

AKFEN REAL ESTATE INVESTMENT TRUST INC.

CITY OF GAZIANTEP, DISTRICT OF SEHITKAMIL

BLOCK NO. 5020, PLOT NO. 2

GAZIANTEP NOVOTEL AND IBIS HOTEL

REAL ESTATE APPRAISAL REPORT

Report No: 2014-020-GYO-006

Appraisal Date: 31.12.2014

Date of Report: 02.01.2015



(REAL ESTATE CONSULTANCY AND APPRAISAL INC.)

i. APPRAISAL REPORT SUMMARY

Person/Entity Requesting the Appraisal	:	Akfen Real Estate Investment Trust Inc.
Institution Preparing the Report	:	Epos Real Estate Consultancy and Appraisal Inc.
Date of Report:	:	02. 01.2015
Report No	:	2014-020-GYO-006
Date of Appraisal	:	24.11. 2014 - 31.12.2014
Information Concerning the Property Subject to the Appraisal	:	"12-Storeyed Concrete Hotel with/without Restaurant Building" real estate with an area of 11.035,40 m ² , located in the city of Gaziantep, district of Sehitkamil, Neighborhood of Yaprak, Block No: 5020, Plot No: 2.
Subject of Study	:	Determining the top current market value and the annual current lease value of the said real estate (building).
Land Area of the Real Estate Subject to the Appraisal	:	6.750,00 m ²
Land Area of Closed Spaces of the Real Estate Subject to the Appraisal	:	Novotel: 7,520.43 m ² Ibis Hotel: 11.305,16 m ² Total: 18.825,59 m ²
Zoning Status of the Real Estate Subject to the Appraisal	:	Hotel Area

As of 31.12.2014

	Top Market Value of the Remaining (Building) of the Real Estate (EURO)	Top Market Value of the Remaining (Building) of the Real Estate (TL)
VAT Excluded	20.820.000	58.727.000
VAT Included	24.568.000	69.298.000

	Annual Lease Value of the Real Estate (EURO)	Annual Lease Value of the Real Estate (TL)
VAT Excluded	1.276.000	3.599.000
VAT Included	1.506.000	4.247.000

- 1-) The appraised value is the current value regarding the cash sale price.
- 2-) The VAT ratio has been established at 18%.
- 3-) The currency rates have been established at 1,-Euro = 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

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

Declaration of Conformity

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

Assumptions

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

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

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1 REPORT INFORMATION

The Date, Number and Type of the Appraisal Report

Date of Report :02.01.2015

Report Number :2014-020-GYO-006

Type of Report :Appraisal report relative to the 12-Storeyed Concrete Hotel with/without Restaurant Building” real estate with an area of **6.750,00 m²** , located in the city of **Gaziantep, district of Sehitkamil, Neighborhood of Yaprak, at Block No: 5020, Plot No: 2**, for the purpose of determining current market value of its right of construction and the current lease value in Turkish Lira currency.

Information Regarding the Responsible Appraiser that 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

* This report has been prepared within the scope of the related Capital Market Legislation.

Date of Appraisal

On the date of 24.11.2014, the necessary procedures have been initiated for this appraisal report. Subsequently, this report has been concluded on the date of 02.01.2014.

Reference Agreement

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.

Statement Whether the Report Has Been Prepared Within the Scope of the Board

Arrangements for the Purpose of the Appraisal

This appraisal report has been prepared within the scope of the related Capital Market Legislation.

2 INTRODUCTORY INFORMATION CONCERNING THE COMPANY AND THE CLIENT

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 / İstanbul

Introductory Information Concerning the Client

Client Title : Akfen Real Estate Investment Trust Inc.

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

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

This appraisal report relative to the 12-Storeyed Concrete Hotel with/without Restaurant Building” real estate with an area of 6.750,00 m² , located in the city of Gaziantep, district of Sehitkamil, Neighborhood of Yaprak, at Block No: 5020, Plot No: 2, for the purpose of determining its sales and rental value within the scope of the Council arrangements.

Referring to the 13.10.2014 dated request by Akfen Real Estate Investment Trust, of which property belongs to the Gaziantep Metropolitan Municipality and the potential revenue resulting with regard to its use or leasing with an agreement of right of construction for 30 years commencing on 17.07.2007 in favor of Akfen Real Estate Investment Trust has been evaluated in the report. There are no restrictive constraints in force exercised by the client. During the appraisal studies, the market research, the onsite surveys and the agreements executed between Akfen Real Estate Investment Trust Inc. and Gaziantep Metropolitan Municipality and the Accor Group, have all been taken into account.

3 VALUE DEFINITIONS, DESCRIPTION OF APPRAISAL METHODS

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

Exemplary Comparison Approach (Market Value Approach)

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

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

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

The Market Value Approach depends on the following assumptions:

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

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.

Revenue Discount Approach

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

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

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

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

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

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.

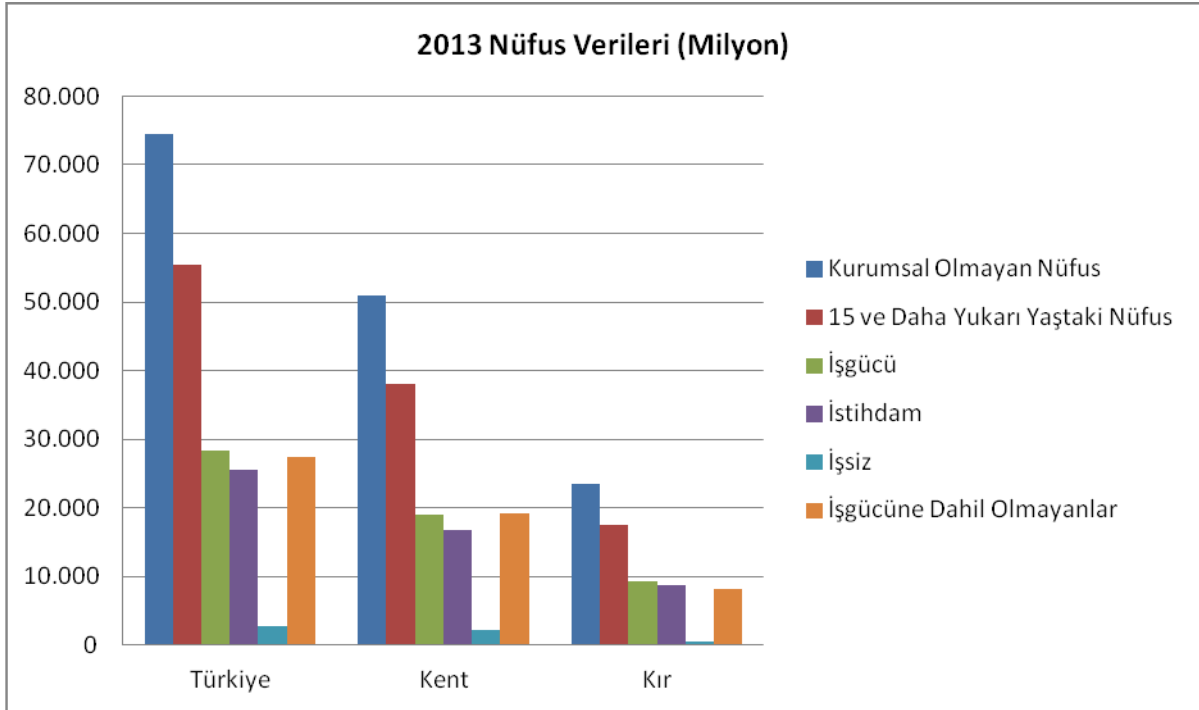
The 15-64 age group, which corresponds to the working age group, makes up 67,7% of the population (corresponding approximately to 51.926.357 people). When the ramifications of the employment into industries is observed, it is concluded that 57% represents services, 23,6% agriculture, 19,4% industry and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

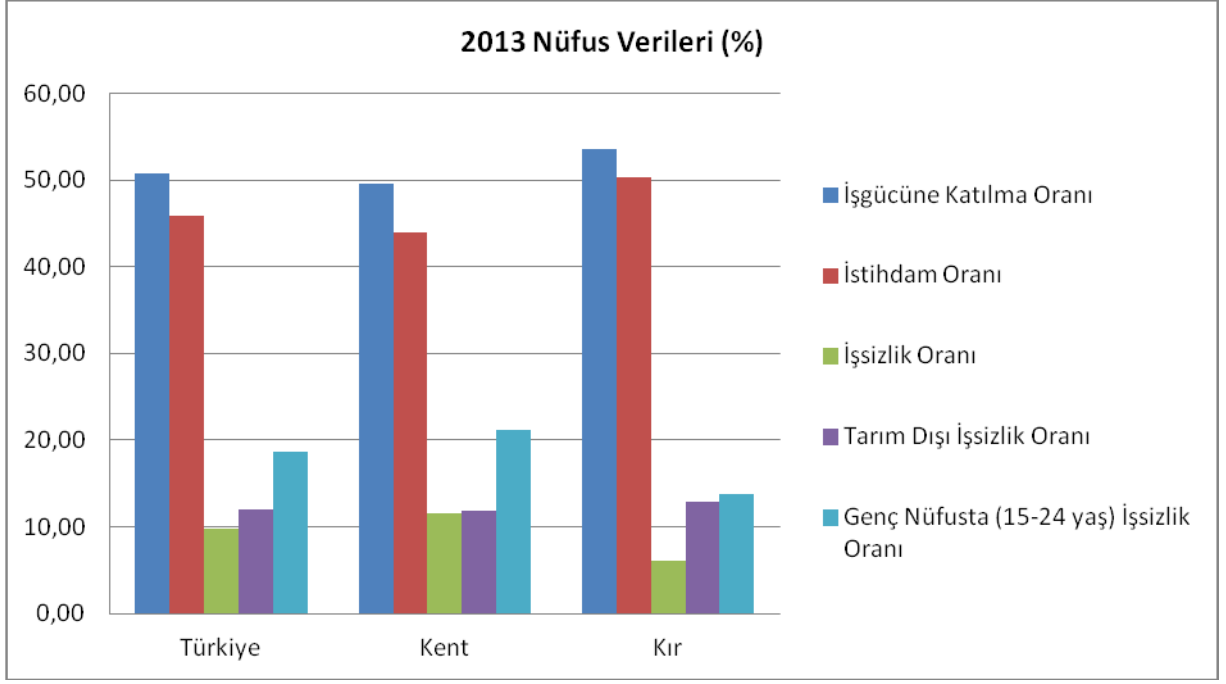
	TURKEY		CITY		COUNTRY	
	2012	2013	2012	2013	2012	2013
Non institutional Population (000)	73.504	74.457	50.397	50.885	23.207	23.572
Population of and above 15 years of age (000)	54.724	55.508	37.656	38.129	17.068	17.479
Labor force (000)	27.339	28.271	18.186	18.907	9.153	9.364
Employment (000)	24.821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

When the data relative to the years of 2012 and 2013 is evaluated, it can be observed that the population, labor force and employment are on the rise for Turkey in general, as well as the cities and the countryside. 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 countryside 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.



Furthermore, a second comparison is an evaluation of the 2013 year population specified in the table on the basis of city and countryside. Here, similarity of the Turkey-wide charts and the city charts in terms of distribution draws attention.



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

Economic Overview of Turkey

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

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

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

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

With these developments in the international markets, in the first quarter of 2014, the Turkish economy has continued to grow, especially private consumption, with the help of internal demand; afterwards, it has portrayed a slowing down above the expected levels in the second quarter. The

annual 4,7% growth rate in the first quarter dropped to 2,1% in the second quarter, resulting in a quarterly shrinkage for the first time since the first quarter of 2012, as well as a reduction of 0,5% in the economy, with comparison to the previous quarter.

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

BASIC ECONOMICAL INDICATORS					
	2011	2012	2013	2014*	2015*
Gross Domestic Product (GDP)	774 Million \$	785.7 Million \$	820 Million \$	-	
GDP per Capita	10,604 USD	10,666 USD	10,782 USD	-	
Growth	8,50%	2,20%	4,00%	3,50%	3,90%
Inflation	10,50%	6,20%	7,40%	8,50%	7,20%
Current Account Deficit	-77 Billion USD	-48 Billion USD	-65.1 Billion USD	-63 Billion USD	-65 Billion USD
Current Account Deficit/GDP	9,90%	6,30%	7,90%	6,00%	6,20%
Unemployment Rate	9,80%	9,20%	9,70%	9,90%	9,60%

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

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

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

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

General Status of the Real Estate Industry

The real estate sector considerably affected by the global financial crisis experienced all over the world in 2008 and 2009 years has again entered into the growth process, and a recovery in the commercial real estate AVM and office market, and also new initiatives in the housing market and significant developments in the loan use have started.

However, while it is worried that intensifying of the 2011-year economical crisis arisen in the countries of the European Union will reflect into the economical indicators in Turkey and this situation will have a negative impact on the real-estate sector, the dynamism in the real estate sector has also continued in 2011 and 2012 years.

Moreover, introduction of the Law on 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 and the Sale of Agricultural Lands Belonging to the State Treasury” which is commonly known as “Law 2B and the Law Regulating Sale of Property to Foreigners which is known as Reciprocity Law and the Law No. 6306 on Transformation of the Areas which are under the Risk of Disaster have positively influenced the real estate market.

However, the interests and exchange rate of TL-Dollar have started to increase in favor of Dollar since 2013, September due to the fact that USA Central Bank (FED) has been assumed to put an end to easy money policy, and the international funds have tended to decrease the funds in the developing countries. In the event that this situation continues, it is predicted that the interest rates to rise may have negative impacts on the real estate market in a medium term.

Information Regarding the Tourism Industry

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

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

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

Source: Turkish Hoteliers Federation (TUOFED) Tourism Report 2013

The revenue obtained in the Tourism industry, from the domestic and foreign tourists in the year of 2013, has increased 11,4%, thus reaching 32.3 billion dollars. The revenue obtained from foreign tourists in the year of 2013 has increased 13%, rising from 22.4 billion to 25.3 billion dollars. During the same time period, the revenue obtained from Turkish citizens living abroad and visiting the country has increased 6.4% and reached 6.7 billion dollars. (Source: *Mediterranean Touristic Hotels and Operators (AKTOB) Research Unit*) While Turkey has managed to be one of the 20 biggest

economies in the world (G20), it is ranked at number 6 among the leading 10 touristic destinations of the world in terms of number of the visitors.

According to the real estate report for the year of 2014, which Deloitte has prepared for Turkey, one interesting topic is the Tourism Strategy of the Ministry of Culture and Tourism for the year of 2023. The target visitor number is set for 63 million and the total planned revenue (from foreign visitors) is 86 billion dollars The aim is to enter the top 5.

Analysis of the Region Where the Real Estate is Situated

4.4.1 City of Gaziantep

Gaziantep is located at the junction of Mediterranean region and the Southeastern Anatolia Region, and is located between 36° 28' and 38° 01' east longitude and 36° 38' and 37° 32' the northern latitudes. Sanliurfa is located in the East of City, Osmaniye and Hatay is located in the west of City, Kahramanmaras is located in the north of City, Syria is located in the south of City, Adiyaman is located in the northeast of City and Kilis is located in the southwest of City. Gaziantep covers approximately 1% area of Turkey with 6,222 km² territory.

GENERAL INFORMATION ABOUT THE CITY

Population	1.844.438
Surface Area	6,222 km²
Order in terms of Surface Area	50
Population Density	296
Number of the Districts	9
Number of Municipality	23
Number of Villages	439
Number of Arable Land	206

POPULATION AND POPULATION DENSITY ACCORDING TO THE DISTRICTS

Name of the District	Area (Km ²)	Ratio to the Population in Gaziantep (%)	Population	Ratio to the Population in Gaziantep (%)	Population Density (Km ² /Person)
Şahinbey	960	15,43	817.258	44,3	828,42
Şehitkamil	768	12,34	693.901	37,62	875,21
Oğuzeli	617	9,92	29.620	1,6	46,75
Araban	534	8,58	32.310	1,75	60,1
İslahiye	821	13,2	66.170	3,58	80,62
Karkamış	341	5,48	10.832	0,58	31,05
Nizip	972,5	15,63	135.588	7,35	139,66
Nurdağı	725,5	11,66	37.620	2,04	51,53
Yavuzeli	483	7,76	21.347	1,15	43,89
Total of Cities	6.222	100	1.844.438	100	296,438
	Area (Km ²)	Ratio to the Surface Area in Country (%)	Population	Ratio to the Population in Country (%)	Population Density (Km ² /Person)
Gaziantep	6.222	0,8	1.844.438	2,4	296,438
Turkey	769.604		76.667.864		99,61

4.4.2 District of Şehitkamil

The territory in the North of the Alleben River and natural extensions of the City of Gaziantep as the center with the name of Şehitkamil, in accordance with the law No. 3398 on the establishment of two Districts of Şehitkamil and Şahinbey in the center of the City of Gaziantep, has been founded on 20.06.1987 and come into effect on 19/09/1988.

The District takes the name of "Şehitkamil" from "Mehmet Kamil" martyred during Gaziantep Defense while he was 14 years old.

The district is composed of 2 town, 71 villages and 22 hamlets from these villages.

Şehitkamil, located in the west of the Southeastern Anatolia Region, covers an area of 1,250 km². The climate of both regions is seen in the district between the Southeastern Anatolia and the Mediterranean regions. Winters are cold and rainy, and summers are hot and dry. Pazarcık is located in the North of District, Yavuzeli is located in the northeast of District, Nizip is located in the East of District, Oğuzeli is located in the southeast of District, Şahinbey is located in the south of District and District of Nurdağı is located in the west of District.

The Major elevations in the district; Sofdagi (1496 m), Dülük Baba (1250 m), Gureniz (1069 m) and Sam Mountains (1053 m). The most important one among runnels is Alleben River.

Population for the year 2013 is 693,901 according to the Results of Population Registration System based on Address for the year 2013.



4.4.3 Information Regarding the Tourism Industry in Gaziantep

Gaziantep has an important efficiency in terms of tourism with cultural and local wealth, cuisine culture, and being frontier town. The location of the region between Mesopotamia and the Mediterranean which is the birthplace of the first civilization, being one of the most ancient centers reflecting the culture of human communities in Anatolia, its location at the junction of ways to the east from the south and the Mediterranean, and to the north and west, and the historical Silk Road's passing through here has led to continuous protection for the importance and boom of the City.

A great number of mosques, madrasas, khans and baths were built and the city was also advanced for production, trade and handicrafts in Ottoman period.

Gaziantep is the Veterans city that; experiences past and future together with historical, touristic and natural beauties worth sight-seeing, remembrances of the War of Independence and Antep defense, its plateaus, plains, historical sites, delicious food, unique handicrafts, mosques, mausoleums, madrasas, Antep houses, khans, baths, castles, churches, baklava and nuts that it gives its name, its industry, diligence and friendly behavior of its people. The number of foreign tourists coming to Gaziantep is estimated to be around 107.353 and the number of domestic visitors is estimated to be around 254,563 according to data of The Ministry of Culture and Tourism for November 2014.

GAZIANTEP PROVINCIAL DIRECTORATE OF CULTURE AND TOURISM				
NUMBER AND DISTRIBUTION OF THE VISITORS COMING IN 2012-2014 YEARS				
	2012	2013	2014	2013/2014 YEAR COMPARISON

	NUMBER OF THE VISITORS	Share (%)	NUMBER OF THE VISITORS	Share (%)	NUMBER OF THE VISITORS	Share (%)	QUANTITATIVE CHANGE	PROPORTIONAL CHANGE (%)
Total Foreigner Visitors	48.327	16%	51.896	16%	107.353	30%	55.457	93,58%
Total Domestic Visitors	253.043	84%	267.985	84%	254.563	70%	-13.422	-5,01%
Grand Total	301.370	100%	319.881	100%	361.916	100%	42.035	13,14%

Source: Gaziantep Ministry of Culture and Tourism

City of Gaziantep Facility Type and Number			
Type/Class of the Facility	Number of the Facility	Number of the Rooms	Number of the Beds
5-Star	3	467	938
4-Star	9	892	1.810
3-Star	12	733	1.471
2-Star	8	315	581
SPECIAL ACCOMMODATION FACILITY	3	130	256
DETACHED APART HOTEL	1	48	120
ROOM BED CAPACITIES OF THE HOTELS WITH TOURISM BUSINESS CERTIFICATE FOR 2008-2013 YEARS			
YEARS	ROOMS	BEDS	TOTAL NUMBER OF THE HOTELS
2008	1.246	2.467	22 PCS.
2009	1.507	2.989	25 PCS.
2010	2.000	3.968	30 PCS.
2011	2.076	4.124	32 PCS.
2012	2.124	4.227	35 PCS.
2013	2.276	4.589	38 PCS.
2014	2.623	5.284	43 PCS.

Source: Gaziantep Directorate of Culture and Tourism

NAME OF THE HOTEL	STAR	TOTAL NUMBER OF THE ROOMS
Pamuk City Hotel	3 STAR	33
Kucuk Velic Hotel	3 YILDIZ	37
Hotel Kaleli	3 YILDIZ	100
Park Hotel	4 YILDIZ	72
Dedeman Park Gaziantep	4 YILDIZ	125
Safir Hotel	4 YILDIZ	90
BEST WESTERN Ravanda Hotel	4 YILDIZ	86
Met Gold Hotel	4 YILDIZ	84
Hotel Tilmen	4 YILDIZ	83

In these hotels under examination, prices of the rooms allocated especially for the companies vary between 30 Euro-65 Euro, as breakfast included.

5 INFORMATION REGARDING THE REAL ESTATE SUBJECT TO THE APPRAISAL

Information Regarding Place, Location and Neighborhood of the Real Estate

The real estate subject to this appraisal is located at the physical address of Yaprak Neighborhood, Istasyon Street, No. 80, Sehitkamil / Gaziantep. The City of Gaziantep is registered in the land office as the District of Sehitkamil, the Neighborhood of Yaprak, Plan Section no: 21L4C, Block no: 5020, Plot No:2. There are 2 hotels in service as 4-star Novotel and 3-star Ibis Hotel on the Plot.

Hotels are located in the city center and Hasan Ali Yücel High School, Kamil Ocak Stadium, Municipality of Sehitkamil and Gaziantep Museum are located in the immediate vicinity of hotels. In addition, Multiturkmall Gaziantep Forum Shopping Mall, which is in service as of appraisal date, is located in the parcel adjacent to the parcel of the said hotel and Gaziantep Chamber of Industry Services Building is located in the counter front of Istasyon Street that is real estate-fronted and Gaziantep Train Station is located in the immediate vicinity.

The area, where the plot of hotel subject to the appraisal is located, is very close to the city center having Governorship, Metropolitan Municipality, Revenue Office etc. public institutions and it is about 1 km walking distance. The Region has become more active with the service of Multiturkmall Gaziantep Forum Shopping Mall.

There is Royal Gaziantep Hotel on Kibris Street and Grand Hotel on Ali Fuat Cebesoy Street located in close proximity of the said hotel. Palmiye Hotel, which has been built as 4 stars and not been in service yet, is located on the same street.

Transportation to the hotels subject to the appraisal is easily provided by means of Mass Transportation and private vehicles.



Position of the Real Estate Subject to the Appraisal (Novotel and Ibis Hotel)

Land Register Information of the Real Estate

		Main Real Estate	Right of Construction
City	:	Gaziantep	Gaziantep
District	:	Şehitkamil	Şehitkamil
Neighborhood	:	Yaprak Neighborhood	Yaprak Neighborhood
Section No	:	21L4C	21L4C
Block No	:	5020	5020
Plot No	:	2	2
Surface Area	:	6,750.40 m ²	-
Owner	:	Gaziantep Metropolitan Municipality	Akfen Real Estate Investment Trust Inc.
Nature	:	12-Storeyed Concrete Hotel and Land with/without Restaurant	Right of Construction of the Real estate at Block No. 5020, Plot.2 for a duration of 30 years
Land Title Date	:	17.07.2007	17.07.2007
Journal No	:	16976	16976
Volume No	:	6	6
Page No	:	556	560

The real estate subject to the appraisal is registered at the Title Deeds Registry Office of the District of Şehitkamil in **Yaprak Neighborhood, volume no.6, page.556**. It is a "12-Storeyed Concrete Hotel and Land with/without Restaurant", and its owner is "Gaziantep Metropolitan Municipality".

The Independent and Permanent "Right of Construction" has been established on the real estate in favor of Akfen Real Estate Investment Trust Inc. and registered on page no. 560 of the same land register (**Pervane Neighborhood volume no.6, page. 560**). The title deed information on both pages is given in the table above and the liens on it are given below.

5.2.1 Investigation of the Land Registry of the Real Estate

The following restrictions are about the real estate subject to the appraisal according to the land register, presented in attachment, dated 25.11.2014, in the investigation carried out on the related pages of the land register dated 15.12.2014 and 19.12.2014 as of 15:00 in the Title Deeds Registry Office of District of Şehitkamil.

In Digit of the Servitude Rights (Pervane Neighborhood, Volume No. 6, Page. 556)

- The Independent and Permanent "Right of Easement" has been established in favor of Akfen Real Estate Investment Trust Inc. . (Surface Area: 6.750 m², date of commencement:17.07.2007, duration: 30 years) dated 17.07.2007 and journal no. 169976

In Digit of the Annotations (Pervane Neighborhood, Volume No. 6, Page. 560)

- *Lease Annotation in favor of Tamariz Tourism Inc. dated 25.09.2008 and journal no. 34188 against a value of 20.676.237 New Turkish Liras (Date of Commencement: 17.07.2007 Duration: 30 years)*

In Digit of the Securities(Pervane Neighborhood, Volume No. 6, Page. 560)

- *A-İ: A First Degree Security is available in favor of Türkiye İş Bankası Inc. and Turkey Industrial Development Inc. amounted to 150.000.000,00 EURO, with an annual rate of interest of 3,75% for a duration until declaration of the release, dated 14.10.2008 and journal no. 12982.*

The security in question is joint with the real estates specified below.

- *Kocasinan TM – Pervane Neighborhood 2420 Block, 9 Plot DHM (Date of Commencement: 20/08/2008, Duration: 49 years) Loan: 150.000.000,00 Euro (dated 16.10.2008 , journal no. 26140)*
- *Zeytinburnu TM – Zeytinburnu Neighborhood 774 Block, 55 Plot DHM (Date of Commencement: -, Duration: Indefinite) Loan: 150.000.000,00 Euro (dated 14.10.2008 , journal no. 12982)*
- *Sehitkamil TM – Pervane Neighborhood 5020 Block, 2 Plot DHM (Date of Commencement: 17/07/2007, Duration: 30 years) Loan: 150.000.000,00 Euro (dated 16.10.2008 , journal no. 35591)*
- *B-İ: A Second Degree Security amounted to 38.250.000,00 EUROS is available in favor of Türkiye İş Bankası Inc. with a 3- month Euribor+ 6.35% conventional variable interest of 6.35% for a duration until declaration of the release, dated 29.05.2014 and journal no. 6661.*

The security in question is joint with the real estates specified below.

- *Osmangazi TM – Altinova Neighborhood 3198 Block, 67 Plot DHM (Date of Commencement: 07/08/2008, Duration: 30 years) Loan: 38.250.000.00 EURO (dated 29.05.2014, journal no. 6661)*
- *Kocasinan TM – Pervane Neighborhood 2420 Block, 9 Plot DHM (Date of Commencement: 20/08/2008, Duration: 49 years) Loan: 38.250.000.00 EURO (dated 29.05.2014 , journal no. 6661)*
- *Zeytinburnu TM – Zeytinburnu Neighborhood 774 Block, 55 Plot DHM (Date of Commencement: -, Duration: Indefinite) Loan: 38.250,000.00 EURO (dated 29.05.2014 , journal no. 6661)*
- *Sehitkamil TM – Yaprak Neighborhood 5020 Block, 2 Plot DHM (Date of Commencement: 17/07/2007, Duration: 30 years) Loan: 38.250.000,00 Euro (dated 29.05.2014 , journal no. 6661)*

- Esenyurt TM – Yakuplu Neighborhood 404 Block, 39 Loan: 38.250,000.00 EURO (dated 29.05.2014 , journal no. 6661)
- Akyurt TM – Balikhisar – İmar Neighborhood 1843 Block, 5 Loan: 38.250.000,00 EURO (dated 29.05.2014 , journal no. 6661)
- Yomra TM – Kasustu / Cumhuriyet Neighborhood 209 Block, 12 Plot DHM (Date of Commencement: 27/02/2008, Duration: 49 years 00 month 00 day) Loan: 38.250.000.00 EURO (dated 29.05.2014 , journal no. 6661)
- Seyhan TM – Cinarli Neighborhood 585 Block, 2 Plot, Conn. No.1 Section Loan: 38.250,000.00 EURO (dated 29.05.2014 , journal no. 6661)
- Seyhan TM – Cinarli Neighborhood 585 Block, 2 Plot, Conn. No. 2 Section Loan: 38.250,000.00 EURO (dated 29.05.2014 , journal no. 6661)

The title deed restrictions are given in the attached report.

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

There has not been any change in the land registry of the real estate within the last three Years.

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

It has been seen that the real estate subject to the appraisal report has an Independent and Permanent "Right of Construction" in favor of AKFEN Real Estate Investment Trust Inc. for a duration of 30 years, and a rental annotation on the "Right of Construction" of the AKFEN Real Estate Investment Trust Inc. for a duration of 30 years, and a First Degree Joint Security amounted to 150.000.000 EUROS in favor of Türkiye İş Bankası Inc. and Turkey Industrial Development Bank Inc.

As noted in detail in section 5.2.1 again, there is 2nd degree joint security in the amount of 38.250.000 Euro for Türkiye İş Bankası Inc. on "Right of (Civil) Construction" of AKFEN Real Estate Investment Trust Inc.

The said securities in accordance with the letter dated 05.12.2014 of security owner Türkiye İş Bankası and Turkey Industrial Development Bank for Securities in households of Real Estate Security Rights is investment loans in the nature of the project financing allocated by Turkey Industrial Development Bank and Türkiye İş Bankası to be used to finance the construction of hotels that Accor SA shall operate under the agreement between Akfen Real Estate Investment Trust A.Ş and Accor SA. The letter dated 05.12.2014 for this case of Turkey İş Bankası and Turkey Industrial Development Bank is presented in the appendix of the report.

Security, pledge on the assets in the portfolio and other limited real rights may be allocated only for the financing of the transaction, or in order to provide credit for investments during the purchase of real estates of Real Estate Investment Partners, Real Estate projects and Rights based on Real Estate according to 1. Clause of 30. Article in Notification of Principles related to Real Estate Investment Partners published in official gazette dated 28.05.2013 of Capital Markets Board.

In accordance with the relevant articles of the said notification, securities on the real estate does not constitute an obstacle in taking the portfolio of Real Estate Investment Partners within the frame of capital market legislation.

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

There are no obstacles that prevent the "**Right of Construction**" on the plot subject to the appraisal from being included in the real estate investment trusts portfolio in accordance with Article 22 of the communiqué with regard to the change in the principles of the real estate investment trusts.

Inspection of the Zoning Information of the Real Estate

Current land registry status is as follows according to review done on 12.11.2014 in Directorate of Land Registry and Urbanization of Gaziantep Şehitkamil Municipality and the letter No. 51156386-310.05.02/33945 and dated 15.12.2014 of Directorate of Land Registry and Urbanization of Gaziantep Şehitkamil Municipality:

The real estate subject to the appraisal remains in the legend of the "Hotel Zone" under "Sehitkamil Implementation Land Registry Plan" with the registry date of 16.02.2007 and Scale of 1 /1000. The construction conditions are as follows;

Example 1.50- Hmax: Free. However, in accordance with Article 17 of Gaziantep Metropolitan Municipality zoning regulations; there is a phrase that "precedent can be increased as k: 1,20 in parcels larger than 5.000 m²". According to this article, it is Emax: 1.80. Traction distance: Front yard is 5,00 m.

Zoning status document is presented in the appendix.

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

Approved Architectural Project: There is an existing architectural project approved on 21.10.2008. Total enclosed area is 18.825,59 m² according to the project.

First Construction License: (new construction) there is a "Construction Permit" dated 01.08.2007 with the number of 2007-246, granted for the "hotel with restaurant or without a restaurant" with the total surface area of 18.825,59 m².

Additional Construction License: Additional construction permit with explanation of "it has been submitted for 2 interior door and addition and repair on basement floor" dated 21.10.2008 with the number of 2008-217.

Occupancy Permit: There is a "Occupancy Permit" dated 06.11.2009 with the number of 150, granted for the "hotel with restaurant or without a restaurant" with the total surface area of 18.825,59 m².

The documents abovementioned are given in the attached report.

Conforming to the inspections carried out on site, there are no differences found between the ongoing situation and the legal situation. The current structure is in compliance with the "Occupancy Permit" dated 06.11.2009, No. 150.

5.3.2 Building Inspection Institution and Maintenance

The real estate subject to this appraisal is liable to the Law Regarding Building Inspection dated 29.06.2001 with the number of 4708. As the plot subject to this appraisal is property of Gaziantep Metropolitan Municipality, Building Inspection built on that plot has been made by Gaziantep Metropolitan Municipality General Directorate of technical works.

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 Changes that Have Occurred within the Last Three Years

Pursuant to the information obtained from the Sehitkamil Municipality Zoning and Urbanism Directorate, it has been established that a change in the legal status of the real estate in the last three years is out of the question.

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, with regard to the real estate subject to the appraisal.

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

There are no changes in the structuring conditions and the current zoning status of the plot where the real estate subject to this appraisal is located. The buildings presently found on the plot have the required approved architectural project, construction permit and occupancy permit; therefore, there are no obstacles that prevent the real estate from being included in the Real Estate Investment Trust portfolio in terms of zoning information, 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”.

Physical Characteristics of the Real Estate

5.4.1 Structural Construction Characteristics of the Real Estate

The real estate subject to this appraisal is located in **the City of Gaziantep, District of Sehitkamil, Neighborhood of Yaprak, Block no: 5020, Plot no: 2, with a surface area of 6.750,00 m²** and it is a “12-Storeyed Concrete Hotel with/without Restaurant Building” real estate.

There is a construction built on the plot, in two blocks partially adjacent, as reinforced concrete building which is used as NOVOTEL and Ibis Hotel. This block used as NOVOTEL Hotel was built with a 2 basement + ground + 6 normal floors, and the block used as the IBIS Hotel was built with 2 basement + ground + 10 normal floors. According to the Istasyon Street towards the parcel has a facade, NOVOTEL section is positioned ahead by the IBIS Hotel section.

When the real estate subject to this appraisal is reviewed in two parts as NOVOTEL and IBIS Hotel, NOVOTEL is 4-stars and IBIS Hotel is 3-stars accommodation plant.

Total construction area is 18.825,59 m² in the architectural projects, construction permits and occupancy permits of the real estate subject to this appraisal. This area specified in the appraisal study has been taken as a basis due to the fact that the real estate was built in accordance with the approved architectural project.

Total construction area is 18,825.59 m². While Total construction area of NOVOTEL is 7.520,43 m², the construction area of IBIS hotel is 11.305,16 m². There are 92 rooms in NOVOTEL part and 177 rooms in IBIS hotel part.

According to the approved architectural project and the inspections performed on site, the building used as NOVOTEL has; 2nd basement floor composed of indoor parking area, 1st basement floor composed of administrative offices, kitchen, cold storage, boiler room, central heating, air conditioner handling units and rooms, staff dining hall, male / female WCs, laundry and storage, staff

dining hall, ground floor composed of reception, lobby, restaurant, bar, conference rooms and lobby area, fitness, kitchen, electrical rooms, server rooms, pool rooms, F & B office, male / female / disabled WCs, and 1st, 2nd, 3rd, 4th, 5th and 6th normal floors composed of hotel rooms.

NOVOTEL has 16 standard rooms on 1st normal floor and 6th normal floor, 1 suite and 14 standard rooms on 2nd, 3rd, 4th and 5th normal floors for a total of 15 rooms, and a total of 92 rooms on all floors. There is an outdoor swimming pool in backyard of Novotel that is accessible from the restaurant part.

Room types have been designed as standard rooms, standard rooms with bath, twin adjoinable twin rooms and rooms for the disabled customers. Size of the rooms according to their type; standard and standard rooms with bath is 23, 53 m², combinable twin rooms and rooms for the disabled are 23, 49 m²

IBIS Hotel has; 2nd basement floor composed of indoor parking area, water pump room, septic tank chamber, chemical waste storage room, electrical room, fuel tank room, 1st basement floor composed of generator room, main board and auxiliary board room, UPS room, transformer room, ground floor composed of reception, lobby, bar, breakfast room, kitchen, male / female WCs,

1. 1st normal floor composed of 12 standard rooms and administrative offices, 2nd to 7th normal floors composed of 18 standard rooms, 8th, 9th and 10th normal floors composed of 19 standard rooms in each floor for a total of 177 rooms.

Room types have been designed as standard room, adjoinable standard rooms and desk& bed rooms, adjoinable rooms for the disabled customers. Size of the rooms according to their type; standard rooms, adjoinable standard rooms and desk&bed rooms are 15, 79 m², combinable rooms for the disabled are 13, 97 m²

Floor Areas (m ²)	Novotel:	Ibis Hotel:
2 nd Basement Floor	1,643.86 m ²	2,471.18 m ²
1 st Basement Floor	1,598.70 m ²	2,403.28 m ²
Ground Floor	1.069,31 m ²	1.520,00 m ²
1. Normal Floor	534,76 m ²	517,87 m ²
2. Normal Floor	534,76 m ²	517,87 m ²
3. Normal Floor	534,76 m ²	517,87 m ²
4. Normal Floor	534,76 m ²	517,87 m ²
5. Normal Floor	534,76 m ²	517,87 m ²
6. Normal Floor	534,76 m ²	517,87 m ²
7. Normal Floor	-	517,87 m ²
8. Normal Floor	-	517,87 m ²
9. Normal Floor	-	517,87 m ²
10. Normal Floor	-	517,87 m ²
TOTAL	7.520,43 m²	11.305,16 m²

Interior Construction Characteristics of the Novotel and Ibis Hotel are as follows:

Interior Construction Characteristics of the Novotel and Ibis Hotel	
Total Area	According to the Architectural Project, Construction License and the Occupancy Permit Certificate and current status: 18,825.59 m ² (Novotel 7.520,43 m ² and Ibis Hotel 11.305,16 m ²)
Age	5
Construction Type:	Reinforced Concrete
Roofing System:	Terrace
Disposition	Partially Adjacent
Number of Floors	<u>Novotel:</u> 9 Storeyed (2 Basement Floors + Ground Floor + 6 Normal Floors) Ibis Hotel: 13 Storeyed (2 Basement Floors + Ground Floor + 10 Normal Floors)
Exterior Facade	The front and the rear facade are covered with glass, sinter flex in some places and the remaining areas are covered with special acrylic paint.
Electricity	City Grid
Heating system	Central Heating System
Water	City Grid
Sewerage	City Grid
Elevator	Available (2 pcs.)
Ventilation System	Available
Fire Escape	Available
Fire Extinguisher System	Available
Car Park	Available (Parking Garage)
Flooring	Wall to wall carpet, laminate parquet, ceramic
Walls	Satin paint, ceramic tile and wall paper
Joinery	Exterior Joineries are made of aluminum, while the
Ceilings	Suspended ceiling
Illumination	Wall lamps, chandeliers, lamp shades, spot lights and fluorescent luminaries
Roof Covering	Terrace roof
Facade	The front and the rear facade are covered with glass, sinter flex in some places and the remaining areas are covered with special acrylic paint.

The front and the rear facades of both Novotel and Ibis Hotel are covered with glass, sinter flex in some places and the remaining areas are covered with special acrylic paint. Lateral facades of the building have been painted with special acrylic paint. Entrances to the building are provided by large, big doors enclosed with a canopy. There is not a hotel room at the entrance (ground) floors for both

hotels. On the other hand, an area has been built as a service hall at the junction point of both buildings. There is a stairwell and 1 service elevator enabling transition inter-buildings and floors are available on that area.

5.4.2 Inspections Performed Within the Premises of the Real Estate

- Novotel and Ibis Hotel are structures built as partially adjacent and operating as two separate hotels.
- Novotel is totally 9 Storeyed (2 Basement Floors + Ground Floor + 6 Normal Floors). Ibis Hotel is totally 13 Storeyed (2 Basement Floors + Ground Floor + 10 Normal Floors).
- The Hotels are located in a central position close to the main arteries and state institutions and organizations. The transportation is easily provided.
- Inside the Ibis Hotel, there are customer and service elevators, fire alarm and extinguishing systems, air conditioning with the heating and cooling systems.
- Parking garage, kitchen, conference rooms, cold storage, heating / cooling systems, septic tank, generator, staff dining halls and security services are shared areas for both hotels.
- The sides of the plot is surrounded by concrete wall with wire mesh and with a height of 1.00 m and 1.50 m.
- Areas of plot outside the building session are partially concrete, partially cross stone and partially covered with asphalt.
- Other external and miscellaneous works determined on the site and included within the appraisal are; swimming pool, landscape work, concrete walls. External and miscallenous works have been added as an additional cost into the calculations made in the cost approach analysis.
- Guests' entrance to facilities is provided from separate doors on the ground floor. In addition to this, departments are built through service department at the junction of two buildings to provide the officer to pass both buildings from each floor.

6 FACTORS AFFECTING AND DETERMINING THE VALUE OF THE REAL ESTATE

Factors that Limit or Negatively Affect the Appraisal Process

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

Swot Analysis

Strengths

- The Owner is Gaziantep Metropolitan Municipality and there is "Right of (easement) Construction" in favor of a permanent and independent nature for AKFEN Real Estate Investment Trust Inc. on the real estate for 30 years.
- It has been registered at a separate page of the land registry book of the "Right of Construction (Easement)" that is valid until the year of 2037 .
- The hotel has high recognition and marketing capacity due to its location.
- The Facility is located in the city center and at the intersection of the main arterial roads and has a variety of access and transportation options
- There is a parking garage.
- Gaziantep is one of Turkey's developed cities in terms of industry and trade.
- Its tenant is hotels which operates under the name of two different brands (NOVOTEL and IBIS HOTEL) of the Accor hotel group operating all over the world and 30-year rental agreement (during the entire right of construction) has been annotated to land register.

Weaknesses

- Although Gaziantep is one of Turkey's developed cities in terms of industry and trade, it is the City facing with intensive migration and irregular urbanization in terms of city planning.

Opportunities

- The City of Gaziantep is facing with intensive migration from both domestic and neighboring countries such as Syria and Iraq which are still experiencing inner disturbances. This situation may be considered as an opportunity for hotels in terms of accommodation as well as negative impact.
- There is no newly built with the similar concept and 3 and 4 stars city hotels operating under a specific brand name in the immediate vicinity of the real estate subject to the appraisal.

Threats

- Palmiye Hotel built as 4 stars and completed to a great extent shall be in service at a very close (~700-800 m.) distance from the real estate subject to the appraisal.
- Although Gaziantep Forum Shopping Mall located as adjacent to hotels and brought into service last year increases activity in the region, it may bring a discount in other revenues

except for room revenues (especially food and beverage revenues) in case people stay in hotels meet their needs from Gaziantep Forum Shopping Mall.

- Economical changes in terms of local and global manner directly affect the real estate sector, too. This situation possibly hinders the investments planned to be made for that region.

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.

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

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 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 land with a similar nature and structuring conditions to that of the real estate subject to the appraisal have been found. The exemplary lands that are still for sale have been provided in the chart below:

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

EXAMPLE	Location	Characteristics	Surface Area (m ²)	Price (TL)	Price m ² (TL)	Source
Example 1	Şehitkamil Ali Fuat Cebesoy Street, Near Palmiye Hotel	Commercial Land	4,000 m ²	15.000.000	3.750 TL	TURYAP G.ANTEP REPRESENTATIVE MEHMET ALİ GÜLEÇ 0342 215 15 83 0532 613 89 97
Example 2	Fronted to Ipekyol	Commercial Land	2,387 m ²	9.550.000	4.000 TL	
Example 3	Fronted to Ipekyol	Hotel Land	2,326 m ²	9.300.000	4.000 TL	
Example 4	Fronted to Gazi Muhtar Pasa Avenue, at the cross opposite of Anatolian Hotel, at the end of the road before arriving Dunya Goz Hastanesi.	Commercial Land	5,300 m ²	30.000.000	5.660 TL	REALTY WORLD GAZİŞEHİR 0342 341 88 66 0533 168 75 00
Example 5	Şehitkamil-Aydınlar Neighborhood	Commercial Land	2,092 m ²	2.196.000	1.050 TL	
Example 6	Fronted to Gazi Muhtar Pasa Avenue, Corner Parcel	Hotel Land, within a 5 meters of back pull at the front and lateral façade, H: 18,50	726 m ²	5.800.000	8.000 TL	EZOĞELİN EMLAK 0342 360 32 32
Example 7	Şehitkamil-Aydınlar Neighborhood On the Bus Terminal Road, corner parcel	Commercial Land	3,350 m ²	5.862.000	1.675 TL	MEKAN EMLAK 0342 321 83 00 0532 377 86 36

A correction chart has been created over the examples with similar qualities and final appraisal has been carried out.

LAND EXAMPLES EVALUATION TABLE

	Example 1		Example 2		Example 3	
Area (m ²)	4.000	m ²	2.387	m ²	2.326	m ²
Demanded difference (TL)	15.000.000		9.550.000		9.300.000	
Bargain Price (TL)	12.750.000		8.117.500		7.905.000	
Location Correction (+-%)	5%		10%		10%	
Surface Area Correction (+-%)	0%		0%		0%	
Zoning Status Correction (+-%)	0%		0%		0%	
Corrected Price per Unit	3028	TL/m ²	3061	TL/m ²	3059	TL/m ²
Example Average	3.049					

Central Bank of Turkey's Foreign Currency Sale Rates on the date of 30.12.2014 EURO: 2,8207

TL

- Possible bargain rates, purchase sale expenses and real estate agent commissions on the sale prices of the properties that are for sale have been taken into consideration.
- As a result of the surveys performed, it has been noted that the zoned land stock as "Tourism Facility Land" in the same area with the real estate subject to the appraisal is considerably limited and there are no concrete land examples that can compare to the plot subject to the appraisal. Consequently, from the research and interviews carried out in the area, the appraisal with regard to the plot has been conducted by taking into account the above provided examples and the total price of the property has been estimated to be **3.000.-TL/m²**.
- 1/3 of the unit price per m2 of the land value has been determined as bare ownership and 2/3 as the right of construction.
- The total lease right for the duration of 30 years has been calculated by comparing the remaining the right of construction, on the date that this report was prepared, to the total duration time and determining the price per m2 of the right of construction.

Price per Unit Land Value of the Remaining Time for the Right of Construction*	1.503 TL
Size of the Land	6,750.0 m ²
Unit Land Value (TL)	10.143.000 TL
Total Land Value (Euro)	3.595.916 €
Unit Land Value	3.000 TL
Right of Construction Value Rate	2/3
Remaining Time for Right of Construction (YEARS)	22,54
Price per Unit Land Value of the Remaining Time for the Right of Construction*	1.503 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 for 49 years is calculated in order to determine the current unit value of the land for the right of construction	
Time Coefficient Remaining from the Right of Construction	= (Date of Report- Right of Construction Date)/ 30 years
Price per Unit Land Value of the Remaining Time for the Right of Construction	=(Unit Land Value x The coefficient of the right of construction for 30 years x The remaining time from the right of construction x 30 years)
Price per Unit Land Value of the Remaining Time for the Right of Construction	=(3.000 TL x 2/3 x 22,54 / 30)

Professional Opinion of the Appraiser:

Taking into account the factors relative to the real estate subject to the appraisal, such as its location, the area of the plot, zoning status with tourism facility, formation of its vicinity, existence of the hotel building on the plot that are operational and bring in revenue, possessing all the required legal permits and classifications, legal status and the prices of the surrounding real estate examples, the land unit sale value has been estimated to be **3.000 TL/m2**.

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.

COST TABLE (LAND+BUILDING)

ENCLOSED AREAS				UNIT COSTS (EURO)(*)			AMORTIZED TOTAL COST (EURO) (**)
FLOOR AREAS (m ²)	NOVOTEL	IBIS HOTEL	TOTAL CONSTRUCTION AREA (m2)	NOVOTEL UNIT M2 COST (€)	IBIS HOTEL UNIT M2 COST (€)	TOTAL COST (€)	RATE OF AMORTIZATION
2 nd Basement Floor	1.643,86	2.471,18	4.115,04	250	250	1.028.760	987.610
1 st Basement Floor	1.598,70	2.403,28	4.001,98	500	500	2.000.990	1.920.950
Ground Floor	1.069,31	1.252,00	2.321,31	1.200	1.100	2.660.372	2.553.957
1. Normal Floor	534,76	517,87	1.052,63	1.200	1.100	1.211.369	1.162.914
2. Normal Floor	534,76	517,87	1.052,63	1.200	1.100	1.211.369	1.162.914
3. Normal Floor	534,76	517,87	1.052,63	1.200	1.100	1.211.369	1.162.914
4. Normal Floor	534,76	517,87	1.052,63	1.200	1.100	1.211.369	1.162.914
5. Normal Floor	534,76	517,87	1.052,63	1.200	1.100	1.211.369	1.162.914
6. Normal Floor	534,76	517,87	1.052,63	1.200	1.100	1.211.369	1.162.914
7. Normal Floor	-	517,87	517,87	1.200	1.100	569.657	546.871
8. Normal Floor	-	517,87	517,87	1.200	1.100	569.657	546.871
9. Normal Floor	-	517,87	517,87	1.200	1.100	569.657	546.871
10. Normal Floor	-	517,87	517,87	1.200	1.100	569.657	546.871
TOTAL CONST. COST	7.520,43	11.305,16	18.825,59			15.236.964	14.627.485
External Miscellaneous Works (***) (€)							300.000
TOTAL STRUCTURE VALUE							14.927.485
LAND VALUE							3.595.916
TOTAL VALUE							18.523.000

() 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 06.11.2009. The appraisal has been conducted by taking into consideration the age and physical status of the real estate.*

() Costs for the wire fences over the swimming pool, concrete wall, open area landscaping etc, have been roughly estimated.***

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. NOVOTEL and IBIS HOTEL revenue projections have been individually shown.

NOVOTEL PROJECTION:

- NOVOTEL comprises of 92 rooms.
- It has been estimated that the occupancy rate of the hotel will be 75% in the year of 2015 and that this rate will increase each year until 2018, and reach to 80% in the year of 2018 and it will be operated with this occupancy rate of 80% in the following years.
- It has been assumed that the hotel will be operating 365 days a year.
- The hotel prices have been calculated based on the room-breakfast system. Taking into account the performance of the hotel in the previous year, along with the surveys performed in regard to the tourism industry in the area, it has been estimated that the average price for a room will be 58 EURO, in the year of 2015. Moreover, it has been anticipated that this price will increase annually at the rate of 5% until 2019 year and (2,5%) in the following years as based on the inflation in the Euro Zone.
- It has been assumed that workplace rental, meeting hall rental, wellness center, restaurant expenditures and extra costs etc. will be specified in items of other revenues. Considering the performance of the facility, it has been assumed that the room revenues will constitute 61% of the total revenue, whereas 39% of the other revenues.
- The gross operating profit has been calculated by subtracting the department and operating expenses from the total revenues. It has been determined that the Gross Operating Profit (GOP) in the hotel will be of 37% in the year of 2015 and also increase to 38% as of 2018 and this rate will remain to be stable in the following years

NOVOTEL Business Revenue

CASH FLOW DISCOUNT TABLE

Name of Hotel	GAZIANTEP NOVOTEL		Total Number of Rooms											
Land Area (m2)	6750 m2		Number of Seasonal Rooms											
Total Construction Area (m2)	7520,43 m2		Long Term Growth Rate											
Year	0	1	2	3	4	5	6	7	8	9	10	11	12	
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	
REVENUES														
ROOMS REVENUES														
Annual Average Occupancy, %	75%	77%	78%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	
Average Room Price, EUR	58	61	64	67	70	72	74	76	78	80	82	84		
Total Room Revenues	1.460.730	1.564.442	1.675.517	1.794.479	1.884.203	1.931.308	1.979.591	2.029.080	2.079.807	2.131.803	2.185.098	2.239.725		
DEPARTMENT REVENUES														
Total Department Revenues	921.936	987.394	1.057.499	1.132.581	1.189.210	1.218.940	1.249.414	1.280.649	1.312.665	1.345.482	1.379.119	1.413.597		
TOTAL REVENUES	2.382.666	2.551.835	2.733.016	2.927.060	3.073.413	3.150.248	3.229.004	3.309.730	3.392.473	3.477.285	3.564.217	3.653.322		
EXPENSES														
DEPARTMENT EXPENSES														
Total Department Expenses	1.085.670	1.162.752	1.245.308	1.333.724	1.400.411	1.435.421	1.471.306	1.508.089	1.545.791	1.584.436	1.624.047	1.664.648		
Net Department Revenues	1.296.997	1.389.083	1.487.708	1.593.335	1.673.002	1.714.827	1.757.698	1.801.640	1.846.681	1.892.848	1.940.170	1.988.674		
OPERATING EXPENSES														
General Management Expenses	190.613	204.147	218.641	234.165	245.873	252.020	258.320	264.778	271.398	278.183	285.137	292.266		
Marketing	35.740	38.278	40.995	43.906	46.101	47.254	48.435	49.646	50.887	52.159	53.463	54.800		
Energy	190.613	204.147	218.641	204.894	215.139	220.517	226.030	231.681	237.473	243.410	249.495	255.733		
Total Operating Expenses	416.967	446.571	478.278	482.965	507.113	519.791	532.786	546.105	559.758	573.752	588.096	602.798		
GROSS OPERATING PROFIT	880.030	942.512	1.009.430	1.110.371	1.165.889	1.195.036	1.224.912	1.255.535	1.286.923	1.319.097	1.352.074	1.385.876		

CASH FLOW DISCOUNT TABLE

Name of Hotel

Land Area (m2)

Total Construction Area (m2)

Year	13	14	15	16	17	18	19	20	21
Date	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

REVENUES

ROOMS REVENUES

Annual Average Occupancy, %	80%	80%	80%	80%	80%	80%	80%	80%	80%
Average Room Price, EUR	86	88	90	93	95	97	100	102	105
Total Room Revenues	2.295.718	2.353.111	2.411.939	2.472.237	2.534.043	2.597.394	2.662.329	2.728.888	2.797.110

DEPARTMENT REVENUES

Total Department Revenues	1.448.937	1.485.160	1.522.289	1.560.347	1.599.355	1.639.339	1.680.323	1.722.331	1.765.389
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TOTAL REVENUES

3.744.655	3.838.272	3.934.228	4.032.584	4.133.399	4.236.734	4.342.652	4.451.218	4.562.499
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EXPENSES

DEPARTMENT EXPENSES

Total Department Expenses	1.706.264	1.748.921	1.792.644	1.837.460	1.883.397	1.930.481	1.978.744	2.028.212	2.078.917
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IBIS HOTEL PROJECTION:

- The hotel subject to the appraisal has a capacity for 177 rooms.
- It has been estimated that the occupancy rate of the hotel will be 74% in the year of 2015 and that this rate will increase each year until 2019, and reach to 80% in the year of 2019 and it will be operated with this occupancy rate of 80% in the following years.
- It has been assumed that the hotel will be operating 365 days a year.
- The hotel prices have been calculated based on the room-breakfast system. Taking into account the performance of the hotel in the previous year, along with the surveys performed in regard to the tourism industry in the area, it has been estimated that the average price for a room will be 38 EURO, in the year of 2015. Moreover, it has been anticipated that this price will increase annually at the rate of 5% until 2020 year and (2,5%) in the following years as based on the inflation in the Euro Zone.
- It has been assumed that restaurant expenditures and extra costs etc. will be specified in items of other revenues. Considering the performance of the facility, it has been assumed that the room revenues will constitute 82% of the total revenue, whereas 18% of the other revenues.
- The gross operating profit has been calculated by subtracting the department and operating expenses from the total revenues. It has been determined that the Gross Operating Profit (GOP) in the hotel will be of 47% in the year of 2015 and increase to 49% also remain to be stabile in the following years.

Ibis Hotel Business Revenue

Total Construction Area (m2)	Long Term Growth Rate											
Year	1	2	3	4	5	6	7	8	9	10	11	12
Date	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
REVENUES												
ROOMS REVENUES												
Annual Average Occupancy, %	74%	75%	77%	79%	80%	80%	80%	80%	80%	80%	80%	80%
Average Room Price, EUR	38	40	42	44	46	47	49	50	51	52	54	55
Total Room Revenues	1.816.693	1.945.678	2.083.821	2.231.772	2.390.228	2.449.984	2.511.233	2.574.014	2.638.364	2.704.324	2.771.932	2.841.230
DEPARTMENT REVENUES												
Total Department Revenues	398.786	427.100	457.424	489.901	524.684	537.801	551.246	565.027	579.153	593.632	608.473	623.685
TOTAL REVENUES	2.215.479	2.372.778	2.541.245	2.721.673	2.914.912	2.987.785	3.062.480	3.139.042	3.217.518	3.297.956	3.380.404	3.464.915
EXPENSES												
DEPARTMENT EXPENSES												
Total Department Expenses	835.180	894.478	957.986	1.026.003	1.098.849	1.126.320	1.154.478	1.183.340	1.212.924	1.243.247	1.274.328	1.306.186
Net Department Revenues	1.380.299	1.478.300	1.583.259	1.695.671	1.816.063	1.861.465	1.908.001	1.955.701	2.004.594	2.054.709	2.106.077	2.158.728
OPERATING EXPENSES												
General Management Expenses	155.084	166.094	177.887	190.517	204.044	209.145	214.374	219.733	225.226	230.857	236.628	242.544
Marketing	33.232	35.592	38.119	40.825	43.724	44.817	45.937	47.086	48.263	49.469	50.706	51.974
Energy	155.084	166.094	177.887	136.084	145.746	149.389	153.124	156.952	160.876	164.898	169.020	173.246
Total Operating Expenses	343.399	367.781	393.893	367.426	393.513	403.351	413.435	423.771	434.365	445.224	456.355	467.763
GROSS OPERATING PROFIT	1.036.899	1.110.519	1.189.366	1.328.245	1.422.550	1.458.114	1.494.567	1.531.931	1.570.229	1.609.485	1.649.722	1.690.965

Total Construction Area (m2)

Year	13	14	15	16	17	18	19	20	21	22	23
Date	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	17-07-2037

REVENUES											
ROOMS REVENUES											
Annual Average Occupancy, %	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%
Average Room Price, EUR	86	88	90	93	95	97	100	102	105	107	110
Total Room Revenues	2.295.718	2.353.111	2.411.939	2.472.237	2.534.043	2.597.394	2.662.329	2.728.888	2.797.110	2.867.037	1.714.249
DEPARTMENT REVENUES											
Total Department Revenues	1.448.937	1.485.160	1.522.289	1.560.347	1.599.355	1.639.339	1.680.323	1.722.331	1.765.389	1.809.524	1.081.944
TOTAL REVENUES	3.744.655	3.838.272	3.934.228	4.032.584	4.133.399	4.236.734	4.342.652	4.451.218	4.562.499	4.676.561	2.796.194

EXPENSES											
DEPARTMENT EXPENSES											
Total Department Expenses	1.706.264	1.748.921	1.792.644	1.837.460	1.883.397	1.930.481	1.978.744	2.028.212	2.078.917	2.130.890	1.274.095
Net Department Revenues	2.038.391	2.089.351	2.141.584	2.195.124	2.250.002	2.306.252	2.363.908	2.423.006	2.483.581	2.545.671	1.522.099

General Assumptions (For NOVOTEL and IBIS HOTEL)

- It has been assumed that the real estate tax will be jointly paid for both hotels.
- 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 21.193 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.
- Furniture Fixture Renovation Reserve has been obtained by reason of the agreements executed with ACCOR. Accordingly, it has been determined that the rate will consist of 1,5% of the annual gross revenue.
- The annually paid Right of Construction value (land) has been accepted in accordance with the right of construction agreement signed between AKFEN Real Estate Investment Trust Inc. and Gaziantep Metropolitan Municipality.
- The first 5-year usage fee from the business period (January 2010) Annual "Right of Construction" amount shall be paid in a single sum. This usage fee shall be increased at a rate of 5% for the following second five-year; and 10% from the 11th Year (included) to the 20th (included) year and 10% within the remaining period as of 21st (included) year, compared to the previous periods. These values have been determined according to the lease agreement executed by and between Akfen Real Estate Investment Trust Inc. and Gaziantep Metropolitan Municipality.
- Term of the agreement can be extended by a new agreement to be agreed by the parties upon demand by the Akfen Real Estate Investment Trust A.Ş and approval by the administration after its expiry.
- 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.)
- Discount rate has been determined as 9% in the Projection.
- In the course of the studies, the exchange rate for 1 EURO has been acknowledged at 2,8207 TL, in accordance with the 31.12.2014 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.

Novotel and Ibis Hotel Net Business Revenue

Year	0	1	2	3	4	5	6	7	8	9	10	11	12
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
NOVOTEL TOTAL REVENUE (Euro)		2.382.666	2.551.835	2.733.016	2.927.060	3.073.413	3.150.248	3.229.004	3.309.730	3.392.473	3.477.285	3.564.217	3.653.322
IBIS HOTEL TOTAL REVENUE (Euro)		2.215.479	2.372.778	2.541.245	2.721.673	2.914.912	2.987.785	3.062.480	3.139.042	3.217.518	3.297.956	3.380.404	3.464.915
NOVOTEL GROSS OPERATING REVENUE (Euro)		880.030	942.512	1.009.430	1.110.371	1.165.889	1.195.036	1.224.912	1.255.535	1.286.923	1.319.097	1.352.074	1.385.876
IBIS HOTEL GROSS OPERATING REVENUE (Euro)		1.036.899	1.110.519	1.189.366	1.328.245	1.422.550	1.458.114	1.494.567	1.531.931	1.570.229	1.609.485	1.649.722	1.690.965
FIXED EXPENSES		160.743	165.641	170.885	183.560	188.654	190.900	193.201	195.561	197.979	200.458	202.998	205.603
Real estate tax													
Insurance		21.193	21.193	21.193	21.193	21.193	21.193	21.193	21.193	21.193	21.193	21.193	21.193
Furniture, Fixture and Renovation Reserve		68.972	73.869	79.114	84.731	89.825	92.070	94.372	96.732	99.150	101.629	104.169	106.774
Annual Right of Construction Price (\$)		87.518	87.518	87.518	96.269	96.269	96.269	96.269	96.269	96.269	96.269	96.269	96.269
Annual Right of Construction Price (Euro)		70.579	70.579	70.579	77.636	77.636	77.636	77.636	77.636	77.636	77.636	77.636	77.636
HOTELS TOTAL NET OPERATING REVENUE		1.756.186	1.887.391	2.027.911	2.255.055	2.399.785	2.462.250	2.526.277	2.591.905	2.659.173	2.728.124	2.798.797	2.871.238

Year	13	14	15	16	17	18	19	20	21	22	23
Date	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	17.07.2037
NOVOTEL TOTAL REVENUE (Euro)	3.744.655	3.838.272	3.934.228	4.032.584	4.133.399	4.236.734	4.342.652	4.451.218	4.562.499	4.676.561	2.796.194
IBIS HOTEL TOTAL REVENUE (Euro)	3.551.537	3.640.326	3.731.334	3.824.617	3.920.233	4.018.239	4.118.695	4.221.662	4.327.204	4.435.384	2.651.990
NOVOTEL GROSS OPERATING REVENUE (Euro)	1.420.523	1.456.036	1.492.437	1.529.748	1.567.991	1.607.191	1.647.371	1.688.555	1.730.769	1.774.038	1.060.727
IBIS HOTEL GROSS OPERATING REVENUE (Euro)	1.733.239	1.776.570	1.820.984	1.866.509	1.913.172	1.961.001	2.010.026	2.060.277	2.111.784	2.164.578	1.294.237
FIXED EXPENSES	208.272	218.772	221.576	224.451	227.397	230.417	233.513	236.686	239.938	243.272	188.316
Real estate tax											
Insurance	21.193	21.193	21.193	21.193	21.193	21.193	21.193	21.193	21.193	21.193	21.193
Furniture, Fixture and Renovation Reserve	109.443	112.179	114.983	117.858	120.804	123.825	126.920	130.093	133.346	136.679	81.723
Annual Right of Construction Price (\$)	96.269	105.896	105.896	105.896	105.896	105.896	105.896	105.896	105.896	105.896	105.896
Annual Right of Construction Price (Euro)	77.636	85.400	85.400	85.400	85.400	85.400	85.400	85.400	85.400	85.400	85.400
HOTELS TOTAL NET OPERATING REVENUE	2.945.490	3.013.834	3.091.845	3.171.806	3.253.766	3.337.775	3.423.884	3.512.146	3.602.614	3.695.344	2.166.649

Novotel and Ibis Hotel Net Business Revenue

Dates	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
HOTELS TOTAL GROSS OPERATING REVENUE	0	4.598.145	4.924.613	5.274.261	5.648.733	5.988.325	6.138.033	6.291.484	6.448.771	6.609.990	6.775.240	6.944.621	7.118.237
HOTELS TOTAL NET OPERATING REVENUE	0	1.756.186	1.887.391	2.027.911	2.255.055	2.399.785	2.462.250	2.526.277	2.591.905	2.659.173	2.728.124	2.798.797	2.871.238

Dates	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	17.07.2037
HOTELS TOTAL GROSS OPERATING REVENUE	7.296.193	7.478.597	7.665.562	7.857.201	8.053.631	8.254.972	8.461.347	8.672.880	8.889.702	9.111.945	5.448.184
HOTELS TOTAL NET OPERATING REVENUE	2.945.490	3.013.834	3.091.845	3.171.806	3.253.766	3.337.775	3.423.884	3.512.146	3.602.614	3.695.344	2.166.649

Risk Free Revenue Rate	3,10%	3,10%	3,10%
Risk Premium	5,40%	5,90%	6,40%
Discount Rate	8,50%	9,00%	9,50%
NET CURRENT VALUE (Euro)	25.360.823	24.259.227	23.228.700
NET APPROXIMATE CURRENT VALUE (Euro)	25.360.000	24.260.000	23.230.000
NET APPROXIMATE CURRENT VALUE (TL)	71.532.952	68.430.182	65.524.861

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.;

- *The Accor Group shall pay the rental amount that must be paid each year for the hotel of which appraisal study has been completed and the right of construction is in the ownership of Akfen Real Estate Investment Trust A.Ş; more than twenty-two percent (22%) of the gross revenue (VAT excluded) for the Novotel, twenty-five percent (25%) for the Ibis Hotel and seventy percent (70%) of the Adjusted Gross Operating Profit (AGOP) in 2015. The Adjusted Gross Operating Profit (AGOP) has been calculated as 72,5% as of the 2016 year depending on the agreement terms.*
- **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 Right of Construction on the hotel subject to the appraisal study is owned by Akfen Real Estate Investment Trust Inc. and managed by the international hotel operating company ACCOR Group. In the appraisal study, it has been assumed that the hotel will be operated within the terms of the current concept, in the course of the duration of the “Right of Construction”.
- It has been assumed that the facility will be operating 365 days a year.
- The renovation expenses, which will be met by the investor for the lease of the hotel, have been based on the ratio of 5% of the renovation expenses calculated in the lease alternative. It has been assumed that the renovation expenses shall be met by the Lessee.
- It has been assumed that the real estate tax will be jointly paid for both hotels.
- 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 21.193 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 30 years. It has been assumed that

the risk premiums in obtaining the lease revenue will be low for Akfen Real Estate Investment Trust Inc. and therefore, it has been calculated accordingly. The discount rate has been estimated at 7% by adding a 3,90% "Risk Premium" to the 3,10% to the Risk Free Revenue.

- In the course of the studies, the exchange rate for 1 EURO has been acknowledged at 2,8207 TL, in accordance with the 31.12.2014 dated buying rate exchange of the Central Bank of Turkey
- Throughout the course of the studies, the Euro Zone inflation rate of 2,5% has been employed as the inflation rate.
- Within the scope of the International Valuation Standards (IVSC), taxes and VAT have not been included in the studies.

Akfen Total Lease Revenue

Year Date	0 31.12.2014	1 31.12.2015	2 31.12.2016	3 31.12.2017	4 31.12.2018	5 31.12.2019	6 31.12.2020	7 31.12.2021	8 31.12.2022	9 31.12.2023	10 31.12.2024	11 31.12.2025	12 31.12.2026
AKFEN OBTAINED LEASE													
NOVOTEL LEASE REVENUE ON TOTAL REVENUE		524.187	561.404	601.263	643.953	676.151	693.055	710.381	728.140	746.344	765.003	784.128	803.731
Operator's share		95.307	102.073	109.321	117.082	122.937	126.010	129.160	132.389	135.699	139.091	142.569	146.133
Furniture, fixture and renovation reserve		95.307	102.073	109.321	117.082	122.937	126.010	129.160	132.389	135.699	139.091	142.569	146.133
Total Novotel AGOP		482.592	535.315	573.322	635.249	667.012	683.687	700.779	718.299	736.256	754.662	773.529	792.867
USED NOVOTEL HOTEL LEASE REVENUE		524.187	561.404	601.263	643.953	676.151	693.055	710.381	728.140	746.344	765.003	784.128	803.731
IBIS HOTEL LEASE REVENUE ON TOTAL REVENUE													
Operator's share		88.619	94.911	101.650	108.867	116.596	119.511	122.499	125.562	128.701	131.918	135.216	138.597
Furniture, fixture and renovation reserve		88.619	94.911	101.650	108.867	116.596	119.511	122.499	125.562	128.701	131.918	135.216	138.597
Toplam Novotel AGOP		601.763	667.505	714.898	805.120	862.284	883.841	905.937	928.585	951.800	975.595	999.985	1.024.985
USED IBIS HOTEL LEASE REVENUE		601.763	667.505	714.898	805.120	862.284	883.841	905.937	928.585	951.800	975.595	999.985	1.024.985
USED TOTAL HOTEL LEASE REVENUE													
		1.125.949	1.228.909	1.316.162	1.449.073	1.538.435	1.576.896	1.616.318	1.656.726	1.698.144	1.740.598	1.784.113	1.828.715
Real estate tax													
Insurance		21.193	21.193	21.193	21.193	21.193	21.193	21.193	21.193	21.193	21.193	21.193	21.193
Furniture, fixture and renovation reserve (%5)		9.196	9.849	10.549	11.297	11.977	12.276	12.583	12.898	13.220	13.550	13.889	14.236
Annual Right of Construction Price		70.579	70.579	70.579	77.636	77.636	77.636	77.636	77.636	77.636	77.636	77.636	77.636
AKFEN LEASE REVENUE		1.024.982	1.127.289	1.213.842	1.338.947	1.427.629	1.465.790	1.504.906	1.544.999	1.586.095	1.628.218	1.671.394	1.715.650
Year Date	13 31.12.2027	14 31.12.2028	15 31.12.2029	16 31.12.2030	17 31.12.2031	18 31.12.2032	19 31.12.2033	20 31.12.2034	21 31.12.2035	22 31.12.2036	23 17.07.2037		
AKFEN OBTAINED LEASE													
NOVOTEL LEASE REVENUE ON TOTAL REVENUE		823.824	844.420	865.530	887.168	909.348	932.081	955.383	979.268	1.003.750	1.028.843	615.163	
Operator's share		149.786	153.531	157.369	161.303	165.336	169.469	173.706	178.049	182.500	187.062	111.848	
Furniture, fixture and renovation reserve		149.786	153.531	157.369	161.303	165.336	169.469	173.706	178.049	182.500	187.062	111.848	
Total Novotel AGOP		812.689	833.006	853.831	875.177	897.057	919.483	942.470	966.032	990.183	1.014.937	606.848	
USED NOVOTEL HOTEL LEASE REVENUE		823.824	844.420	865.530	887.168	909.348	932.081	955.383	979.268	1.003.750	1.028.843	615.163	
IBIS HOTEL LEASE REVENUE ON TOTAL REVENUE													
Operator's share		142.061	145.613	149.253	152.985	156.809	160.730	164.748	168.866	173.088	177.415	106.080	
Furniture, fixture and renovation reserve		142.061	145.613	149.253	152.985	156.809	160.730	164.748	168.866	173.088	177.415	106.080	
Total Novotel AGOP		1.050.609	1.076.874	1.103.796	1.131.391	1.159.676	1.188.668	1.218.385	1.248.844	1.280.065	1.312.067	784.507	
USED IBIS HOTEL LEASE REVENUE		1.050.609	1.076.874	1.103.796	1.131.391	1.159.676	1.188.668	1.218.385	1.248.844	1.280.065	1.312.067	784.507	
USED TOTAL HOTEL LEASE REVENUE													
		1.874.433	1.921.294	1.969.326	2.018.560	2.069.024	2.120.749	2.173.768	2.228.112	2.283.815	2.340.910	1.399.669	
Real estate tax													
Insurance		21.193	21.193	21.193	21.193	21.193	21.193	21.193	21.193	21.193	21.193	21.193	21.193
Furniture, fixture and renovation reserve (%5)		14.592	14.957	15.331	15.714	16.107	16.510	16.923	17.346	17.779	18.224	10.896	
Annual Right of Construction Price		77.636	85.400	85.400	85.400	85.400	85.400	85.400	85.400	85.400	85.400	85.400	85.400
AKFEN LEASE REVENUE		1.761.012	1.799.744	1.847.403	1.896.252	1.946.324	1.997.646	2.050.252	2.104.174	2.159.443	2.216.094	1.282.180	

Dates	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
TOTAL LEASE REVENUE	0	1.024.982	1.127.289	1.213.842	1.338.947	1.427.629	1.465.790	1.504.906	1.544.999	1.586.095	1.628.218	1.671.394	1.715.650
Dates	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	17.07.2037		
TOTAL LEASE REVENUE	1.761.012	1.799.744	1.847.403	1.896.252	1.946.324	1.997.646	2.050.252	2.104.174	2.159.443	2.216.094	1.282.180		

Risk Free Revenue Rate	3,10%	3,10%	3,10%
Risk Premium	3,40%	3,90%	4,40%
Discount Rate	6,50%	7,00%	7,50%
NET CURRENT VALUE (Euro)	18.250.561	17.382.626	16.574.004
NET APPROXIMATE CURRENT VALUE (Euro)	18.250.000	17.380.000	16.570.000
NET APPROXIMATE CURRENT VALUE (TL)	51.477.775	49.023.766	46.738.999

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 net cash flow value for the first year on the basis of the lease revenue. The annual lease value of the real estate has been calculated by reducing the 1st year cash flow average to the appraisal day. According to this calculation, the annual lease value of the hotel is **1.276.000.- EURO (3,599,000 Turkish Liras)**. The discount rate has been determined to be of 9%.

Date	31.12.2014	31.12.2015
Annual Lease Revenue	0	1.390.584

Net Current Value of the Annual Lease Value (EURO)	1.276.000
Net Current Value of the Annual Lease Value (TL)	3.599.000

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

The appraisal study in question is not carried out within the scope of the "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 two separate hotels which are in service under the names of NOVOTEL and IBIS HOTEL on the plot. Both the structure values in the Cost Approach and the revenue projections in the Revenue Approach have been individually calculated for these two hotels. However due to the fact that the owner of the real estate is Gaziantep Metropolitan Municipality and the AKFEN Real Estate Investment Trust Inc. has a right of construction on the real estate for a duration of 30 years and this right of construction cannot be assigned and transferred partly or completely, value of all the right of construction has been estimated.

7 APPRAISAL OF ANALYSIS RESULTS

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 Exemplary Approach.

The total value including the land according to the cost method has been calculated at **18,523,000 Euro (52,248,000 TL)**.

As a result of the discount of the potential revenue of the structure on the plot that will be generated during the remainder of the 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 **24,260,000 Euro (68,430,000.- 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 **17,380,000 Euro (49,024,000.- TL)**. The final value of the hotel has been calculated to be **20,820,000 Euro (58,727,000.- TL)** based on the approximate arithmetic average of the value calculated by both of the methods.

The lease value of the real estate has been calculated taking into consideration the revenue discount method and the average net cash flow value for the first year on the basis of the lease revenue as of 31.12.2014. The annual lease value of the real estate has been calculated by reducing the 1st year cash flow average to the appraisal day. According to this calculation, the annual lease value of the hotel is **1.276.000.- EURO (3,599,213 Turkish Liras)**.

During the course of the appraisal study, the revenue discount approach and 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. Therefore, 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 1st model the revenue obtained by operating the real estate without a brand name has been calculated and in the 2nd model the revenue obtained by operating by leasing it out to a brand (Accor) has been calculated. Both models are methods that are exercised in the market and, 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 **7,502,950.00** Euro.

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.

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 estates subject to this appraisal analysis.

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 Independent and Permanent "Right of Construction" has been established on the real estate subject to the appraisal report and located in **the City of Gaziantep, District of Sehitkamil, Neighborhood of Yaprak, Block no: 5020, Plot No: 2, with a surface area of 6.750,00 m2** and having a quality of "12-Storeyed Concrete Hotel with/without Restaurant and the Land" in favor of Akfen Real Estate Investment Trust Inc. and for a duration of 30 years commencing on *17.07.2007*, and that there are no obstacles that prevent the "**Right of Construction+Building**" of the real estate in question from being included in the **Real Estate Investment Trusts Portfolio** within the Scope of the Capital Market Legislation.

8 OUTCOME

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.

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, facades 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 31.12.2014

	Top Market Value of the Remaining (Building) of the Real Estate (EURO)	Top Market Value of the Remaining (Building) of the Real Estate (TL)
VAT Excluded	20.820.000	58.727.000
VAT Included	24.568.000	69.298.000

	Annual Lease Value of the Real Estate (EURO)	Annual Lease Value of the Real Estate (TL)
VAT Excluded	1.276.000	3.599.000
VAT Included	1.506.000	4.247.000

- 1-) The appraised value is the current value regarding the cash sale price.
- 2-) The VAT ratio has been established at 18%.
- 3-) The currency rates have been established at 1,-Euro = 2,8207 -TL; 1,-EURO = 1,21-USD.
- 4-) This report has been prepared within the scope of the related Capital Market Legislation.

Hamdi ARIKAN

Dilek Yılmaz Aydın

Neşecan Çekici

Certified Appraiser

Certified Appraiser

Responsible Appraiser

9 APPENDIX

1. Title Deed Photocopy
2. Land Registry
3. Letter of Zoning Status and Map of the Zoning Status
4. Architectural Project Approval Sheet
5. Building Licenses
6. Occupancy Permit
7. Condition and Floor Plans
8. Right of Construction Agreement
9. Lease Agreement with Accor Group
10. Letter of Security
11. Tourism Investment Document
12. Tourism Business Document
13. Insurance Policies
14. Photographs
15. Backgrounds
16. SPK Certificate Samples