspected hotels varies between 14 and 120, the total bedding capacity is between 50 and 245.

When the room prices are verified, it has been noted that the prices vary with regard to the room type. Among the 8 hotels that have been inspected, breakfast included prices are: 90 to 130 TL for a single room, 120 to 200 TL for a double room and 190 TL for a triple room.

<b>HOTELS WITH OPERATING PERMIT FROM THE MINISTRY OF CULTURE AND TOURISM</b>			
<b>NAME OF THE HOTEL</b>	<b>STAR</b>	<b>TOTAL NUMBER OF ROOMS</b>	<b>TOTAL BEDDING CAPACITY</b>
SAĞIROĞLU HOTEL	2 STARS	20	40
KALEPARK HOTEL	2 STARS	24	49
ELEGANTE HOTEL	2 STARS	68	130
YENİ HORA HOTEL	2 STARS	27	54
KULELİ HOTEL	2 STARS	27	54
MAVİ AKDENİZ HOTEL	2 STARS	23	42
KALFA HOTEL	2 STARS	24	37
BÜYÜK OKYANUS HOTEL	2 STARS	10	18
GRAND BEDALİZA HOTEL	2 STARS	28	56
CANSIZOĞLU ANZER HOTEL	2 STARS	28	56
AKSULAR HOTEL	3 STARS	70	146
HORON HOTEL	3 STARS	44	88
UZUNKUM HOTEL	3 STARS	33	67
SEÇİLYA HOTEL	3 STARS	67	120
DEMİRGRAND HOTEL	3 STARS	54	105
BÜYÜK SÖĞÜTLÜ HOTEL	3 STARS	28	51
SANDAL HOTEL	3 STARS	35	72
KARAYEL HOTEL	3 STARS	26	50
NAZAR HOTEL	3 STARS	41	63
MORA HOTEL	3 STARS	43	86
HOTEL KESOS TRABZON	3 STARS	58	116
CEBECİLER HOTEL	3 STARS	24	48
AKÇAABAT C.O.S.M.O.S. HOTEL	3 STARS	24	48
T.S.GOLD HOTEL	3 STARS	26	50
FENGO HOTEL	3 STARS	14	-
ABDİK HOTEL	3 STARS	25	50
TRABZON NOVOTEL	4 STARS	200	400
BÜYÜK SUMELA HOTEL	4 STARS	115	236
USTA PARK HOTEL	4 STARS	120	245
FUNDA HOTEL	4 STARS	51	114
SAYLAMLAR HOTEL	4 STARS	66	138

ZORLU GRAND HOTEL	5 STARS	160	331
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## 5. INFORMATION IN REGARD TO THE REAL ESTATE SUBJECT TO THE APPRAISAL

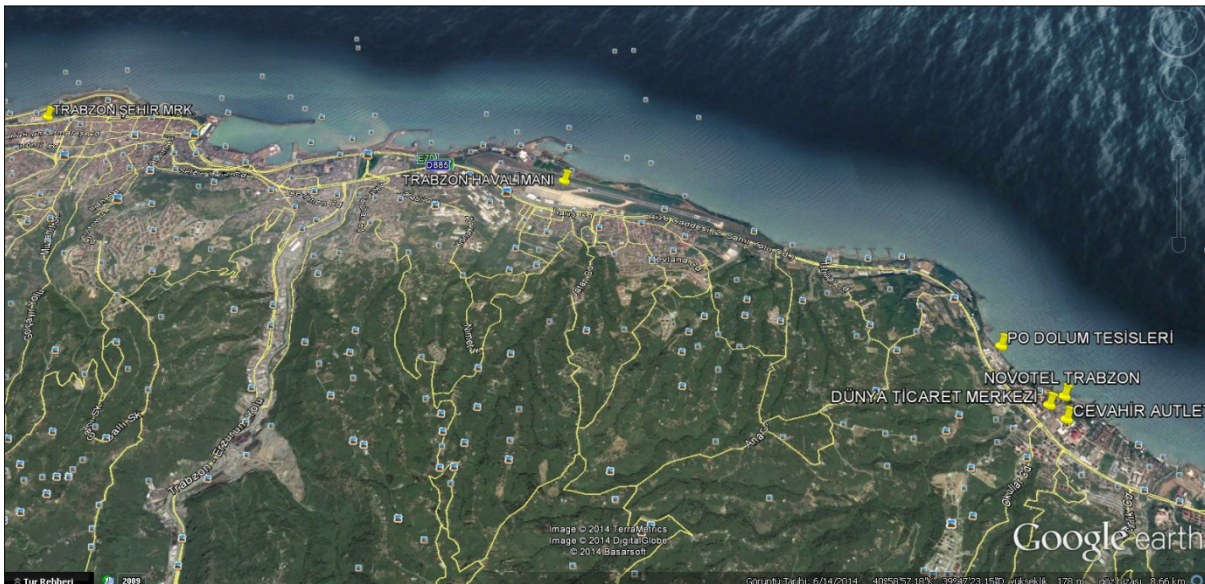
### 5.1 Information in Regard to the Location, Site and Environment of the Real Estate

The real estate is located at the postal address of Cumhuriyet Neighborhood, Devlet Karayolu Avenue, No: 17, Kaşüstü – Yomra / Trabzon and situated at the Block No: 209 and Plot No: 12. Inside the plot is the operating 4 Star NOVOTEL.

The real estate is accessed from the Trabzon – Rize Highway and is located on the coast line, at the 13<sup>th</sup> km when following the highway from Trabzon to Rize, 5 km after the Trabzon Airport, on the left of the highway, approximately 300m inland.

The Trabzon Dünya Ticaret Merkezi (World Trade Center) and the Cevahir Outlet Shopping Mall are in close proximity of the real estate. Moreover, the General Directorate of State Hydraulic Works (DSİ), the Eurasia University, the Petrol Office Filling Facility, the Palace of Justice, the Kanuni Education and Research Hospital, the Pear Tree Hotel, which has recently started to operate next to the highway, along with condo like residential buildings, are all situated in the area.

The town of Kaşüstü has become an area of interest, as a consequence of the development of investments such as the World Trade Center, the Novotel, the Trabzon Forum Shopping Mall and the Kanuni Education and Research Hospital with a capacity for 400 beds. One significant advantage of the town is the fact that the land is flat and ample, making it suitable for construction and, subsequently, creating the possibility for the city to develop towards Kaşüstü. Besides the low-rise villa type buildings present in the area, residential buildings with 8-9 stories have started to appear, in recent years. The real estate is easily accessed by private vehicle, as well as by public transportation.





*Vicinity of the Real Estate Subject to the Appraisal*

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

<b>City</b>	: Trabzon	Trabzon
<b>District</b>	: Yomra	Yomra
<b>Neighborhood</b>	: Cumhuriyet	Cumhuriyet
<b>Section No</b>	: G43b02c1c2ad2	G43b02c1c2ad2
<b>Block No</b>	: 209	209
<b>Plot No</b>	: 12	12
<b>Surface Area</b>	: 13.450,71 m <sup>2</sup>	-
<b>Owner</b>	: Trabzon World Trade Center Inc.	Akfen Real Estate Investment Trust Inc.
<b>Type</b>	: Concrete Hotel Building, its Appurtenances and Land	Independent and Permanent Construction Right for the Duration of 49 Years, on behalf of Akfen Real Estate Investment Trust Inc.
<b>Title Date</b>	: 27.02.2008	27.02.2008
<b>Roll No</b>	: 389	389
<b>Volume No</b>	: 37	37
<b>Page No</b>	: <b>3628</b>	<b>3630</b>

The real estate subject to the appraisal is registered at the Land Registry Directorate of Yomra, **Neighborhood of Cumhuriyet, with the volume no: 37, page no: 3628.** It consists of a “Concrete Hotel Building, its Appurtenances and Land” type and the owner is “Trabzon World Trade Center Inc.”

The real estate in question has been established as an *Independent and Permanent “Construction Right”* for the duration of 49 years, on behalf of Akfen Real Estate Investment Trust Inc.; additionally, it has been registered on the **page number 3630 (Neighborhood of Cumhuriyet, volume no: 37)** at the land registry book.

Land registry information relative to the real estate found in both pages of the land registry book has been provided above, while the restrictions are provided below.

#### **5.2.1. Investigation of the Land Registry of the Real Estate**

From the survey performed at the Land Registry Directorate of Yomra, on the date of 20.10.2014, at 14:07 local time, the following restrictions, in regards to the real estate subject to this appraisal, have been provided below, pursuant to the land registries dated 02.12.2014 and 18.12.2014; a copy has been enclosed herein.

#### **Statements Section**

- Subject to the application of the Article number 22 of the Law number 3402, 2<sup>nd</sup> clause, paragraph (a), dated 11.03.2014 and Roll No: 682

#### **Appurtenances Section**

- Construction Right: Establishment of Independent and Permanent Construction Right for the duration of 49 years, on behalf of Akfen Real Estate Investment Trust Inc., dated 27.02.2008 and Roll no:389

#### **Annotations Section**

- Lease Annotation on behalf of Tomaris Tourizm Inc. (Has been leased for the duration of 25 years by the Independent and Permanent Construction Right owner Akfen Real Estate Investment Trust Inc.) Dated 24.09.2008 and Roll no: 1761.

#### **Pledges Section**

- *A-I: Existence of a 1<sup>st</sup> degree mortgage, dated 15.10.2008, roll no. 1858 on behalf of Türkiye İş Bankası Inc. with an amount of 150.000.000,00 EURO, at an interest rate of 3,75%, until its release is announced.*

Considerations: The

additional interest Eurobond +3,75% is the same as in the annual agreement.

This mortgage is joint with

the plots found at Block No: 774, Plot No: 55 in the Zeytinburnu Neighborhood / Istanbul,

Block No. 2420, Plot No: 1 in the Kocasinan Pervane Neighborhood / Kayseri and Block No: 5020, Plot No: 2 in the Şehitkamil Yaprak Neighborhood / Gaziantep.

- *B-1: Existence of a 2<sup>nd</sup> degree mortgage, dated 29.05.2014, roll no 6661, on behalf of Türkiye İş Bankası Inc. with an amount of 38.250.000,00 EURO, at an interest rate of 3 months Euribor + 6,35%, until the release is announced.* Considerations: This mortgage is joint with the plots found at Block No: 3198, Plot No: 67 in the Osmangazi Altınova Neighborhood / Bursa, Block No: 2420, Plot No: 9 in the Kocasinan Pervane Neighborhood / Kayseri, Block No: 774, Plot No: 55 in the Zeytinburnu Neighborhood / Istanbul, Block No: 5020, Plot No: 2 in the Şehitkamil Yaprak Neighborhood / Gaziantep, Block No: 404, Plot No: 39 in the Esenyurt Yakuplu / Istanbul, Block No: 1843, Plot No: 5 in the Akyurt Balıkhisar Neighborhood / Ankara and Block No. 585, Plot No: 2 with Independent Sections 1 and 2 in the Seyhan Çınarlı Neighborhood / Adana.

### **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, within the last three years. However, it has been noted that there is an annotation of “*Subject to the application of Article number 22 of the Law number 3402, 2nd clause, paragraph (a), dated 11.03.2014 and Roll No: 682*” in the statement section of the real estate.

#### **The Article Number 22 of the Land Registry Cadastral Law number 3402 is as follows:**

#### **CADASTRAL LAW**

**Law Number: 3402**

**Date of Acceptance: 21/06/1987**

Places where cadastral work has been performed previously:

#### **Article 22 – (Change: 22/02/2005 – 5304 / Article 6)**

Places that have been subject to cadastral work and land registry previously by way of survey, registry or limitation, cannot be subjected to cadastral work for a second time. If these places have been subjected to such cadastral work, this work, together with all its results, is considered invalid and a necessary process is carried out pursuant to the Turkish Civil Law number 1026. If a lawsuit is not filed in due time, the second cadastral work will be cancelled by the land registry directorate.

However, the provision described in the 1<sup>st</sup> clause is not applied in the case of the occurrence of the following;

a) With reference to the processes of the land registration, cadastral work or modification; in places where the nature of its application is lost for the purpose of correcting errors caused by limitations, measurements, drawing and calculations, where it becomes insufficient or missing due to technical reasons, or in places where the cadastral maps need to be modified for detecting a noncompliance with the actual ground borders, and in places where land registration and cadastral work have been done for the reason of corrections in the land registry,

b) In places where only land registration has been made or where renovations will be made, pursuant to the Registration Law number 2859 and the Law Regarding the Renovation of the Cadastral Section Plan, as well as in places that are subject to the Process that Will Be Applied to the Structures Against the Zoning and Slums Regulations number 2981 and to the provision of the Law Regarding the Amendment of an Article of the Zoning Law number 6785,

The areas where the (a) paragraph of the 2<sup>nd</sup> clause will be applied are determined by the General Directorate of Land Office; besides, at least 15 days before the start of the works, it is announced through the usual channels in the center of the region, as well as the center of the city it is related to; moreover, if there are any local newspapers, an announcement is also made. Provisions of the Articles number 2, 4, 14, 17, 19 and 21, together with the paragraph (B) of the Article number 13 and the paragraphs (B), (C) and (D) of the Article 20, are not applied.

The public agencies and institutions that have been excluded in the course of the registration and cadastral works are recorded.

With regard to the forest areas that have been registered in the land registry, the ones containing maps that are in compliance with the technical maps are transferred directly to the land registry book, whereas the others are first made suitable with the technical regulations and then transferred to the land registry book.

The 02.12.2014 dated PLAN SAMPLE, which has been obtained from the Cadastral Office of Yomra, has been enclosed herewith.

### **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**

From the meeting with the Cadastral Chief of YOMRA, in relation to the statement of *“Subject to the application of the Article number 22 of the Law number 3402, 2<sup>nd</sup> clause, paragraph (a), dated 11.03.2014 and Roll No: 682”* found in the Statements Section of the real estate subject to the appraisal, it has been declared that *“The cadastral works carried out at the Kaşüstü Region, in the 1980’s, present countless errors; therefore, the whole area of Kaşüstü will be subject to the Article 22 of the Law number 3402, 2<sup>nd</sup> clause, paragraph (a), and soon a tender will be initiated and assignments will follow; for this reason, this annotation has been added to the Statement Sections of all the plots in the area; however, on the grounds that the plot with the Block no: 209 and Plot no: 12, subject to this appraisal report, already had a zoning and its type revision had been made through the construction of a building on the plot, the probability of suffering a change in its plot borders and surface areas is almost inexistent”*. According to this, there are no obstacles that prevent the real estate from being included in the Akfen Real Estate Investment Trust portfolio.

There is a 1<sup>st</sup> degree joint mortgage on the “Construction Right” of the Akfen Real Estate Investment Trust Inc. for an amount of 150.000.000,00 Euro, on behalf of Türkiye İş Bankası Inc. and Turkish Industrial Development Bank Inc., as well as a lease annotation for the duration of 30 years.

As has been described in detail in the Article number 5.2.1, there is a 2<sup>nd</sup> degree joint mortgage on the “Construction Right” of the Akfen Real Estate Investment Trust Inc. for the amount of 38.250.000 Euro, on behalf of Türkiye İş Bankası Inc.

With regard to the mortgages mentioned in the pledges section of the real estate, referring to the construction right of the real estate; in accordance with the letter of the mortgage owner Türkiye İş Bankası and Turkish Industrial Development Bank Inc., the mortgages in question are the investment credits servicing as the project financing to be used for the purpose of financing the construction, pursuant to the agreement between Akfen Real Estate Investment Trust Inc. and the Accor Group, and allocated to Turkish Industrial Development Bank and Türkiye İş Bankası Inc. The 05.12.2014 dated letter from the Türkiye İş Bankası and Turkish Industrial Development Bank Inc. with regard to this matter has been enclosed herewith

Pursuant to the 1<sup>st</sup> clause of the Article number 30 of the Communiqué Regarding the Real Estate Investment Trusts Principles, published in the 28.05.2013 dated official gazette of the Capital Market Board, can only institute mortgage, hypothecate or other limited rights on the assets in the portfolio

throughout the purchase of real estates, real estate projects and rights with regard to a real estate, for the purpose of referring to the financing of these actions or of providing credit for investments.

Pursuant to the related article of the Communiqué in question, the mortgages on the real estate do not constitute an obstacle for the real estate to be included in the Real Estate Investment Trust portfolio, within the scope of the Capital Market regulations.

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.”

Pursuant to the Capital Market Board Regulations and the Article number 22 of the Communiqué Regarding the Real Estate Investment Trusts Principles, there are no obstacles that prevent the “Construction Right” on the plot subject to the appraisal from being included in the Real Estate Investment Trusts portfolio.

### **5.3 Inspection of the Zoning Information of the Real Estate**

From the analysis performed on the date of 20.10.2014, 14:00 local time, at the Zoning Directorate of the Municipality of Kaşüstü of the city of Trabzon, information regarding the current zoning status has been provided below:

The real estate subject to the appraisal study is found under the legend of Central Work Space “MIA” within the scope of the “Finalized Development Plan of Kaşüstü (Yomra) Trabzon” with a scale of 1/1000, by an approved Resolution with the date of 20.11.2012 and number 33. Structuring Terms, Example: 2,00-Hmax (max. height): 35m. Setback distance: in accordance with the legislation.

The 02.12.2014 dated zoning status document, which has been obtained from the Zoning Directorate of the Yomra Municipality, has been enclosed herewith.

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

As a result of the inspection of the files regarding the real estate subject to the appraisal at the Zoning Directorate Archives of the Kaşüstü Municipality;

It has been noted that the following are present:

- 17.11.2006 dated approved architectural project
- 17.11.2006 dated Construction Permit with the number 1-11
- 27.08.2008 dated Occupancy Permit with the number 08-13



The Construction Permit and the Occupancy Permit have been enclosed herein. In accordance with the onsite surveys, there is no difference between the current and the legal statuses. The present approved architectural project is compatible with the construction permit and the 27.08.2008 dated "Occupancy Permit" with the number 08-13.

### **5.3.2 Building Inspection Institution and Maintenance**

The real estate subject to the appraisal study is not liable to the 29.06.2001 dated Law Regarding the Structure Inspection Number 4708. Pursuant to the Article number 11, the city of Trabzon is not among the pilot cities in which the Law is enforced.

*The Article Number 11 states that "The pilot cities in which this Law will be enforced are Adana, Ankara, Antalya, Aydın, Balıkesir, Bolu, Bursa, Çanakkale, Denizli, Düzce, Eskişehir, Gaziantep, Hatay, İstanbul, İzmir, Kocaeli, Sakarya, Tekirdağ and Yalova."*

**Informatinal Note:** It has been established, from the construction permit, that the engineering record of the real estate in question, in relation to the structure inspection, has been done by "Rıza Nuri NALBANTOĞLU" with the address of Kahramanmaraş Caddesi, Yıldırımlar İşhanı , Kat: 2 No: 223 Trabzon; the static project has been done by "Kemal ÇAM" with the address of G. Paşa Mahallesi, Kasımoğlu Çıkmazı, Aygün Apartmanı, Kat: 3, No: 19 Trabzon; the electrical project has been done by "Mustafa Yılmaz ODABAŞ" with the address of Uzun Sokak, Tabakhane Yolu, No: 105/F Trabzon; and, lastly, the mechanical inspection project has been done by "Şaban BÜLBÜL" with the address of Uzun Sokak, Çinili Çarşı, Kat: 2, No: 411 Trabzon.

### **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**

With regard to the real estate subject to the appraisal study, in the finalized development plan with the approval date of 01.02.2006 and a scale of 1/1000, for the area of Yomra – Kaşüstü, when the zoning legend was "Congress Area, Expo and Fair Area, Central Work Area, Tourism Accommodation Area, Fuel Station, Sports Facility Area, Public Building Area", it has been determined that its legend has been altered within the scope of the "Kaşüstü (Yomra) Trabzon Revision Finalized Development Plan" with the 20.11.2012 dated Resolution and number 33, along with a scale of 1/1000, into Central Work Area "MIA"; however, it has additionally been noted that the structuring terms did not suffer any changes. (Example: 2,00 – Hmax (max height): 35m, Setback Distance: In accordance with the legislation)



### **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 required by the Turkish Law, have been obtained in full and their types have been classified, with regard to the hotel real estate subject to the appraisal. The real estate in question is registered in the land registry book as “CONCRETE HOTEL BUILDING, ITS APPURTANENCES AND LAND”.

### **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**

With regard to the real estate subject to the appraisal study, in the finalized development plan with the approval date of 01.02.2006 and a scale of 1/1000, for the area of Yomra – Kaşüstü, when the zoning legend was “Congress Area, Expo and Fair Area, Central Work Area, Tourism Accommodation Area, Fuel Station, Sports Facility Area, Public Building Area”, it has been determined that its legend has been altered within the scope of the “Kaşüstü (Yomra) Trabzon Revision Finalized Development Plan” with the 20.11.2012 dated Resolution and number 33, along with a scale of 1/1000, into Central Work Area “MIA”; however, it has additionally been noted that the structuring terms did not suffer any changes.

The approved architectural project, the construction permit and the occupancy permits, concerning the current building on the plot, are readily available; furthermore, it has been determined that there are no obstacles that prevent the real estate from being included in the Real Estate Investment Trusts portfolio, within the scope of the Capital Market Board Regulations.

### **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 consists of a “Concrete Hotel Building, its Appurtenances and Land” type of real estate, with an area of 13.450,71 m<sup>2</sup>, located in the city of Trabzon, district of Yomra, at the address of Neighborhood of Kaşüstü/Cumhuriyet, Block No: 209, Plot No: 12. There currently is a concrete building in the plot being operated under the name of NOVOTEL, constructed in an attached manner, as a mono block, with a basement floor + ground floor + 5 regular floors.

The total gross construction area specified in the architectural project, as well as in the construction permit and the occupancy permit belonging to the real estate subject to the appraisal study, is of 15.232,00 m2. Since the real estate has been constructed in accordance with the approved architectural project, this area has been based on the appraisal report.

<b>NOVOTEL Structural Construction and Interior Construction Characteristics</b>	
<b>Total Construction Area</b>	
<b>Age</b>	6
<b>Construction Type</b>	Concrete
<b>Roofing System</b>	Terrace Roof
<b>Construction Manner</b>	Detached
<b>Number of Floors</b>	7 Story (Basement Ground Floor + 5 Regular Floors +terrace)
<b>Façade</b>	Ceramic
<b>Electricity</b>	Grid Connection
<b>Heating system</b>	Central Heating
<b>Water</b>	Grid Connection
<b>Sewage</b>	Grid Connection
<b>Elevator</b>	5 Elevators (1 Elevator, 2 Staff elevators, 2 customer elevators)
<b>Ventilation System</b>	Available
<b>Fire Escape</b>	Available
<b>Fire Extinguisher System</b>	Available
<b>Car Park</b>	Available (Open Car Park)
<b>Ground</b>	Wall to wall carpet, ceramic, granite
<b>Walls</b>	Satin Paint, ceramic tile, laminate and wall paper
<b>Joinery</b>	Exterior Joineries in Aluminum, Interior Joineries in Wood
<b>Ceiling</b>	Suspended Ceiling
<b>Heating</b>	Central
<b>Illumination</b>	Wall lamps, chandeliers, floor lamps, spot lightening and fluorescent

#### **5.4.2 Inspections Performed Within the Premises of the Real Estate**

According to the onsite surveys and pursuant to the architectural project; the basement floor consists of the laundry, storage, technical service rooms, boiler room, machine room, fire hydrant system room, two units of 90+90 tons of water tanks connected to the fire extinguisher systems and shelter; the ground floor consists of the reception area, lobby, restaurant – bar, foyer area, conference rooms that are capable of being divided depending on the need and demand, W.C.'s, health centers (closed pool, sauna, steam bath and fitness area), 2 stores, prayer room, kitchen, system room, security room, administrative office; the 1<sup>st</sup> floor consists of 28 rooms + hotel management office, staff dining hall, infirmary, locker

rooms; the 2<sup>nd</sup> and 3<sup>rd</sup> floors consist of 39 rooms, one of them being a suite, floor service rooms and electric board room; the 4<sup>th</sup> and 5<sup>th</sup> floors consist of 46 rooms, one of them a suite, floor service rooms and electric board room. The hotel has a total of 200 rooms. There are 4 types of rooms, comprised of standard, corner, suite and disabled. The flooring in the rooms are wall to wall carpet, the walls are partially painted and partially covered with wall paper. The walls and floors in the bathrooms are ceramic. The rooms contain television, hair dryer, telephone, mini bar, safe and internet connection. Depending on the room type, the rooms have shower or bath tubs. The illumination is provided with decorative wall lamps. The building has generator, water tanks and fire and security systems. The terrace floor has an enclosed area of 61 m<sup>2</sup>, while the remainder consists of open areas. The open areas in the terrace contain technical equipment (air conditioning/heating/ventilation) belonging to the hotel.

Basement Floor	2.340,56 m <sup>2</sup>
Ground Floor	4.568,27 m <sup>2</sup>
1 <sup>st</sup> Regular Floor	1.755,78 m <sup>2</sup>
2 <sup>nd</sup> Regular Floor	1.517,07 m <sup>2</sup>
3 <sup>rd</sup> Regular Floor	1.517,07 m <sup>2</sup>
4 <sup>th</sup> Regular Floor	1.736,45 m <sup>2</sup>
5 <sup>th</sup> Regular Floor	1.736,45 m <sup>2</sup>
Terrace Floor	61,12 m <sup>2</sup>
<b>TOTAL</b>	<b>15.232,77 m<sup>2</sup></b>

- The plot where the hotel subject to this appraisal is located consists of the 1<sup>st</sup> Plot with a façade to the Black Sea, having a façade of 165m to the beach.
- The back garden area of the plot, outside of the building area, has been arranged to be a landscape and has been observed to be in excellent condition. This area has been noted to contain a children park, tennis courts, beach-bar and lounge areas.
- The empty spaces on the front side of the hotel where the entry is situated have been arranged as open parking lots.

## **6. FACTORS AFFECTING AND DETERMINING THE VALUE OF THE REAL ESTATE**

### **6.1 Factors that Limit or Negatively Affect the Appraisal Process**

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

### **6.2 Swot Analysis**

#### **Strengths**

- The owner of the property is Trabzon World Trade Center Inc. and the real estate has a “Construction Right” for the duration of 49 years, on behalf of Akfen Real Estate Investment Trust Inc.
- An Independent and Permanent “Construction Right”, valid until the year of 2057, has been registered on a separate page of the land registry book.
- All of the required permits and documents (construction permit and occupancy permit) have been obtained and duly classified.
- The Hotel has a façade towards the Black Sea, with a view to the sea and to the landscape.
- The Hotel is situated on the Black Sea coastal road, close to the Trabzon Airport and to the city center; in addition, it is easily accessible.
- The city of Trabzon is developing towards the Yomra – Kaşüstü region. Public agencies and institutions, such as the Palace of Justice, the Trabzon World Trade Center, the Kanuni Education and Research Hospital, the Eurasia University and the General Directorate of State Hydraulic Works are all located in the vicinity of the real estate. Furthermore, new residential estates projects are being developed in the area.
- The real estate does not have any infrastructural problems. It benefits from all urban services.
- The lessee is a brand belonging to the international hotel operating company, Accor Group, operating as a 4 Star Hotel under the brand name of NOVOTEL. The lease agreement, which has been signed with this company for the duration of 25 years, has been annotated in the land registry book.
- The Hotel located in the city of Trabzon, which is more prominent in the nature tourism industry, is also at an advantage for the more traditional summer tourism due to its location.
- The region has witnessed an increase in demand and interest in recent years, especially from the Middle East and Arab countries. The number of foreign visitors in the region has increased.

## **Weaknesses**

- The real estate is located at 300 m inland of the Trabzon – Rize coastal road; thus, it has low perceptibility.
- The hotel does not have a closed car park. Currently, there is only an open car park available.

## **Opportunities**

- The region of Yomra – Kaşüstü, where the real estate is situated, is a developing area of the city of Trabzon and is determined to be in demand. At a distance of approximately 500 m from the real estate, the 5 Star Pear Tree Hotel has started to provide services next to the Black Sea coastal road.
- There is an increasing interest in the area, especially from the Middle East and the Arab countries. This situation helps to increase the occupancy rates during the months of APRIL – OCTOBER.

## **Threats**

- Domestic and international fluctuations in the economy are affecting the real estate industry directly. This situation poses the risk of delaying the investments in the area.

### **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**

Since the real estate subject to this appraisal study is an operating Hotel generating revenue, the Revenue Approach and Cost Approach Methods have been employed. In the Cost Approach Management, the “Land value” has been determined according to the Exemplary Approach.

#### **6.4.1 Exemplary Approach**

As a result of the surveys performed in the vicinity of the real estate, no other recently sold exemplary hotels with a similar location, nature and structuring conditions to those of the real estate subject to the appraisal have been found. However, information relative to land examples with Residential zoning, which are for sale, has been obtained in the vicinity of the plot subject to the appraisal study.

##### **6.4.1.1 Definitions and Sale Value of the Similar Sales Examples that Has Been Based Upon During the Appraisal and the Reasons Why They Have Been Employed**

Land examples with commercial and residential zoning, located in the vicinity of the plot subject to the appraisal study, have been listed in the table below.

EXAMPLE	Location	Characteristics	Area (m <sup>2</sup> )	Price (TL)	Unit Price per m <sup>2</sup> (TL)	Source
<b>Example 1</b>	Below the Kaşüstü Cumh. Mah. Mobilyacılar Residential Estates, Block No: 215, Plot No: 4	<b>Residential Zoning</b>	1090 650+512 iki parsel	1.400.000	1.284 TL	TUĞRA EMLAK 0462 229 32 32 0532 761 25 24
<b>Example 2</b>	Kaşüstü Cumh. Mah.	<b>Residential Zoning</b>	231	185.000	800 TL	SAHRA EMLAK 0462 328 08 07 0533 766 69 08
<b>Example 3</b>	Kaşüstü Cumh. Mah	<b>Residential Zoning Lot</b> Coverage: 030, Hmax: 9.50	353	220.000	623 TL	SAKAG.MENKUL 0462 205 02 05 0532 387 57 87
<b>Example 4</b>	Kaşüstü Cumh.Mah. Behind the Health Center	<b>Residential Zoning</b> Lot Coverage: 030, Hmax: 12.50	380	220000	580 TL	REMAX ALURA 0462 333 33 03 0533 243 73 77
<b>Example 5</b>	Kaşüstü Cumh. Mah. Next to the Kanuni Education and Research Hospital	<b>Residential Estates Zoning</b>	20.000	11.000.000	550 TL	TAFLAN EMLAK 0462 229 05 60 0532 385 09 87
<b>Example 6</b>	Close to the Kaşüstü Cumh. Mah. Mobilyacılar Residential Estates, with an open view to the sea, Block No: 270, Plot No: 5	<b>Residential Zoning</b> Lot Coverage: 0.15, Hmax: 12.50	688	165.000	240 TL	SUIÇMEZ EMLAK 0462 500 22 22 0545 515 58 53

LAND EXAMPLE APPRAISAL TABLE										
	Example 1		Example 2		Example 3		Example 4		Example 5	
Area (m <sup>2</sup> )	1.162	m <sup>2</sup>	231	m <sup>2</sup>	353	m <sup>2</sup>	380	m <sup>2</sup>	20.000	m <sup>2</sup>
Price Asked (TL)	1.400.000		185.000		220.000		220.000		11.000.000	
Bargain Price (TL)	1.260.000		175.750		209.000		209.000		10.450.000	
Location Correction (+-%)	10%		-5%		-5%		5%		-10%	
Surface Area Correction (+-%)	-40%		-80%		-80%		-80%		10%	
Zoning Status Correction (+-%)	-50%		-50%		-50%		-50%		-50%	
Construction Right Correction (+-%)	-30%		-50%		-70%		-50%		-79%	
Adjusted Price per Unit	2277	TL/m <sup>2</sup>	2168	TL/m <sup>2</sup>	1806	TL/m <sup>2</sup>	1513	TL/m <sup>2</sup>	1197	TL/m <sup>2</sup>
Example Average	1.493									

- **EUR buying rate of the Central Bank of Turkey on the date of 30.12.2014: 2,8207 TL**
- Possible bargain rates, purchase and sale expenses and real estate agent commissions have been taken into account on the sale values of the residential zoning lands that are for sale.
- As a result of the surveys performed, it has been observed that there is no land stock with "Tourism Facility Zoning" in the area of the real estate subject to the appraisal; for this reason, a concrete land example with similar characteristics could not be provided. In view of the onsite research and interviews, it has been noted that, in consideration of the above provided examples, the prices asked for the land examples with residential zoning vary according to their location and position; moreover, there is no specific price range available.
- Even though this data limitation, according to the onsite surveys and in light of the fact that the location, position and surface area of the real estate affect, in a positive manner, where the facility used as a hotel is situated, the price per unit of the land has been estimated to be around 1.500 TL / m2.
- 1/3 of the price unit per m2 of the land has been acknowledged as the bare ownership value and 2/3 have been acknowledged as the construction right value.

- The total lease right for the duration of 49 years has been calculated by comparing the remaining lease duration, on the date that this report has been prepared, to the total duration time, and determining the unit price per m<sup>2</sup> of the right of construction.

Price per Unit Land Value of the Remaining Time for the Right of Construction*	840 TL
Size of the Land	13.450,7 m <sup>2</sup>
Total Land Value (TL)	11.295.851 TL
Total Land Value (Euro)	4.004.627 €
Unit Land Value	1.500 TL
Right of Construction Value Rate	2/3
Remaining Time for Right of Construction (YEARS)	41,15
Price per Unit Land Value of the Remaining Time for the Right of Construction *	840 TL
* When the remaining time value resulting from the right of construction of the land is calculated, for the right of construction value of the land, it has been employed as 2/3 at the first step. Afterwards, the remaining time from the right of construction is calculated in order to determine the current unit value of the land for the right of construction.	
Unit Land Value of the Remaining Time for the Right of Construction	=(Unit Land Value x The coefficient of the right of construction for 49 years x The remaining time from the right of construction
Unit Land Value of the Remaining Time for the Right of Construction	=(1.500 TL x 2/3 x 41,15 /49)

**Professional Opinion of the Appraiser:**

As a result of the surveys performed, it has been observed that there is no land stock with “Tourism Facility Zoning” in the area of the real estate subject to the appraisal; for this reason, a concrete land example with similar characteristics could not be provided. In view of the onsite research and interviews, it has been noted that, in consideration of the above provided examples, the prices asked for the land examples with residential zoning vary according to their location and position; moreover, there is no specific price range available.



Even though this data limitation, in accordance with the onsite surveys and in light of the location, position, plot surface area, “MIA” zoning status, formation of its surroundings, having a revenue generating hotel on the plot, having obtained all of the required permits and licenses and having done their classifications with regard to the real estate subject to the appraisal, it has been established, considering its legal status and the prices of the surrounding lands with residential zoning, that the land unit price per m2 is **1.500 TL / m2**. Land unit price per m2 for the remaining construction right duration has been calculated as **840 TL**.

#### 6.4.2 Cost Approach

The building cost values in this analysis, with the cost generation approach, the technical specifications of the buildings, the material and labor quality that has been employed during the construction of the buildings, the construction values of the buildings that have similar characteristics in the market, the industry experience relative to similar hotel costs and the construction costs in relation to the real estate subject to the appraisal submitted by AKFEN Real Estate Investment Trust Inc. have been taken into consideration.

	NOVOTEL FLOOR AREAS (m2)	UNIT COSTS (€)	TOTAL COST (€)	AMORTIZED TOTAL COST (€)
Basement Floor	2.341	500	1.170.280	1.123.469
Ground Floor	4.568	1.200	5.481.924	5.262.647
1 <sup>st</sup> Regular Floor	1.755	1.200	2.106.216	2.021.967
2 <sup>nd</sup> Regular Floor	1.517	1.200	1.820.484	1.747.665
3 <sup>rd</sup> Regular Floor	1.517	1.200	1.820.484	1.747.665
4 <sup>th</sup> Regular Floor	1.736	1.200	2.083.740	2.000.390
5 <sup>th</sup> Regular Floor	1.736	1.200	2.083.740	2.000.390
Terrace Floor	61	500	30.560	29.338
<b>TOTAL CONSTRUCTION COST</b>	<b>15.232</b>		<b>16.597.428</b>	<b>15.933.531</b>
External Miscellaneous Works (***) (€)				500.000
<b>TOTAL STRUCTURE VALUE (€)</b>				<b>16.433.531</b>
<b>LAND VALUE (€)</b>				<b>4.004.627</b>
<b>TOTAL VALUE (€)</b>				<b>20.438.158</b>

*(\*) 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 date of completion of the construction of the real estate subject to the appraisal is 02.05.2013. The appraisal has been conducted by taking into consideration the age and physical status of the real estate.*

*(\*\*\*) An approximate cost has been established for costs such as field concrete, barbed wire encompassing the plot, arrangement of the open car park, etc.*

#### **6.4.3 Cost Discount / 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. The revenue projections of NOVOTEL have been provided below:

##### **NOVOTEL PROJECTION:**

- The hotel subject to the appraisal has a capacity for 140 rooms.
- It has been estimated that the occupancy rate of the hotel in the year of 2015 will be of 78% and that this rate will increase until the year of 2018, which will then reach 81%, thus continuing in this manner, in the following years.
- It has been assumed that the hotel will be operating for 365 days a year.
- The hotel prices have been calculated based on the room-breakfast system. Taking into account the performance of the hotel in the previous year, along with the surveys performed in regards to the tourism industry in the area, it has been estimated that the average price for a room will be 77 EUR, in the year of 2015. Moreover, it has been anticipated that this price will increase annually based on the inflation rate in the Euro Zone (2,5%).
- Considering the performance of the facility, it has been assumed that the room revenues will constitute 68% of the total revenue, whereas the total department revenues will be around 32%.
- It has been acknowledged that the Gross Operating Profit (GOP) of the Hotel for the year of 2015 will be of 46%, that it will increase to 48% from the year of 2020 and that it will increase to 50% in the year of 2025, remaining stable in the following years.
- It has been noted that the Real estate tax cost is of 14.596 Euro. The Real estate tax value increases 3% annually.

- 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 17.069 Euro and that it will remain so, on account of the estimation made that there will not be any increases in the insurance premium by Akfen Real Estate Investment Tust Inc. in the following years.
- Furniture Fixture Renovation Reserve has been obtained by reason of the agreements executed with ACCOR; as a result, it has been determined that the rate will consist of 1,5% of the annual gross revenue.
- With regard to the 30.10.2008 dated agreement signed between Trabzon World Trade Center Inc. and Akfen Real Estate Investment Trust Inc.; in relation to the Construction Right value, no payment will be made in the first five years; moreover, the value has been calculated to be of 50.000 USD between the 6<sup>th</sup> and 10<sup>th</sup> years, of 75.000 USD between the 11<sup>th</sup> and 15<sup>th</sup> years, of 100.000 USD in the 16<sup>th</sup> year and, from the 17<sup>th</sup> year until the end of the 49<sup>th</sup> year, the value will continue to be of 100.000 USD with an additional annual 1.000 USD.
- In the case that no agreements are signed until the end of the 49 years duration period, Akfen Real Estate Investment Trust Inc. has agreed to empty and transfer the real estate.
- 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.

<b>Total Room Revenues</b>	4,384,380	4,583,869	4,792,435	4,912,246	5,035,052	5,160,929	5,289,952	5,422,201	5,557,756	5,696,700	5,839,117	5,985,095	6,134,722	6,288,090	6,445,293	6,606,425	6,771,586	6,940,875	7,114,397	7,292,257	7,474,564	7,661,428
<b>DEPARTMENT REVENUES</b>																						
<b>Total Department Revenues</b>	2,072,733	2,167,043	2,265,643	2,322,284	2,380,341	2,439,850	2,500,846	2,563,367	2,627,452	2,693,138	2,760,466	2,829,478	2,900,215	2,972,720	3,047,038	3,123,214	3,201,295	3,281,327	3,363,360	3,447,444	3,533,630	3,621,971
<b>TOTAL REVENUES</b>	6,457,113	6,750,912	7,058,079	7,234,531	7,415,394	7,600,779	7,790,798	7,985,568	8,185,207	8,389,837	8,599,583	8,814,573	9,034,937	9,260,811	9,492,331	9,729,639	9,972,880	10,222,202	10,477,757	10,739,701	11,008,194	11,283,399
<b>EXPENSES</b>																						
<b>DEPARTMENT EXPENSES</b>																						
<b>Total Department Expenses</b>	2,538,614	2,654,121	2,774,884	2,844,256	2,915,362	2,885,028	2,957,153	3,031,082	3,106,859	3,184,531	3,088,970	3,166,195	3,245,349	3,326,483	3,409,645	3,494,886	3,582,259	3,671,815	3,763,610	3,857,701	3,954,143	4,052,997
<b>Net Department Expenses</b>	3,918,499	4,096,791	4,283,195	4,390,275	4,500,032	4,715,751	4,833,645	4,954,486	5,078,348	5,205,307	5,510,613	5,648,378	5,789,588	5,934,328	6,082,686	6,234,753	6,390,622	6,550,387	6,714,147	6,882,001	7,054,051	7,230,402
<b>OPERATING EXPENSES</b>																						
General Management Expenses	451,998	472,564	494,065	506,417	519,078	532,055	545,356	558,990	572,965	587,289	601,971	617,020	632,446	648,257	664,463	681,075	698,102	715,554	733,443	751,779	770,574	789,838
Marketing	96,857	101,264	105,871	108,518	111,231	114,012	116,862	119,784	122,778	125,848	128,994	132,219	135,524	138,912	142,385	145,945	149,593	153,333	157,166	161,096	165,123	169,251
Energy	387,427	405,055	423,485	434,072	444,924	456,047	467,448	479,134	491,112	503,390	515,975	528,874	542,096	555,649	569,540	583,778	598,373	613,332	628,665	644,382	660,492	677,004
<b>Total Operating Expenses</b>	936,281	978,882	1,023,421	1,049,007	1,075,232	1,102,113	1,129,666	1,157,907	1,186,855	1,216,526	1,246,940	1,278,113	1,310,066	1,342,818	1,376,388	1,410,798	1,446,068	1,482,219	1,519,275	1,557,257	1,596,188	1,636,093
<b>GROSS OPERATING PROFIT</b>	2,982,218	3,117,909	3,259,774	3,341,268	3,424,800	3,613,638	3,703,979	3,796,579	3,891,493	3,988,780	4,263,673	4,370,265	4,479,522	4,591,510	4,706,298	4,823,955	4,944,554	5,068,168	5,194,872	5,324,744	5,457,862	5,594,309
<b>FIXED EXPENSES</b>																						
Real Estate Tax	14,596	15,033	15,484	15,949	16,427	16,920	17,428	17,951	18,489	19,044	19,615	20,204	20,810	21,434	22,077	22,739	23,422	24,124	24,848	25,593	26,361	27,152
Insurance	17,069	17,069	17,069	17,069	17,069	17,069	17,069	17,069	17,069	17,069	17,069	17,069	17,069	17,069	17,069	17,069	17,069	17,069	17,069	17,069	17,069	17,069
Furniture Fixture and Renovation Reserve	96,857	101,264	105,871	108,518	111,231	114,012	116,862	119,784	122,778	125,848	128,994	132,219	135,524	138,912	142,385	145,945	149,593	153,333	157,166	161,096	165,123	169,251
Annual Construction Right Value (Land)	40,323	40,323	40,323	40,323	60,484	60,484	60,484	60,484	60,484	60,484	60,484	61,290	62,097	62,903	63,710	64,516	65,323	66,129	66,935	67,742	68,548	69,355
<b>Total Fixed Expenses</b>	168,844	173,689	178,747	181,859	205,211	208,485	211,843	215,287	218,820	222,444	226,162	230,782	235,500	240,319	245,241	250,269	255,406	260,655	266,019	271,500	277,102	282,827
<b>TOTAL EXPENSES</b>	3,643,739	3,806,692	3,977,052	4,075,121	4,195,805	4,195,625	4,298,662	4,404,277	4,512,534	4,623,501	4,562,072	4,675,089	4,790,915	4,909,619	5,031,274	5,155,953	5,283,733	5,414,690	5,548,904	5,686,457	5,827,433	5,971,916
<b>NET OPERATING REVENUE</b>	2,813,374	2,944,220	3,081,026	3,159,409	3,219,588	3,405,153	3,492,136	3,581,291	3,672,673	3,766,336	4,037,512	4,139,484	4,244,022	4,351,191	4,461,057	4,573,686	4,689,148	4,807,513	4,928,853	5,053,244	5,180,761	5,311,482
<b>NET CASH FLOW</b>	2,813,374	2,944,220	3,081,026	3,159,409	3,219,588	3,405,153	3,492,136	3,581,291	3,672,673	3,766,336	4,037,512	4,139,484	4,244,022	4,351,191	4,461,057	4,573,686	4,689,148	4,807,513	4,928,853	5,053,244	5,180,761	5,311,482
<b>CUMULATIVE CASH FLOW</b>	2,813,374	5,757,594	8,838,620	11,998,030	15,217,618	18,622,771	22,114,908	25,696,199	29,368,872	33,135,208	37,172,720	41,312,203	45,556,226	49,907,417	54,368,474	58,942,160	63,631,308	68,438,820	73,367,673	78,420,917	83,601,678	88,913,160

CASH FLOW DISCOUNT TABLE

Name of the Hotel

Land Area (m2)

Total Construction Area (m2)

Year	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43
Date	31-12-2037	31-12-2038	31-12-2039	31-12-2040	31-12-2041	31-12-2042	31-12-2043	31-12-2044	31-12-2045	31-12-2046	31-12-2047	31-12-2048	31-12-2049	31-12-2050	31-12-2051	31-12-2052	31-12-2053	31-12-2054	31-12-2055	31-12-2056	27-02-2057
Duration of Agreement	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49
<b>REVENUES</b>																					
<b>ROOM REVENUES</b>																					
Annual Average Occupancy Rate, %	81%	81%	81%	81%	81%	81%	81%	81%	81%	81%	81%	81%	81%	81%	81%	81%	81%	81%	81%	81%	81%
Average Room Price, EUR	133	136	139	143	146	150	154	158	162	166	170	174	178	183	187	192	197	202	207	212	217
<b>Total Room Revenues</b>	<b>7.852.963</b>	<b>8.049.287</b>	<b>8.250.520</b>	<b>8.456.783</b>	<b>8.668.202</b>	<b>8.884.907</b>	<b>9.107.030</b>	<b>9.334.706</b>	<b>9.568.073</b>	<b>9.807.275</b>	<b>10.052.457</b>	<b>10.303.768</b>	<b>10.561.363</b>	<b>10.825.397</b>	<b>11.096.032</b>	<b>11.373.432</b>	<b>11.657.768</b>	<b>11.949.212</b>	<b>12.247.943</b>	<b>12.554.141</b>	<b>2.144.666</b>
<b>DEPARTMENT REVENUES</b>																					
<b>Total Department Revenues</b>	<b>3.712.520</b>	<b>3.805.333</b>	<b>3.900.467</b>	<b>3.997.978</b>	<b>4.097.928</b>	<b>4.200.376</b>	<b>4.305.385</b>	<b>4.413.020</b>	<b>4.523.345</b>	<b>4.636.429</b>	<b>4.752.340</b>	<b>4.871.148</b>	<b>4.992.927</b>	<b>5.117.750</b>	<b>5.245.694</b>	<b>5.376.836</b>	<b>5.511.257</b>	<b>5.649.039</b>	<b>5.790.265</b>	<b>5.935.021</b>	<b>1.013.899</b>
<b>TOTAL REVENUES</b>	<b>11.565.484</b>	<b>11.854.621</b>	<b>12.150.986</b>	<b>12.454.761</b>	<b>12.766.130</b>	<b>13.085.283</b>	<b>13.412.415</b>	<b>13.747.726</b>	<b>14.091.419</b>	<b>14.443.704</b>	<b>14.804.797</b>	<b>15.174.917</b>	<b>15.554.290</b>	<b>15.943.147</b>	<b>16.341.726</b>	<b>16.750.269</b>	<b>17.169.025</b>	<b>17.598.251</b>	<b>18.038.207</b>	<b>18.489.162</b>	<b>3.158.565</b>
<b>EXPENSES</b>																					
<b>DEPARTMENT EXPENSES</b>																					
<b>Total Department Expenses</b>	<b>4.154.322</b>	<b>4.258.180</b>	<b>4.364.634</b>	<b>4.473.750</b>	<b>4.585.594</b>	<b>4.700.234</b>	<b>4.817.740</b>	<b>4.938.183</b>	<b>5.061.638</b>	<b>5.188.179</b>	<b>5.317.883</b>	<b>5.450.830</b>	<b>5.587.101</b>	<b>5.726.778</b>	<b>5.869.948</b>	<b>6.016.696</b>	<b>6.167.114</b>	<b>6.321.292</b>	<b>6.479.324</b>	<b>6.641.307</b>	<b>1.134.557</b>
<b>Net Department Expenses</b>	<b>7.411.162</b>	<b>7.596.441</b>	<b>7.786.352</b>	<b>7.981.011</b>	<b>8.180.536</b>	<b>8.385.049</b>	<b>8.594.676</b>	<b>8.809.543</b>	<b>9.029.781</b>	<b>9.255.526</b>	<b>9.486.914</b>	<b>9.724.087</b>	<b>9.967.189</b>	<b>10.216.368</b>	<b>10.471.778</b>	<b>10.733.572</b>	<b>11.001.911</b>	<b>11.276.959</b>	<b>11.558.883</b>	<b>11.847.855</b>	<b>2.024.009</b>
<b>OPERATING EXPENSES</b>																					
General Management Expenses	809.584	829.823	850.569	871.833	893.629	915.970	938.869	962.341	986.399	1.011.059	1.036.336	1.062.244	1.088.800	1.116.020	1.143.921	1.172.519	1.201.832	1.231.878	1.262.675	1.294.241	221.100
Marketing	173.482	177.819	182.265	186.821	191.492	196.279	201.186	206.216	211.371	216.656	222.072	227.624	233.314	239.147	245.126	251.254	257.535	263.974	270.573	277.337	47.378
Energy	693.929	711.277	729.059	747.286	765.968	785.117	804.745	824.864	845.485	866.622	888.288	910.495	933.257	956.589	980.504	1.005.016	1.030.142	1.055.895	1.082.292	1.109.550	189.514
<b>Total Operating Expenses</b>	<b>1.676.995</b>	<b>1.718.920</b>	<b>1.761.893</b>	<b>1.805.940</b>	<b>1.851.089</b>	<b>1.897.366</b>	<b>1.944.800</b>	<b>1.993.420</b>	<b>2.043.256</b>	<b>2.094.337</b>	<b>2.146.696</b>	<b>2.200.363</b>	<b>2.255.372</b>	<b>2.311.756</b>	<b>2.369.550</b>	<b>2.428.789</b>	<b>2.489.509</b>	<b>2.551.746</b>	<b>2.615.540</b>	<b>2.680.929</b>	<b>457.992</b>
<b>GROSS OPERATING PROFIT</b>	<b>5.734.167</b>	<b>5.877.521</b>	<b>6.024.459</b>	<b>6.175.070</b>	<b>6.329.447</b>	<b>6.487.683</b>	<b>6.649.875</b>	<b>6.816.122</b>	<b>6.986.525</b>	<b>7.161.189</b>	<b>7.340.218</b>	<b>7.523.724</b>	<b>7.711.817</b>	<b>7.904.612</b>	<b>8.102.228</b>	<b>8.304.783</b>	<b>8.512.403</b>	<b>8.725.213</b>	<b>8.943.343</b>	<b>9.166.927</b>	<b>1.566.017</b>
<b>FIXED EXPENSES</b>																					
Real Estate Tax	27.967	28.806	29.670	30.560	31.477	32.421	33.394	34.395	35.427	36.490	37.585	38.712	39.874	41.070	42.302	43.571	44.878	46.225	47.611	49.040	50.511
Insurance	17.069	17.069	17.069	17.069	17.069	17.069	17.069	17.069	17.069	17.069	17.069	17.069	17.069	17.069	17.069	17.069	17.069	17.069	17.069	17.069	17.069
Furniture Fixture and Renovation Reserve	173.482	177.819	182.265	186.821	191.492	196.279	201.186	206.216	211.371	216.656	222.072	227.624	233.314	239.147	245.126	251.254	257.535	263.974	270.573	277.337	47.378
Annual Construction Right Value (Land)	70.161	70.968	71.774	72.581	73.387	74.194	75.000	75.806	76.613	77.419	78.226	79.032	79.839	80.645	81.452	82.258	83.065	83.871	84.677	85.484	86.290
<b>Total Fixed Expenses</b>	<b>288.679</b>	<b>294.662</b>	<b>300.778</b>	<b>307.031</b>	<b>313.425</b>	<b>319.963</b>	<b>326.649</b>	<b>333.487</b>	<b>340.481</b>	<b>347.634</b>	<b>354.952</b>	<b>362.437</b>	<b>370.096</b>	<b>377.931</b>	<b>385.949</b>	<b>394.152</b>	<b>402.547</b>	<b>411.138</b>	<b>419.931</b>	<b>428.930</b>	<b>201.249</b>
<b>TOTAL EXPENSES</b>	<b>6.119.996</b>	<b>6.271.761</b>	<b>6.427.305</b>	<b>6.586.721</b>	<b>6.750.107</b>	<b>6.917.563</b>	<b>7.089.189</b>	<b>7.265.090</b>	<b>7.445.374</b>	<b>7.630.150</b>	<b>7.819.530</b>	<b>8.013.630</b>	<b>8.212.569</b>	<b>8.416.466</b>	<b>8.625.447</b>	<b>8.839.638</b>	<b>9.059.170</b>	<b>9.284.177</b>	<b>9.514.795</b>	<b>9.751.166</b>	<b>1.793.797</b>
<b>NET OPERATING REVENUE</b>	<b>5.445.488</b>	<b>5.582.859</b>	<b>5.723.681</b>	<b>5.868.039</b>	<b>6.016.022</b>	<b>6.167.721</b>	<b>6.323.227</b>	<b>6.482.636</b>	<b>6.646.045</b>	<b>6.813.554</b>	<b>6.985.267</b>	<b>7.161.286</b>	<b>7.341.721</b>	<b>7.526.681</b>	<b>7.716.279</b>	<b>7.910.631</b>	<b>8.109.856</b>	<b>8.314.074</b>	<b>8.523.412</b>	<b>8.737.997</b>	<b>1.364.768</b>
<b>NET CASH FLOW</b>	<b>5.445.488</b>	<b>5.582.859</b>	<b>5.723.681</b>	<b>5.868.039</b>	<b>6.016.022</b>	<b>6.167.721</b>	<b>6.323.227</b>	<b>6.482.636</b>	<b>6.646.045</b>	<b>6.813.554</b>	<b>6.985.267</b>	<b>7.161.286</b>	<b>7.341.721</b>	<b>7.526.681</b>	<b>7.716.279</b>	<b>7.910.631</b>	<b>8.109.856</b>	<b>8.314.074</b>	<b>8.523.412</b>	<b>8.737.997</b>	<b>1.364.768</b>
<b>CUMULATIVE CASH FLOW</b>	<b>94.358.648</b>	<b>99.941.507</b>	<b>105.665.188</b>	<b>111.533.228</b>	<b>117.549.250</b>	<b>123.716.970</b>	<b>130.040.197</b>	<b>136.522.833</b>	<b>143.168.877</b>	<b>149.982.432</b>	<b>156.967.698</b>	<b>164.128.985</b>	<b>171.470.706</b>	<b>178.997.387</b>	<b>186.713.665</b>	<b>194.624.296</b>	<b>202.734.152</b>	<b>211.048.226</b>	<b>219.571.639</b>	<b>228.309.635</b>	<b>229.674.403</b>

<b>Risk Free Revenue Rate</b>	<b>3,10%</b>	<b>3,10%</b>	<b>3,10%</b>
<b>Risk Premium</b>	<b>5,40%</b>	<b>5,90%</b>	<b>6,40%</b>
<b>Discount Rate</b>	<b>8,50%</b>	<b>9,00%</b>	<b>9,50%</b>
<b>NET CURRENT VALUE (Euro)</b>	<b>46.290.180</b>	<b>43.413.839</b>	<b>40.822.113</b>
<b>NET APPROXIMATE CURRENT VALUE (Euro)</b>	<b>46.290.000</b>	<b>43.410.000</b>	<b>40.820.000</b>
<b>NET APPROXIMATE CURRENT VALUE (TL)</b>	<b>130.570.000</b>	<b>122.447.000</b>	<b>115.141.000</b>

#### **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.;**

- For the hotel subject to this appraisal study, for which Akfen Real Estate Investment Trust Inc. has a “Construction Right”, it has been established that, for the annual lease amount, the international hotel operating company Accor Group will pay 22% (twenty two) of its gross profit for Novotel Hotel, 25% (twenty five) of its gross profit for the Ibis Hotel or the amount higher than 70% of its adjusted gross profit (AGOP) for the year of 2015. Pursuant to the agreement terms, from the year of 2016 onwards, the share ratio of the adjusted gross profit (AGOP) has been established at 72,5%.
- The 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 “Construction Right” of the hotel subject to this appraisal study belongs to Akfen Real Estate Investment Trust Inc. and the hotel is being operated by the international hotel operating company Accor Group. It has been assumed that the hotel will be operated according to the current concept, throughout the duration of the “Construction Right”.
- It has been assumed that the facility will be operating for 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.
- 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 17.069 Euro and that it will remain so, on account of the estimation made that there will not be any increases in the insurance premium by Akfen Real Estate Investment Trust Inc. in the following years.
- 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 49 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.
- Euro has been the currency used in the study, with an exchange rate of 1 EURO = 2,8207 TL

- 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.

Year	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
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	31-12-2029	31-12-2030	31-12-2031	31-12-2032	31-12-2033	31-12-2034	31-12-2035	31-12-2036
Duration of Agreement	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	28
<b>AKFEN OBTAINED LEASE</b>																							
LEASE FROM NOVOTEL REVENUE	1.420.565	1.485.201	1.552.777	1.591.597	1.631.387	1.672.171	1.713.976	1.756.825	1.800.746	1.845.764	1.891.908	1.939.206	1.987.686	2.037.378	2.088.313	2.140.521	2.194.034	2.248.884	2.305.107	2.362.734	2.421.803	2.482.348	
Operator Share	258.285	270.036	282.323	289.381	296.616	304.031	311.632	319.423	327.408	335.593	343.983	352.583	361.397	370.432	379.693	389.186	398.915	408.888	419.110	429.588	440.328	451.336	
Furniture Fixture and Renovation Reserve	258.285	270.036	282.323	289.381	296.616	304.031	311.632	319.423	327.408	335.593	343.983	352.583	361.397	370.432	379.693	389.186	398.915	408.888	419.110	429.588	440.328	451.336	
NOVOTEL HOTEL AGOP	1.725.954	1.868.931	1.953.967	2.002.816	2.052.887	2.179.043	2.233.519	2.289.357	2.346.590	2.405.255	2.592.387	2.657.197	2.723.627	2.791.718	2.861.511	2.933.048	3.006.375	3.081.534	3.158.572	3.237.537	3.318.475	3.401.437	
<b>USED NOVOTEL LEASE REVENUE</b>	<b>1.725.954</b>	<b>1.868.931</b>	<b>1.953.967</b>	<b>2.002.816</b>	<b>2.052.887</b>	<b>2.179.043</b>	<b>2.233.519</b>	<b>2.289.357</b>	<b>2.346.590</b>	<b>2.405.255</b>	<b>2.592.387</b>	<b>2.657.197</b>	<b>2.723.627</b>	<b>2.791.718</b>	<b>2.861.511</b>	<b>2.933.048</b>	<b>3.006.375</b>	<b>3.081.534</b>	<b>3.158.572</b>	<b>3.237.537</b>	<b>3.318.475</b>	<b>3.401.437</b>	
Real Estate Tax	14.596	15.093	15.484	15.949	16.427	16.920	17.428	17.951	18.489	19.044	19.615	20.204	20.810	21.434	22.077	22.739	23.422	24.124	24.848	25.593	26.361	27.152	
Insurance	17.069	17.069	17.069	17.069	17.069	17.069	17.069	17.069	17.069	17.069	17.069	17.069	17.069	17.069	17.069	17.069	17.069	17.069	17.069	17.069	17.069	17.069	
Furniture Fixture and Renovation Reserve 5%	12.914	13.502	14.116	14.469	14.831	15.202	15.582	15.971	16.370	16.780	17.199	17.629	18.070	18.522	18.985	19.459	19.946	20.444	20.956	21.479	22.016	22.567	
Annual Construction Right (Land)	40.323	40.323	40.323	40.323	40.323	60.484	60.484	60.484	60.484	60.484	60.484	61.290	62.097	62.903	63.710	64.516	65.323	66.129	66.935	67.742	68.548	69.355	
<b>CASH FLOW</b>	<b>1.641.053</b>	<b>1.783.004</b>	<b>1.866.975</b>	<b>1.915.007</b>	<b>1.944.076</b>	<b>2.069.368</b>	<b>2.122.956</b>	<b>2.177.882</b>	<b>2.234.178</b>	<b>2.291.879</b>	<b>2.478.020</b>	<b>2.541.005</b>	<b>2.605.582</b>	<b>2.671.790</b>	<b>2.739.670</b>	<b>2.809.265</b>	<b>2.880.616</b>	<b>2.953.767</b>	<b>3.028.764</b>	<b>3.105.653</b>	<b>3.184.480</b>	<b>3.265.294</b>	

Year	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43		
Date	31-12-2037	31-12-2038	31-12-2039	31-12-2040	31-12-2041	31-12-2042	31-12-2043	31-12-2044	31-12-2045	31-12-2046	31-12-2047	31-12-2048	31-12-2049	31-12-2050	31-12-2051	31-12-2052	31-12-2053	31-12-2054	31-12-2055	31-12-2056	27-02-2057		
Agreement Duration	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49		
<b>AKFEN OBTAINED LEASE</b>																							
LEASE FROM NOVOTEL REVENUE	2.544.406	2.608.017	2.673.217	2.740.047	2.808.549	2.878.762	2.950.731	3.024.500	3.100.112	3.177.615	3.257.055	3.338.482	3.421.944	3.507.492	3.595.180	3.685.059	3.777.186	3.871.615	3.968.406	4.067.616	4.169.244	4.273.299	
Operator Share	462.619	474.185	486.039	498.190	510.645	523.411	536.497	549.909	563.657	577.748	592.192	606.997	622.172	637.726	653.669	670.011	686.761	703.930	721.528	739.566	757.054	774.492	
Furniture Fixture and Renovation Reserve	462.619	474.185	486.039	498.190	510.645	523.411	536.497	549.909	563.657	577.748	592.192	606.997	622.172	637.726	653.669	670.011	686.761	703.930	721.528	739.566	757.054	774.492	
NOVOTEL HOTEL AGOP	3.486.473	3.573.635	3.662.976	3.754.550	3.848.414	3.944.624	4.043.240	4.144.321	4.247.929	4.354.127	4.462.980	4.574.555	4.688.918	4.806.141	4.926.295	5.049.452	5.175.689	5.305.081	5.437.708	5.573.650	5.712.848	5.856.299	
<b>USED NOVOTEL LEASE REVENUE</b>	<b>3.486.473</b>	<b>3.573.635</b>	<b>3.662.976</b>	<b>3.754.550</b>	<b>3.848.414</b>	<b>3.944.624</b>	<b>4.043.240</b>	<b>4.144.321</b>	<b>4.247.929</b>	<b>4.354.127</b>	<b>4.462.980</b>	<b>4.574.555</b>	<b>4.688.918</b>	<b>4.806.141</b>	<b>4.926.295</b>	<b>5.049.452</b>	<b>5.175.689</b>	<b>5.305.081</b>	<b>5.437.708</b>	<b>5.573.650</b>	<b>5.712.848</b>	<b>5.856.299</b>	
Real Estate Tax	27.967	28.806	29.670	30.560	31.477	32.421	33.394	34.395	35.427	36.490	37.585	38.712	39.874	41.070	42.302	43.571	44.878	46.225	47.611	49.040	50.511		
Insurance	17.069	17.069	17.069	17.069	17.069	17.069	17.069	17.069	17.069	17.069	17.069	17.069	17.069	17.069	17.069	17.069	17.069	17.069	17.069	17.069	17.069		
Furniture Fixture and Renovation Reserve	23.131	23.709	24.302	24.910	25.532	26.171	26.825	27.495	28.183	28.887	29.610	30.350	31.109	31.886	32.683	33.501	34.338	35.197	36.076	36.978	37.904	6.317	
Annual Construction Right (Land)	70.161	70.968	71.774	72.581	73.387	74.194	75.000	75.806	76.613	77.419	78.226	79.032	79.839	80.645	81.452	82.258	83.065	83.871	84.677	85.484	86.290		
<b>CASH FLOW</b>	<b>3.348.145</b>	<b>3.433.083</b>	<b>3.520.161</b>	<b>3.609.431</b>	<b>3.700.949</b>	<b>3.794.770</b>	<b>3.890.952</b>	<b>3.989.554</b>	<b>4.090.637</b>	<b>4.194.261</b>	<b>4.300.491</b>	<b>4.409.391</b>	<b>4.521.028</b>	<b>4.635.471</b>	<b>4.752.789</b>	<b>4.873.053</b>	<b>4.996.339</b>	<b>5.122.720</b>	<b>5.252.274</b>	<b>5.385.080</b>	<b>5.521.978</b>	<b>791.978</b>	

<b>Risk Free Revenue Rate</b>	<b>3,10%</b>	<b>3,10%</b>	<b>3,10%</b>
<b>Risk Premium</b>	<b>3,40%</b>	<b>3,90%</b>	<b>4,40%</b>
<b>Discount Rate</b>	<b>6,50%</b>	<b>7,00%</b>	<b>7,50%</b>
<b>NET CURRENT VALUE (Euro)</b>	<b>37.597.996</b>	<b>34.838.287</b>	<b>32.381.658</b>
<b>NET APPROXIMATE CURRENT VALUE (Euro)</b>	<b>37.600.000</b>	<b>34.840.000</b>	<b>32.380.000</b>
<b>NET APPROXIMATE CURRENT VALUE (TL)</b>	<b>106.058.000</b>	<b>98.273.000</b>	<b>91.334.000</b>



#### 6.4.5 Lease Value Analysis and Taxes Employed

The lease value of the construction right 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 1<sup>st</sup> year cash flow average to the appraisal day. According to this calculation, the annual lease value of the hotel is **2.043.000.- EUR (5.763.000 - Turkish Liras)**. The discount rate has been determined to be of 9%.

Date	31.12.2014	31.12.2015
Annual Lease Revenue	0	2.227.213

Net Current Value of the Annual Lease Value (EURO)	2.043.000
Net Current Value of the Annual Lease Value (TL)	5.763.000

#### 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

There are no common spaces on the plot.

## 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. In the Cost Approach Method, the "Land Value" has been determined according to the Example Comparison Method.

The total value in the cost method has been calculated at **20.438.000 Euro (57.650.000 TL)**.

As a result of the reduction of the potential revenue of the structure on the plot that will be generated during the remainder of the 49 years of the lease agreement, in accordance with the revenue discount approach, the net current value of the HOTEL has been calculated to be **43.410.000 Euro (122.447.000.- 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 **34.840.000 Euro (98.273.000.- TL)**. The final value of the hotel has been calculated to be **39.125.000 Euro (110.360.000.- TL)**, based on the approximate arithmetic average of the value calculated by both of the 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, 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 **2.043.000- Euro (5.763.000,- TL)**.

Throughout the course of the appraisal study, the revenue discount approach and the cost approach have both been applied, in terms of revenue capitalization and lease revenues. The real estate subject to the appraisal constitutes a revenue generating property and, therefore, the values calculated with the use of the revenue approach and lease value analysis result in more accurate values, concerning this sort of properties. In addition, the value calculated through the use of the cost method has been ruled out in the final appraisal value.

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 1<sup>st</sup> model the revenue obtained by operating the real estate without a brand name has been calculated and in the 2<sup>nd</sup> 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, thusly, 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 8.443.600 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**

The real estate subject to the appraisal with the “Concrete Hotel Building, Its Appurtenances and Land” nature, situated in the city of Trabzon, district of Yomra, at the address of Kaşüstü/Cumhuriyet Neighborhood, Locality of Yalı, Section Pan No: G43b02c1c2ad2, Block No: 209, Plot No: 12, with an area of 13.450,71 m<sup>2</sup>, has been constructed as a “*Construction Right*” facility that has a nature of *independent and permanent* on behalf of Akfen Real Estate Investment Trust Inc. for the duration of 49 years, starting from the date of 27.02.2008; furthermore, no obstacles were found that prevent the inclusion of the “Construction Right + Hotels” in the Real Estate Investment Trusts portfolio, 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**

	<b>Market Value of the Remaining Construction Right of the Real Estate EURO)</b>	<b>Market Value of the Remaining Construction Right of the Real Estate (TL)</b>
<b>VAT Excluded</b>	<b>39.125.000</b>	<b>110.360.000</b>
<b>VAT Included</b>	<b>46.168.000</b>	<b>130.224.800</b>

	<b>Annual Lease Value of the Real Estate (EURO)</b>	<b>Annual Lease Value of the Real Estate (TL)</b>
<b>VAT Excluded</b>	<b>2.043.000</b>	<b>5.763.000</b>
<b>VAT Included</b>	<b>2.411.000</b>	<b>6.800.000</b>

- 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 = 2,8207 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.

Hamdi ARIKAN

Certified Appraiser

Dilek YILMAZ AYDIN

Certified Appraiser

Neşecan Çekici

Responsible Appraiser

## **9. APPENDIX**

1. Title Deed Photocopies
2. Approved Restrictions Document
3. Zoning Status Document
4. Plan Sample
5. Construction Licenses/Permits
6. Occupancy Permit
7. Architectural Project Cover Page, Floor Plans
8. Construction and Operating Agreement
9. Accotel Operating Agreement
10. Mortgage Letter
11. Business Starting and Operating License/Permit
12. Tourism Operating Document
13. Tourism Investment Document
14. Additional Hotel Agreement with the date of 29.06.2010
15. Insurance Policies
16. Photographs
17. Backgrounds
18. SPK Certificate Samples