

AKFEN REAL ESTATE INVESTMENT TRUST INC.

CITY OF KAYSERİ, DISTRICT OF KOCASİNAN

BLOCK NO. 2420, PLOT NO. 9

KAYSERİ NOVOTEL AND IBIS HOTEL

Report No: 2014-020-GYO-005

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-005
Appraisal Date	:	11.11.2014 - 31.12.2014
Information Concerning the Property Subject to the Appraisal	:	"Reinforced Concrete Hotel and Its Land" quality real estate in the city of Kayseri, district of Kocasinan, with the Block No: 2420, Plot No: 9 and a surface area of 11.035,40 m ² "
Subject of Study	:	Appraisal of the current value of the construction and annual lease value of the real estate
Land Area of the Real Estate Subject to the Appraisal	:	11.035,40 m ²
Land Area of Closed Spaces of the Real Estate Subject to the Appraisal	:	Novotel: 5.370,68 m ² Ibis Hotel: 5.627,85 m ² Total: 10.998,53 m ² (According to the Project and Current Status)
Zoning Status of the Real Estate Subject to the Appraisal	:	Tourism Facility Area

As of 31.12.2014

	Market Value of the Remaining Construction of the Real Estate (EURO)	Market Value of the Remaining Construction of the Real Estate (TL)
VAT Excluded	19.190.000	54.130.000
VAT Included	22.644.000	63.873.000

	Annual Lease Value of the Real Estate (EURO)	Annual Lease Value of the Real Estate (TL)
VAT Excluded	971.000	2.739.000
VAT Included	1.146.000	3.232.000

- 1-) The appraised value is the current value regarding the cash sale price.
- 2-) The VAT ratio has been established at 18%.
- 3-) The currency rates have been established at 1 EUR = 2,8207 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 YILMAZ 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.

ii. CONTENTS

1	REPORT INFORMATION	1
1.1	The Date, Number and Type of the Appraisal Report	1
1.2	Information Regarding the Responsible Appraiser that Prepared the Appraisal Report.....	1
1.3	Date of Appraisal	1
1.4	Reference Agreement	1
1.5	Statement Whether the Report Has Been Prepared Within the Scope of the Board Arrangements for the Purpose of the Appraisal	1
2	INTRODUCTORY INFORMATION CONCERNING THE COMPANY AND THE CLIENT	2
2.1	Introductory Information Concerning the Appraisal Company	2
2.2	Introductory Information Concerning the Client	2
2.3	The Scope of the Client's Demand and the Applied Limitations, If Any.....	2
3	VALUE DEFINITIONS, DESCRIPTION OF APPRAISAL METHODS	3
3.1	Exemplary Comparison Approach	3
3.2	Cost Approach	3
3.3	Revenue Discount Approach	4
4	ECONOMIC STATUS, REAL ESTATE SECTOR DATA AND ANALYSIS OF THE REGION WHERE THE REAL ESTATE IS LOCATED	5
4.1	General and Socio-economic Data	5
4.2	General Status of the Real Estate Industry.....	9
4.3	Information Regarding the Tourism Industry.....	10
4.4	Analysis of the Region Where the Real Estate is Situated	11
4.4.1	The City of Kayseri	11
4.4.2	The District of Kocasinan	13
4.4.3	Information Regarding the Tourism Industry in Kayseri and the Hotel Market	15
5	INFORMATION IN REGARD TO THE REAL ESTATE SUBJECT TO THE APPRAISAL	19
5.1	Information in Regard to the Location, Site and Environment of the Real Estate.....	19
5.2	Information with Regard to the Land Registry of the Real Estate.....	21
5.2.1	Investigation of the Land Registry of the Real Estate.....	22
5.2.2	Changes that Have Occurred in the Land Registry of the Real Estate within the Last Three Years.....	23



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	23
5.3	Inspection of the Zoning Information of the Real Estate	24
5.3.1	Plan, License, Diagram and Similar Documents with Regard to the Real Estate	25
5.3.2	Building Inspection Institution and Maintenance	25
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	25
5.3.4	Opinion Whether the Necessary Permit and Documents Pursuant to the Legislation are Accurate and Complete	25
5.3.5	Opinion Whether There Is an Obstacle in Including the Investment Trust Portfolio in Terms of Zoning Information to the Real Estate within the Scope of the Capital Market Legislation	26
5.3.6	Statement that the Detailed Information, along with the Value in Question Regarding the Project, are Completely in Connection with the Project and that, in the case of Executing a Different Project, the Resulting Value Might Vary	26
5.4	Physical Characteristics of the Real Estate	26
5.4.1	Structural Construction Characteristics of the Real Estate	26
5.4.2	Inspections Performed Within the Premises of the Real Estate	30
6	FACTORS AFFECTING AND DETERMINING THE VALUE OF THE REAL ESTATE	32
6.1	Factors that Limit or Negatively Affect the Appraisal Process	32
6.2	Swot Analysis	32
6.3	Exemplary Share Rate in the Projects that Will Be Performed According to the Revenue Sharing and Flat for Land Methods	32
6.4	Methods and Eligibility Motives Employed in the Appraisal of the Real Estate	33
6.4.1	Exemplary Approach	33
6.4.2	Cost Approach	36
6.4.4	Value of the Real Estate with Regard to the Lease Revenue	44
6.4.5	Lease Value Analysis and the Data Employed	47
6.4.6	Empty Land and Project Values of the Terrain Where the Project is Being Developed	47
6.4.7	Most Effective and Most Productive Use Analysis	47
6.4.8	Appraisal Analysis of Common or Divided Parts	47
7	APPRAISAL OF ANALYSIS RESULTS	48



7.1	Alignment of Different Appraisal Methods and Analysis Results, together with the Explanation of the Method and the Reasons Used for this Purpose	48
7.2	Explanation of the Motives Pursuant to the Minimum Information for Not Including Certain Aspects in the Report	49
7.3	Information Concerning the Last Three Appraisal of the Real Estate Carried Out by the Company.....	49
7.4	Opinion Whether There is Any Obstacle in Including the Real Estate, the Real Estate Project and the Rights and Benefits With Regard to the Real Estate in the Real Estate Investment Trusts Portfolio within the Scope of the Capital Market Legislation	49
8	OUTCOME.....	50
8.1	The Concluding Sentence of the Appraiser	50
8.2	Final Appraisal	50
9	APPENDIX	51



1 REPORT INFORMATION

1.1 The Date, Number and Type of the Appraisal Report

Date of Report : 02.01.2015

Report Number: 2014-020-GYO-005

Type of Report : Appraisal report relative to the “Reinforced Concrete Hotel and Its Land” quality real estate with a surface area of 11.035,40 m², situated in the city of Kayseri, district of Kocasinan, Block no. 2420, Plot no. 9, for the purpose of determining the current market value of the remaining construction right and the current lease of the real estate value in Turkish Lira currency.

1.2 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

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

1.3 Date of Appraisal

On the date of 11.11.2014, the necessary procedures have been initiated for this appraisal report. Subsequently, this report has been concluded on the date of 02.01.2015.

1.4 Reference Agreement

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

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

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



2 INTRODUCTORY INFORMATION CONCERNING THE COMPANY AND THE CLIENT

2.1 Introductory Information Concerning the Appraisal Company

Company Title : Epos Real Estate Consultancy and Appraisal Inc.

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

2.2 Introductory Information Concerning the Client

Client Title : Akfen Real Estate Investment Trust Inc.

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

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

The Appraisal report relative to the "Reinforced Concrete Hotel and Its Land" quality real estate, with a surface area of 11.035,40 m², situated in the city of Kayseri, district of Kocasinan, Block no. 2420, Plot no. 9, has been prepared for the purpose of determining its sale and lease value.

With reference to the 13.10.2014 dated request by Akfen Real Estate Investment Trust Inc., the property subject to this appraisal report belongs to the Chamber of Industry of Kayseri and has been allocated with a lease agreement, with the starting date of 20.08.2008, for the duration of 49 years, on behalf of Akfen Real Estate Investment Trust Inc.. The potential revenue, in regards to its use or leasing, has been evaluated; moreover, there are no restrictive constraints in force exercised by the client. During the appraisal studies, the market research, the onsite surveys and the existing lease agreements, which have been signed by Akfen Real Estate Investment Trust Inc. with the Chamber of Industry of Kayseri and the Accor Group, have all been taken into account.



3 VALUE DEFINITIONS, DESCRIPTION OF APPRAISAL METHODS

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

3.1 Exemplary Comparison Approach

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

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

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

The Market Value Approach depends on the following assumptions:

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

3.2 Cost Approach

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

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



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

The appraisal process is calculated by the addition of the interest or gain that the current building possesses, if any, to the present reconstruction or reinstallation cost of the real estate in question, followed by the subtraction of the wear and tear ratio from the total cost and, finally, the addition of the land value. In this sense, the basic principle of the Cost Approach can be explained through the usage value, whereas the usage value is described as “Even though nobody desires or knows about its value, the goods have their real value”.

3.3 Revenue Discount Approach

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

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

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

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

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

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

4.1 General and Socio-economic Data

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

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

The annual population growth rate in Turkey is 13,7th of a thousand. 91,3% of the population resides in cities and districts. The average age in Turkey is 30,4. According to the data obtained, 96,1% of the Turkish population is literate. The 15-64 age group, which corresponds to the working age group, makes up 67,7% of the population (corresponding approximately to 51.926.357 people). When the ramifications of the employment into industries is observed, it is concluded that 57% represents services, 23,6% agriculture, 19,4% industry and 7% construction.

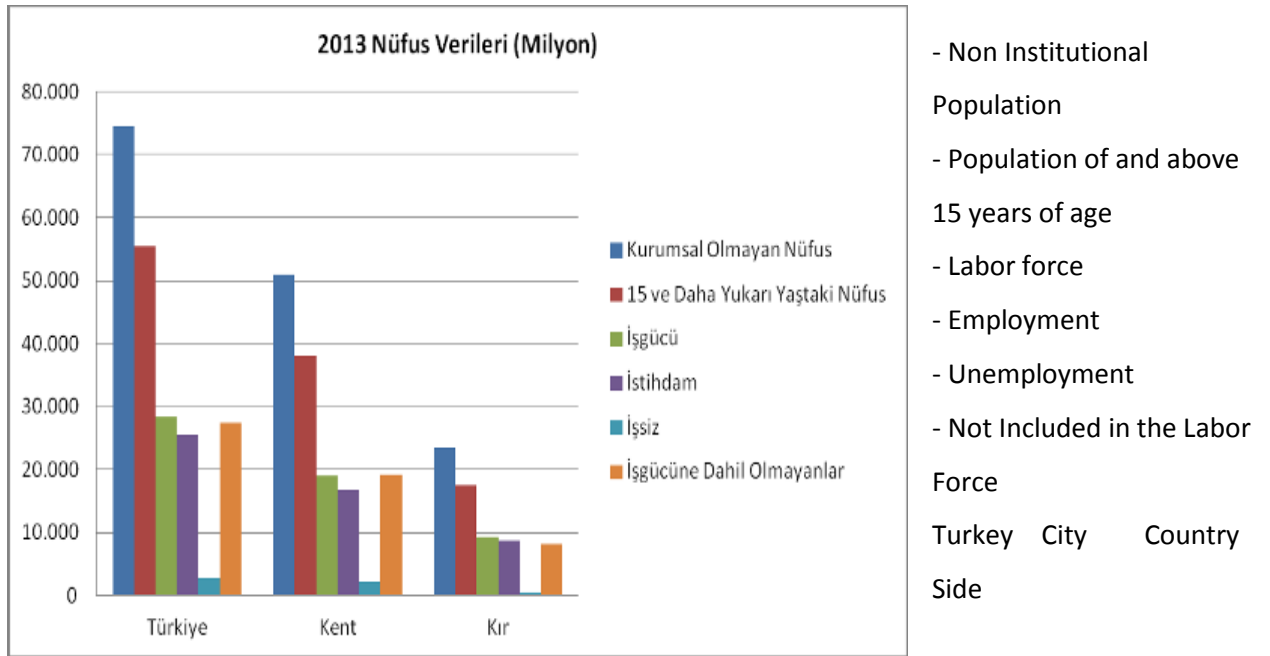
The analysis of the Turkish population information has been provided below in terms of Turkey in general, cities and country. The data with regard to the years 2013 and 2014 has been compared.

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

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

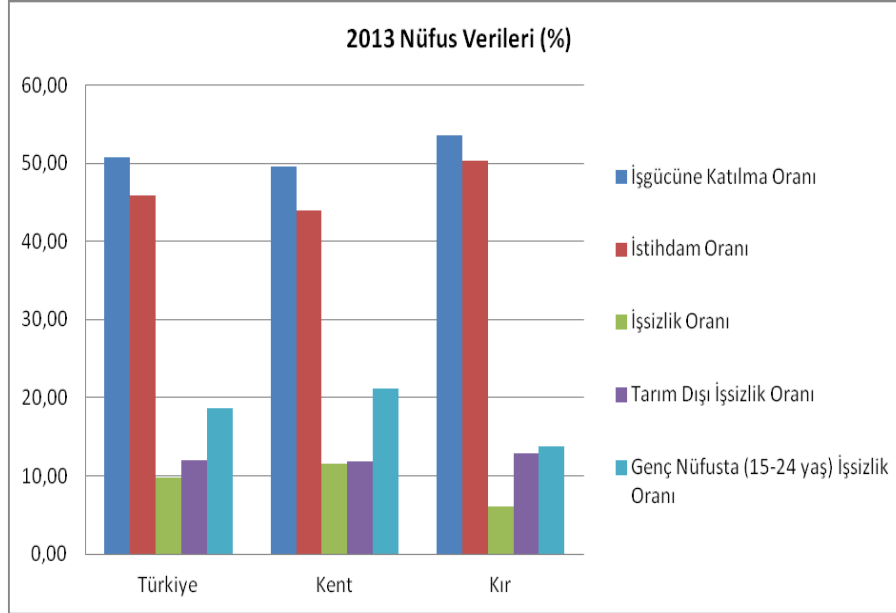
When the data relative to the years of 2012 and 2013 is evaluated, it can be observed that the population, labor force and employment are on the rise for Turkey in general, as well as the cities and the country. Nonetheless, unemployment has also increased. While those that are not included in the labor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

2013 Population Data (in millions)



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

2013 Population Data (%)



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

Turkey

City

Country Side

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

Economic Overview of Turkey

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

A similar statement can be said of the developing markets; the growth in developing countries continues, despite the fact that the growth rate is far below the previously recorded levels. The circumstances resulting from FED terminating its monetary expansion and the increase of the interest rate becoming out of the question have affected the developing countries with such liquidity conditions. Displaying a growth rate far below the expected in the first quarter, the Euro Zone and Japan have portrayed a lower performance than that of the expected in the first 9 months of the year of 2014.

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

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

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

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

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

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

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

It is expected, in the next year, that the difficulties posed by the increase in interest rates by FED and the dependency of Turkey in foreign financing will affect the economies of developing countries, as well as

Turkey's, therefore resulting in a decline in economic growth, decrease in capital flow, high inflation and interest rates, ultimately reducing the internal consumption and investment activities, in Turkey.

4.2 General Status of the Real Estate Industry

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

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

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

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

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

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

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

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

4.3 Information Regarding the Tourism Industry

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

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

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

Source: Turkish Hoteliers Federation (TUOFED) Tourism Report 2013

The revenue obtained in the Tourism industry, from the domestic and foreign tourists in the year of 2013, has increased 11,4%, thus reaching 32,3 billion dollars. The revenue obtained from foreign tourists in the year of 2013 has increased 13%, rising from 22,4 billion to 25,3 billion dollars. During the same time period, the revenue obtained from Turkish citizens living abroad and visiting the country has increased 6,4% and reached 6,7 billion dollars. (Source: *Mediterranean Touristic Hotels and Operators (AKTOB) Research Unit*) While Turkey has managed to be one of the 20 biggest economies in the world (G20), it is ranked at number 6 among the 10 touristic destinations.

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

4.4 Analysis of the Region Where the Real Estate is Situated

4.4.1 The City of Kayseri

The city of Kayseri is located at the south of Central Anatolia, where the Toros Mountain Ranges come together, and the Central Kızılırmak Region. The area was designated Cappadocia (Kapadokya) during the classical ages, where the Silk Route passed through. The city is located between the 37° 45'N and 38° 18'N latitudes and between the 34° 56'E and 36° 58' longitudes. The city of Sivas is situated to the north and northeast, the city of Yozgat to the north, the city of Nevşehir to the west, the city of Niğde to the southwest and the cities of Adana and Kahramanmaraş to the south.

During the time period before the Law Regarding the Formation of Metropolitan Municipalities and Twenty Six Districts in Three Cities, Together with The Legislation to Apply Changes in Some Laws and Decrees (dated 06.12.2012, number 28489), with the number 6360, entered into effect, the number of districts, neighborhoods and villages, as well as their surface areas, have been addressed; therefore, accordingly, there are 49 municipalities, 426 neighborhoods and 394 villages. The ranking of districts with the most neighborhoods is; the District of Kocasinan with 96 neighborhoods and the district of Melikgazi with 83 neighborhoods, whereas the districts with the villages are Pınarbaşı with 111 and the district of Develi with 45 villages. With the Law number 6360 entering into effect and following the local elections on the date of 30.03.2014, the number of municipalities has increased to 17 – 1 Metropolitan and 16 district municipalities – Akkışla, Bünyan, Develi, Felahiye, Hacılar, İncesu, Kocasinan, Melikgazi, Özvatan, Pınarbaşı, Sarioğlu, Sarız, Talas, Tomarza, Yahyalı and Yeşilhisar, as well as 820 neighborhoods.



The Location of the city of Kayseri and Its Districts

The total surface area of the province is of 16.917 km² and it has been observed that the physical population density, in the year of 2013, consists of 77. It must be made clear that, due to a population of 1.295.355 in the year of 2013, in comparison to the large surface area of the province, the physical density of the city has been considered low. The largest district of the city is the district of Pınarbaşı, with a surface area of 3.300km², occupying 19,52% of the total area of the province, whereas the smallest district of the city is the district of Özvatan with a surface area of 200 km², constituting 1,18% of the province. The total ratio of the major districts (Kocasinan, Melikgazi, Hacılar, Talas and İncesu) of the city are 21,00%, even though the surface area ratio of each of these districts is low on the total area of the province. It has been clearly observed that, due to the land conditions, the physical, agricultural and urban density is low.

The total surface area of the city is of 1.691.700 hectare; 671.000 consist of cultivated areas, 668.700 of pasture areas, 108.000 of forested areas and 244.000 of miscellaneous areas. 39,66% of the total area consists of cultivated areas, 39,54% of pasture areas, 6,38% of forested areas and 14,41% of miscellaneous areas. The fact that the cities and districts occupy 14,42% of the total area of the province can be interpreted as an important element for potential development. The surface area of the province makes up 2,2% of the total surface area of the country and the elevation of the city from the sea is 1.054 m.

The important factors that affect the demand, with regard to residential and other real estate types, are demography and population development, together with income level and the tendency to save. For this reason, the demography and population developments, along with the tendencies with regard to the city, are primarily evaluated; afterwards, population calculations are made based on these tendencies

and the assumptions used. When the population data is examined, it has been observed that the population in the city has increased during the years of 2008, 2009 and 2010, and then started to decline during the years of 2011 and 2012, finally ending up increasing once more in the year of 2013. In the year of 2007, the population of the city of Kayseri constituted 1,65% of the nation, which has reached to 1,69% during the year of 2013. (Chart Number 5) The growth rate in the city is above the average.

Years	Population Size		Kayseri Ratio (%)	Population Growth Rate (%)	
	Kayseri	Turkey		Kayseri	Turkey
2007	1.165.088	70.586.256	1,65	-	-
2008	1.184.386	71.517.100	1,66	16,4	13,1
2009	1.205.872	72.561.312	1,66	18,0	14,5
2010	1.234.651	73.722.988	1,67	23,6	15,9
2011	1.255.349	74.724.269	1,68	16,6	13,5
2012	1.274.968	75.627.384	1,69	15,5	12,0
2013	1.295.355	76.667.864	1,69	15,9	13,7

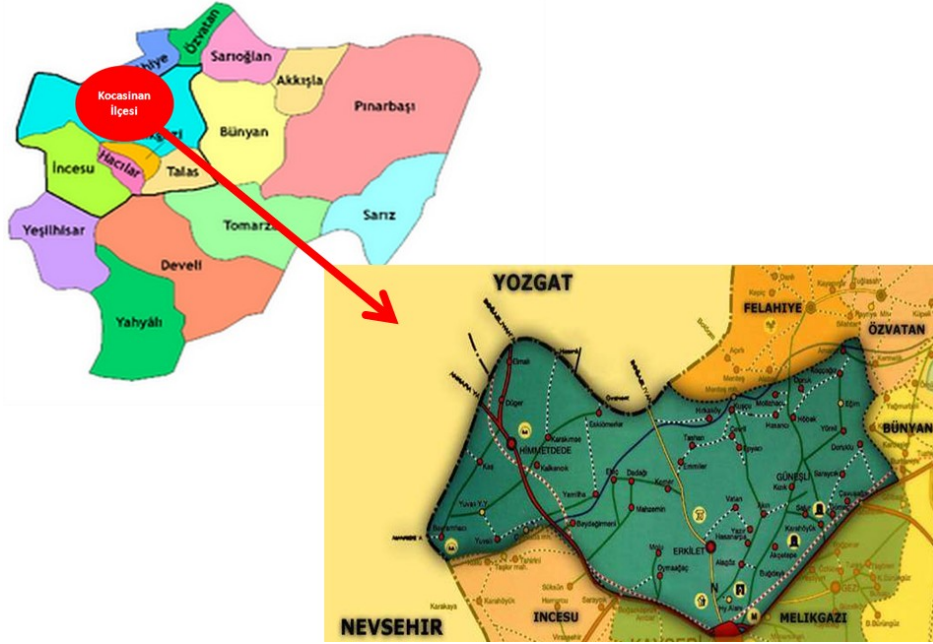
The share of the city of Kayseri with regard to the Population Size and Population Growth Rate

(Source: TUIK 2013)

The number of persons per km² in Turkey, throughout the years of 2007-2013, has been 92-100 and it has been noted that this number has been on the rise in recent years. When the population density of Kayseri was verified, it has been determined that, with 68-78 persons per km² during the year of 2007-2013, the city has been classified below the country average. The main reasons for this low density in the city are land related factors and, in comparison to Istanbul and other coastal cities, the distribution is more balanced.

4.4.2 The District of Kocasinan

The district of Kocasinan is located in the midst of the districts of Melikgazi, Hacılar, Talas and Incesu, as well as the Kayseri center.



The Location of the Kocasinan District

The district of Kocasinan has been founded from the division of the city of Kayseri in the year of 1989, within the rich historical past of the city. The State Highway coming from the direction of Sivas follows the Sivas Avenue and then the Düvenönü and Osman Kavuncu Avenues, connecting to the Ankara Freeway and the Boğazköprü, which roughly draws the borders of the district of Kocasinan to the north. In accordance with the data obtained from the Address Based Population Registration System for the year of 2013, the total population of the district is 337.051. Moreover, this district has the highest number of neighborhoods in the city of Kayseri.

DISTRICTS	Surface Area (Km ²)	Ratio (%)	Municipality (number)	Neighborhood (number)	Village (number)
Kocasinan	721	4,26	5	96	25
Melikgazi	700	4,15	2	83	1
Akkışla	440	2,60	3	13	5
Bünyan	1.310	7,74	8	32	24
Develi	1.843	10,90	5	37	45
Felahiye	410	2,42	3	9	9
Hacılar	621	3,67	1	10	2
İncesu	860	5,08	1	27	7
Özvatan	200	1,18	2	11	4
Pınarbaşı	3.300	19,52	3	17	111
Sarıoğlu	710	4,20	6	16	18
Sarız	1.410	5,33	2	13	35
Talas	650	3,84	1	21	12
Tomarza	1.452	8,58	3	11	47

DISTRICTS	Surface Area (Km ²)	Ratio (%)	Municipality (number)	Neighborhood (number)	Village (number)
Yahyalı	1.310	7,74	2	16	28
Yeşilhisar	980	5,79	1	14	21
TOTAL	16.917	100,00	49	426	394

The surface area of the city of Kayseri in terms of its districts and the distribution of the number of neighborhoods (Source: TUIK 2013)

The demand for residential and other facilities in the district of Kocasinan is on the rise and it is estimated that this demand will continue to persist in the near future. Furthermore, positioning of office blocks, work centers and residences in the area is being discussed. The district of Kocasinan is among the districts of Kayseri where urban development is gaining speed.

4.4.3 Information Regarding the Tourism Industry in Kayseri and the Hotel Market

It has been observed that the city of Kayseri is situated in a potentially important region for tourism, in terms of area and its characteristics, and that this potential is not fully benefitted from. The number of visitors recorded in the accommodation facilities for the year of 2013 is 174.212 local, 20.534 foreign, which makes a total of 232.599 visitors. From these visitors, it has been indicated that 117.587 have arrived in the city by means of airway transportation, 66.934 of them local, 50.653 of them foreign, whereas the remaining of the visitors have stated that they arrived by means of land road. It must be expressed that the use of airways by the visitors is significantly high (50,55%).

Visitors	Visitors that Checked Into Accommodation Facilities with an Operating Permit	Visitors that Stayed Overnight at the Accommodation Facilities with an Operating Permit	Number of Visitors that Checked In at the Airport
Local	174.212	206.771	66.934
Foreign	20.534	25.828	50.653
Total	194.746	232.599	117.587

The total number of overnight stays in the city of Kayseri, together with the number of visitors that check into the country and stay overnight has increased in the year of 2013 in regards to foreign visitors; nevertheless, the number of visitors with Turkish citizenship has declined. However small, the number of visitors to the city during the year of 2013, both local and foreign, has had an increase. It has been observed that the number of visitors that stay overnight in the city have made up 7,48% of the total number of overnight stays during the year of 2012 and 9,19% during the year of 2013. Furthermore, it

has been noted that the overnight stays in the city are not low and, together with increasing the number of facilities and improving winter tourism conditions, it is possible that the city can double its number of visitors in the short term, thus distributing the total number of visitors within the year.

Increasing the internal and external tourism revenues is closely related to the number of facilities and quality of the service provided in these facilities. There are 20 hotels in the city with tourism operating documents, 12 hotels with tourism investment documents, 22 hotels with municipality documents and 4 public facilities closely located to Mount Erciyes; making a total of 58 operating hotels within the city limits. These 58 hotels, presently providing services in the city, have a capacity of 3475 rooms and 6968 bedding.

From 12 of the hotels with investment documents, one of them is a 3 Star Hotels, four of them are 4 Star Hotels, one of them is a 5 Star Hotel and six of them are boutique hotels. It has been determined that the hotels with investment documents are providing services with a capacity of 1101 rooms and 2290 bedding. From 20 of the hotels with investment documents, two of them are 2 Star Hotels, nine of them are 3 Star Hotels, five of them are 4 Star Hotels, two of them are 5 Star Hotels and 2 of them are boutique hotels. It has been determined that the hotels with investment documents are providing services with a capacity of 1568 rooms and 3187 bedding. Moreover, it has been established that the 4 public facilities situated around Mount Erciyes are providing services with a capacity of 119 rooms and 340 bedding.

Number of Rooms and Bedding in the Hotels Operating within the Kayseri City Limits				
Facilities		Number	Number of Rooms	Bedding Capacity
With Tourism Operating Documents		20	1.568	3.187
With Tourism Investment Documents		12	1.101	2.290
Public Facilities at Mount Erciyes		4	119	340
With Municipality Documents		22	687	1.151
Total		58	3.475	6.968
Number of Rooms and Bedding in the Hotels Operating with Operating Permits within the Kayseri City Limits				
No.	Name of the Hotel	Number of Stars	Number of Rooms	Bedding Capacity
1	Erciyes Prestij Hotel	4 Stars	108	216
2	Erkara Hotel	4 Stars	132	264
3	Taş Plas Hotel	3 Stars	96	192
4	ASR Marmara	4 Stars	72	176
5	Kuloğlu Hotel	4 Stars	171	342
	Total			

Number of Rooms and Bedding of the Hotels with Operating Documents within the Kayseri City Limits				
No.	Name of the Hotel	Number of Stars	Number of Rooms	Bedding Capacity
1	Grand Eras	4 Stars	100	200
2	City One Hotel	4 Stars	100	200
3	Erciyes Grand Eras	4 Stars	55	118
4	Novotel	4 Stars	96	192
5	Mirada Del Lago	4 Stars	105	229
6	Mirada Del Monte	3 Stars	40	96
7	Nüzhet Otel	3 Stars	52	108
8	İbis Hotel	3 Stars	160	320
9	Almer Hotel	3 Stars	75	150
10	Altın Saray	3 Stars	66	135
11	Ayata Hotel	3 Stars	37	74
12	Bent Hotel	3 Stars	40	80
13	Grand Ülger	3 Stars	33	66
15	Lifos Hotel	3 Stars	42	84

Information with Regard to the Accommodation Facilities in the City of Kayseri

It has been observed that the city has a touristic potential due to its historical and natural characteristics; moreover, the fact that it is located in the Cappadocia Region is acknowledged as a major advantage. Mount Erciyes and its surrounding areas provide countless opportunities, especially for winter tourism, while the city itself as a whole provides opportunities in the areas of congress, cultural and religious tourism. The Tourism Plan of the Erciyes Region, with a scale of 1/25.000, will make it possible for the development of facilities for the accommodation of 4750 visitors and picnic spaces for 110.500 people, as well as a ski track and respective auxiliary facilities.

Source: Appraisal and Predictions Report for the Real Estate Industry in the City of Kayseri, GYODER, 2014

The 4 and 3 Star hotels in the district have been examined and special company prices have been obtained. The company prices in relation to the hotels in the city of Kayseri have been provided in the table below.

NAME OF THE HOTEL	STARS	TOTAL NUMBER OF ROOMS	TOTAL BEDDING CAPACITY
City One Hotel	4 STARS	100	200
Mirada Del Lago	4 STARS	105	264
Nüzhet Hotel	3 STARS	54	
Almer Hotel	3 STARS	75	
Ayata Hotel	3 STARS	49	86
Bent Hotel	3 STARS	40	90
Grand Ülger	3 STARS	33	
Lifos Hotel	3 STARS	42	

It has been noted that the special prices given for companies vary between 30 – 10 Euros, breakfast included.

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

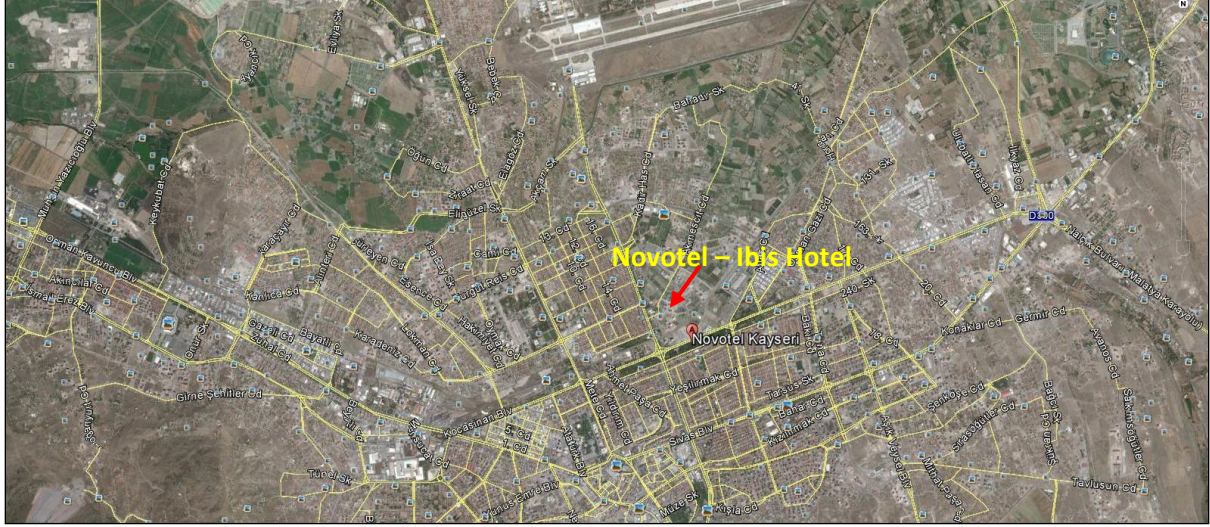
5.1 Information in Regard to the Location, Site and Environment of the Real Estate

The real estate subject to the appraisal is situated at the address of Pervane Neighborhood, Kocasinan Boulevard No:161, Kayseri. According to the land registry information, it is registered in the city of Kayseri, district of Kocasinan, Neighborhood of Pervane, Section No: 349, Block No: 2420, Plot No:9. The plot contains two operating hotels, the 4 Star Novotel and the 3 Star Ibis Hotel.

To reach the real estate, one enters the Kayseri center coming from the Ankara direction and follows the Osman Kavuncu Boulevard and then the Park Boulevard, reaching the city center where the Governor Building and the Palace of Justice, as well as the Hilton Hotel are located. From the center, on the right, one follows the direction towards the Istasyon Avenue and continues for approximately 1 km, then taking the right to the Kocasinan Boulevard. The real estate subject to the appraisal is on the left of the avenue, after about 1,25 km. The real estate is situated at the Kocasinan Boulevard and the Mustafa Kemal Paşa Boulevard intersection, right next to the Chamber of Industry of Kayseri. The boulevard in question is a significant main road of the city center. The real estate is at a distance of approximately 3,5 – 4 km to the Kayseri Airport. Access to the region is easy by public transportation. The airport can be reached from the Mustafa Kemal Paşa Boulevard.

On the western side of the real estate is the Chamber of Industry of Kayseri and on the eastern side is an empty land belonging to the Chamber of Commerce of Kayseri, with a façade to the Kocasinan Boulevard. At the northern façade of the real estate (back façade) passes the state railway that connects the Ankara – Kayseri – Sivas line. In the plots that are towards the north of the railroad, there is an ongoing construction comprised of residential blocks for the last 1-2 years. There is the Provincial Bank, the District Governorship of Kocasinan, the Mevlana Mosque, the Nuh Mehmet Küçükçalık Anatolian High School, as well as the KASKI Building in the vicinity of the real estate.

The real estate subject to the appraisal is at a distance of 1,5 km to the Radison Blu Hotel, which has started to operate recently (1,5 – 2 months), the Forum Kayseri Shopping Mall and the Kayseri Metropolitan Municipality. In addition, it is at a distance of about 2,5 km to the Courthouse, the Governorship, the Hilton Hotel and the city center.



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



Surrounding Area of the Real Estate Subject to the Appraisal and the 3-D Image of the Area

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

		Main Real Estate	Right of Construction
City	:	Kayseri	Kayseri
District	:	Kocasinan	Kocasinan
Neighborhood	:	Pervane Neighborhood	Pervane Neighborhood
Section No	:	349	349
Block No	:	2420	2420
Plot No	:	9	9
Surface Area	:	11.035,40 m ²	-
Owner	:	Chamber of Industry of Kayseri	Akfen Real Estate Investment Trust Inc.
Type	:	Reinforced Concrete Hotel and Its Land	"Right of Construction" for the duration of 49 Years registered at the volume no: 56, page no: 5913, block no: 2420, plot no: 9
Land Title Date	:	17.08.2007	17.08.2007
Roll No	:	17645	17645
Volume No	:	56	56
Page No	:	5913	5919

The real estate subject to the appraisal is registered at the Land Registry of Kocasinan, **Neighborhood of Pervane, volume no 56, page no 5913**. It consists of a "Reinforced Concrete Hotel and Its Land" and belongs to the "Chamber of Industry of Kayseri".

The real estate has been allocated an independent and permanent construction for the duration of 49 years, on behalf of Akfen Gayrimenkul Yatırım Ortaklığı A.Ş., and has been annotated so in the same land

registry book (**Neighborhood of Pervane, volume no: 56**) page no: **5919**. The land registry information on both pages has been provided at the table above.

5.2.1 Investigation of the Land Registry of the Real Estate

According to the inspections performed, concerning the related pages of the land title book at the Land Registry Office for the district of Kocasinan, on the date of 11.11.2014, 15:00 local time, the following restrictions on the 16.12.2014 dated land title, in relation to the real estate subject to the appraisal, have been provided below. The document has been enclosed herewith.

Appurtenance Rights Section (Neighborhood of Pervane, volume no: 56, page no: 5913)

- *The “right of construction” has been allocated independently and permanently. Surface area of 11.035,40 m2, Starting Date: 20.08.2008, Duration: 49 Years, Owner/Lessor: Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. dated 17.08.2007 and Roll No: 17645.*

Annotations Section (Neighborhood of Pervane, volume no: 56, page no: 5919)

- *There is a 26.09.2008 dated lease agreement with the Roll no: 25040 for the amount of 20.000.740,60 TL on behalf of Tamaris Turizm A.Ş. With regard to the 24.09.2008 dated letter with the number 11039 from the 6th Notary of Istanbul, there is a lease annotation for 12 years. (Starting Date: 25.09.2008, Duration: 12 Years).*
- *The duration of the lease agreement has been extended for another 13 years, by making an addition to the 26.09.2008 dated annotation with the Roll number 25040, for the lease annotation of 12 years, with the 10.10.2008 dated new annotation with the Roll no: 25726; thus making a total of 25 years of lease. The lease annotation has been renewed. (Duration: 13 years, Amount: 23.111.332,6 TL, Starting Date: 10.10.2008, Ending Date: 07.10.2021).*

Pledges Section (Neighborhood of Pervane, volume no: 56, page no: 5919)

- *A-I: Existence of a 1st degree mortgage, dated 14.10.2008, roll no. 12982 on behalf of Türkiye İş Bankası A.Ş. and Türkiye Sınai Kalkınma Bankası A.Ş., with an amount of 150.000.000,00 EURO, at an interest rate of 3,75%, until its release is announced.*

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

This mortgage is joint with the plots found at Block No: 774, Plot No: 55 in the Zeytinburnu Neighborhood / Istanbul and Block No: 5020, Plot No: 2 in the Şehitkamil Yaprak Neighborhood / Gaziantep.

- *B-I: Existence of a 2nd degree mortgage, dated 29.05.2014, roll no 6661, on behalf of Türkiye İş Bankası A.Ş. with an amount of 38.250.000,00 EURO, at an interest rate of 6,35% annually, until the release is announced.*

Considerations: This mortgage is joint with the plots found at Block No: 774, Plot No: 55 in the Zeytinburnu Neighborhood / Istanbul, Block No: 3198, Plot No: 67 in the Osmangazi Altınova Neighborhood / Bursa, Block No: 5020, Plot No: 2 in the Şehitkamil Yaprak Neighborhood / Gaziantep, Block No: 404, Plot No: 39 in the Esenyurt Yakuplu / Istanbul, Block No: 1843, Plot No: 5 in the Akyurt Balıkhisar Neighborhood / Ankara and Block No. 585, Plot No: 2 with Independent Sections 1 and 2 in the Seyhan Çınarlı Neighborhood / Adana.

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

There are no buying or selling activities with regard to the real estate, within the last three years. However, a 2nd degree mortgage, with the date of 29.05.2014 and Roll no: 6661, has been added to the construction right of the Akfen Real Estate Investment Trust Inc. on behalf of the Türkiye İş Bankası A.Ş., for the amount of 38.250.000,00 Euro, with an interest rate of 6,35% annually, until its release. This mortgage is joint with the plots found at Block No: 774, Plot No: 55 in the Neighborhood of Zeytinburnu / Istanbul, Block No: 3198, Plot No: 67 in the Osmangazi Altınova Neighborhood / Bursa, Block No: 5020, Plot No: 2 in the Şehitkamil Yaprak Neighborhood / Gaziantep, Block No: 404, Plot No: 39 in the Esenyurt Yakuplu / Istanbul, Block No: 1843, Plot No: 5 in the Akyurt Balıkhisar Neighborhood / Ankara, Block No: 209, Plot: 12 in the Yomra Kaşüstü Neighborhood of Cumhuriyet / Trabzon and Block No. 585, Plot No: 2 with Independent Sections 1 and 2 in the Seyhan Çınarlı Neighborhood / Adana.

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

The real estate subject to the appraisal has an independent and permanent “Right of Construction” for the duration of 49 years, on behalf of Akfen Real Estate Investment Trust Inc.; there is a 25 years lease annotation and a 1st degree mortgage on the “Right of Construction” of Akfen Real Estate Investment Trust Inc. for the amount of 150.000.000 Euro, on behalf of Türkiye İş Bankası A.Ş. and Türkiye Sınai Kalkınma Bankası A.Ş.; in addition, there is a 2nd degree joint mortgage for the amount of 38.250.000 Euro, on behalf of Türkiye İş Bankası A.Ş.

With regard to the mortgages mentioned in the pledges section of the real estate; pursuant to the 05.12.2014 dated letter of the mortgage owner Türkiye İş Bankası and Türkiye Sınai Kalkınma Bankası A.Ş., the mortgages in question are the investment credits serving as the project financing to be used for the purpose of financing the construction, pursuant to the agreement between Akfen Real Estate Investment



Trust Inc. and the Accor Group and allocated to Türkiye Sınai Kalkınma Bankası and Türkiye İş Bankası A.Ş. The 05.12.2014 dated letter from Türkiye İş Bankası and Türkiye Sınai Kalkınma Bankası, in regards to this matter, has been enclosed herewith.

Pursuant to the 1st clause of the Article number 30 of the Communiqué Regarding the Real Estate Investment Trusts Principles, published in the 28.05.2013 dated official gazette of the Capital Market Board, Real Estate Investment Trusts can only institute mortgage, hypothecate or other limited rights on the assets in the portfolio during the purchase of real estates, real estate projects and rights with regard to a real estate for the purpose of referring to the financing of these actions or to provide credit for investments.

Pursuant to the related article of the communiqué in question, the mortgages on the real estate do not constitute an obstacle for the real estate to be included in the real estate investment trust portfolio within the scope of the capital market regulations.

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

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

5.3 Inspection of the Zoning Information of the Real Estate

According to the inspections carried out at the Kayseri Kocasinan Municipality Zoning and Urbanism Directorate, on the date of 12.11.2014, and to the 15.12.2014 dated zoning status, the zoning status of the real estate has been described below:

The real estate subject to the appraisal, within the scope of the “Implementary Development Plan”, with the registry date of 28.11.2008 and the scale of 1/1000, is included under the “Tourism Facility Area” legend. Construction conditions are;

Example: 0,90 – Setback Distances: Front Garden 30,00 m, Side Gardens 5,00 m each, Back Garden 10,00 m.

Zoning Status and Map has been enclosed herewith.

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

Approved Architectural Project: There is a 11.02.2008 dated approved architectural project. Pursuant to the project, the total enclosed area corresponds to 10.998,53 m2.

Construction Permit: "Construction Permit" covering an area of 11.064,00 m2 that consists of; one "Hotel and Similar Accommodation Facility", dated 06.03.2008, number 1/28, with an enclosed area of 9.628,00 m2; one "Common Area (For the Purpose of Shelter in the Building)" with an enclosed area of 1.238,00 m2 and an additional area of 198,00 m2 to be used as "Water Storage Tank".

Occupancy Permit: "Occupancy Permit" covering an area of 11.064,00 m2 that consists of; one "Hotel and Similar Accommodation Facility", dated 27.03.2008, number 1/37, with an enclosed area of 9.628,00 m2; one "Common Area (For the Purpose of Shelter in the Building)" with an enclosed area of 1.238,00 m2 and an additional area of 198,00 m2 to be used as "Water Storage Tank".

Conforming to the inspections carried out onsite, there are no differences to be found between the ongoing situation and the legal situation. The current building is effectively in accordance with the 27.03.2009 dated "Occupancy Permit" with the number 1/37.

5.3.2 Building Inspection Institution and Maintenance

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

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

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

Pursuant to verbal information obtained from the Municipality of the District of Kocasinan, the Zoning and Urbanism Directorate and the 15.12.2014 dated zoning status letter, 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 hotel 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”.

5.4 Physical Characteristics of the Real Estate

5.4.1 Structural Construction Characteristics of the Real Estate

The real estate subject to this appraisal study “Reinforced Concrete Hotel and Its Lands” is located in the city of Kayseri, district of Kocasinan, Neighborhood of Pervane, Block no: 2420, Plot no: 9, with a surface area of 11.035,40 m².

There is an existing building on the plot, which has been constructed in two blocks, in a partially attached manner and reinforced concrete; these two blocks are currently operating as the NOVOTEL and IBIS Hotel. The block corresponding to the NOVOTEL consists of a basement floor + ground floor + 5 regular floors, whereas the block corresponding to the IBIS hotel consists of a basement floor + ground floor + 8 regular floors. In relation to the Kocasinan Boulevard, where the plot has a façade to, the NOVOTEL part is placed more to the front than the IBIS Hotel part.

The real estate subject to the appraisal is appraised in two parts as the NOVOTEL and the IBIS Hotel; the NOVOTEL is a 4 Stars Hotel, while the IBIS Hotel is a 3 Stars Hotel.

With regard to the real estate subject to the appraisal study, a construction permit has been obtained for an area of 11.064,00 m²; pursuant to the aforementioned permit, the enclosed surface area specified in the architectural project is of 10.998,53 m². Since the real estate has been constructed in accordance with the architectural project, the appraisal report has been based on the enclosed surface area.

The total construction area corresponds to 10.998,53 m². The NOVOTEL construction area has 5.370,68 m², while the IBIS Hotel construction area has 5.627,85 m². There are 96 rooms at the Novotel, while there are 160 at the Ibis Hotel.

According to the approved architectural project and the onsite inspection performed, the following facilities are located on the basement floor of the block used as the NOVOTEL, such as the water pressure room and administrative offices, staff dining hall, W.C.'s, laundry, medium tension room, UPS room (Unlimited Power Supply), technical atelier and storage, kitchen preparation section and dry goods storage, fitness center and infirmary. These areas are common spaces for the two, the NOVOTEL and the IBIS Hotel. The ground floor of the NOVOTEL is comprised of the reception area, lobby, restaurant, bar, foyer area, conference rooms, W.C.'s, luggage room, security rooms, administrative offices; the 1st, 2^d, 3rd, 4th and 5th regular floors are comprised of the rooms. Even though the rooms in the NOVOTEL may have different characteristics, in reality there are two types of rooms; the first of these are the standard rooms, which have a surface area of 24,00 m², and the second one is the suite room with a surface area of 50,19 m². Having 20 standard rooms on the first floor and 18 standard and 1 suite on the remaining 2nd, 3rd, 4th and 5th floors, making 19 rooms on each floor, the NOVOTEL has a total of 96 rooms.

The basement floor of the IBIS Hotel consists of cold stores, boiler rooms, machine rooms and water storage tanks; these constitute the common spaces shared between the NOVOTEL and IBIS Hotel. The ground floor of the IBIS Hotel is comprised of the reception area, lobby, restaurant, bar, W.C.'s and administrative offices; the 1st, 2nd, 3rd, 4th, 5th, 6th, 7th and the 8th floors are comprised of the rooms, 20 on each, making a total of 160 rooms. The Ibis Hotel has two types of rooms available for service, with surface areas of 16,57 m² and 16,08 m², as well as 4 disabled rooms and standard rooms with varying characteristics.

The types of rooms and their respective distribution on the floors have been provided in the tables below:

NOVOTEL	1st Floor	2nd Floor	3rd Floor	4th Floor	5th Floor	Total
Standard Room	15	10	10	10	13	58
Standard Incorporable Room				1		1
Standard Room with Bathtub	2	2	2	2	2	10
Standard Incorporable Room with Bathtub		2	2	1		5
Twin Room		2	2	2	2	8
Twin Incorporable Room	1	2	2	2	1	8
Suite		1	1	1		3
Incorporable Suite					1	1
Disabled Room	1					1
Incorporable Disabled Room	1					1
Total	20	19	19	19	19	96

IBIS OTEL	1 st Floor	2 nd Floor	3 rd Floor	4 th Floor	5 th Floor	6 th Floor	7 th Floor	8 th Floor	Total
Standard Room	12	13	13	13	14	14	14	14	107
Standard Incorporable Room	3	2	2	2	2	2	2	2	17
Room with Desk Bed	2	2	2	2	2	2	2	2	16
Incorporable Room with Desk Bed	2	2	2	2	2	2	2	2	16
Disabled Room		1	1	1					3
Incorporable Disabled Room	1								1
Total	20	20	20	20	20	20	20	20	160

The interior construction characteristics of the Novotel and the Ibis Hotel are provided below:

Structural and Interior Construction Characteristics of the Novotel and the Ibis Hotel	
Total Area	According to the architectural project and current status: 10.998,53 m ² According to the Construction Permit and Occupancy Permit: 11.064,00 m ² (Novotel 5.370,68 m ² and Ibis Hotel 5.627,85 m ²)
Age	5 Years
Construction Type	Concrete
Roof System	Terrace Roof
Manner	Attached Manner
Number of Floors	<u>Novotel</u> : 7 story (Basement + Ground Floor + 5 Regular Floor) <u>Ibis Otel</u> : 10 story (Basement + Ground Floor + 8 Regular Floor)
Exterior Façade	Front and back façades are partially glass, partially sinterflex and the remaining areas are a special acrylic paint.
Electricity	Grid Connection
Heating System	Central
Water	Grid Connection
Sewage	Grid Connection
Elevator	Available (2 Elevators)
Ventilation System	Available
Fire Escape	Available
Fire Extinguisher System	Available
Car Park	Available (Open)
Flooring	Wall to wall carpet, ceramic and granite
Walls	Satin paint, ceramic tile, laminate and wall paper
Joineries	Exterior joineries are made of aluminum, while the interior joineries are wood
Ceilings	Suspended Ceiling
Heating	Central
Illumination	Wall lamps, chandelier, stand lamps, spot lightening and fluorescent
Exterior Façade	Front and back façades are partially glass, partially sinterflex and the remaining areas are a special acrylic paint.

Both the Novotel and the Ibis Hotel are partially covered with glass and sinterflex on the front and back façades, while the remaining spaces are painted with acrylic paint. The side façades of the building have been painted with a special acrylic paint. The building entrances are accessed through large spacious doors, which have been covered with a canopy. There are no rooms at the entrance (ground) floor in neither of the hotels. Additionally, there is a common space between the buildings that serves as a

service hall; in this area, there is a staircase that enables the passage to and from the buildings, as well as a service elevator.

5.4.2 Inspections Performed Within the Premises of the Real Estate

- Novotel and Ibis Hotel consist of a building block that has been constructed in an attached manner; these two operate as two separate hotels.
- Novotel consists of basement floor + ground floor + 5 regular floors and has a total of 7 floors, while Ibis hotel consists of basement floor + ground floor + 8 regular floors and has a total of 10 floors.

Floor Areas (m ²)	Novotel	Ibis Hotel
Basement Floor	945,83	447,28
Ground Floor	875,7	686,73
1 st Regular Floor	707,71	561,73
2 nd Regular Floor	710,36	561,73
3 rd Regular Floor	710,36	561,73
4 th Regular Floor	710,36	561,73
5 th Regular Floor	710,36	561,73
6 th Regular Floor	-	561,73
7 th Regular Floor	-	561,73
8 th Regular Floor	-	561,73
	5.370,68	5.627,85

- The hotels are situated in a central area of the city, close to important arterial roads, public agencies and institutions. The hotels are easily accessible.
- The buildings have customer and service elevators, as well as fire alarm and extinguisher systems, ventilation, heating and air conditioning systems.
- The car park area in the hotel is a shared space, used in common by both of the hotels. Moreover, there is only an existing open car park available. Closed car park is not available.
- The circumference of the hotel is encompassed with a concrete wall and barbed wire of 1,00 and 1,50 m altitude.
- There is a substation, as well as a portable generator on the plot.
- The empty areas of the plot that are not within the building are covered in concrete; there are partially green spaces. There is no closed car park. The majority of the open spaces of the hotels are used for open car park. There is a car park with a capacity for 113 vehicles. Moreover, there is an ornamental pool.

- Other items of note, which have been detected in the area and, thusly, have been included in the appraisal report, are the substation building, concrete spaces, landscape works, and concrete wall encompassing the plot, sentry box and ornamental pool. The cost of external and miscellaneous works has been included as an additional cost to the calculations made according to the cost approach.
- The visitor entries to the facilities are made from different entrances through the ground floor. Moreover, there is a service section reserved for staff, which enables the passage between the buildings on each floor.
- The glass clad area with an area of 30,00 m² at the back façade of the hotel subject to the appraisal does not pose a problem in the legal status of the building, although it is not included in the architectural project, on the grounds that it is of a portable quality and does not affect the support of the building.

6 FACTORS AFFECTING AND DETERMINING THE VALUE OF THE REAL ESTATE

6.1 Factors that Limit or Negatively Affect the Appraisal Process

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

6.2 Swot Analysis

Strengths

- The Hotels have high visibility and marketing capabilities due to their location.
- The facilities are situated at the intersection of main arteries. Transportation and accessibility opportunities are ample. The airport is at a distance of 3,5 – 4 km.
- The city of Kayseri is developing at a steady pace in terms of urbanism.
- The city of Kayseri is an industrially and commercially developed and still developing city.
- The Lessee are the hotel facilities that are operated under 2 different brands (NOVOTEL and IBIS Hotel) by the international hotel operating company Accor Group; the lease agreement with a duration of 25 years has been recorded in the land registry book.

Weaknesses

- The car park area is a common area used by both hotels and there is no closed car park within the facilities. Only an open car park is available.

Opportunities

- There are no 3 or 4 Star Hotels with similar characteristics in the vicinity of the real estate subject to the appraisal that has been recently constructed and operated under a known brand.
- It has been noted that the new headquarters of the Chamber of Commerce of Kayseri will be constructed in the plot east of the real estate.

Threats

- The Rodison Blu Hotel, which is located at a distance of 1,5 km to the real estate subject to the appraisal, has started to operate in the last 1,5 – 2 months.
- Domestic and international economic fluctuations are directly affecting the real estate industry. This constitutes a probability of delaying the planned investments in the area.

6.3 Exemplary Share Rate in the Projects that Will Be Performed According to the Revenue

Sharing and Flat for Land Methods

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

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

Since the real estate subject to this appraisal study is a revenue generating 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 hotels with a similar location, nature and structuring conditions to that of the real estate subject to the appraisal have been found. However, it has been noted there have been sales of lands close to the real estate subject to the appraisal, with commercial zoning, in recent years (2008 and 2013).

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

The exemplary lands with commercial and residential zoning that have been sold and are still for sale have been provided in the chart below:

EXAMPLE	Location	Characteristics	Area (m2)	Price (TL)	Unit Price per m2 (TL)	Source
Example 1	Kayseri-Kocasinan, west of Chamber of Industry Building, opposite the other plot in Kocasinan Boulevard,	Commercial Zoning, net zoning plot, example: 1,	5.798	4.350.000	750	Appraisal data with Regard to Past Periods
Example 2	In front of the old Kayseri coach station, west of the real estate on the same Boulevard	Commercial Zoning, TAKS: 0.50, KAKS: 1 Date of sale: 2008	39.303	33.000.000	840	
Example 3	The area known as the old Kırşehir Garage; has been sold at the beginning of 2013 through tender	M3 Commercial, H.Max: 36,50 m. Total 6720 m2, has construction right (corresponds to the	1.769	7.500.000	4.240	
Example 4	Neighborhood of Kayseri Melikgazi-Kemeraltı, suitable for Hotel+Mall+Residential project, (6.500.000 Euro)	Tourism + Commercial + Service + Residential Zoning, Net Zoning Plot, Example 2.4	8.822	19.175.000	2.174	BEBEK Gayrimenkul İsmet CANPOLAT 0212 257 37 20 0532 661 54 52

EXAMPLE	Location	Characteristics	Area (m ²)	Price (TL)	Unit Price per m ² (TL)	Source
Example 5	Opposite the Kayseri Kocasinan Galerici Estates, façade to Kocasinan Boulevard (1.056.000 EURO) 2.640 m ² (Gross), 1840 m ² (Net)	Commercial Zoning Example: 0.50	2.640	3.115.200	1.180	AKDAMAR Emlak Ahmet AKDAMAR 0352 223 24 24 0532 284 53 36
Example 6	Opposite the Kayseri Kocasinan Galerici Estates (1300-400 into the Boulevard) (825.000 Euro)	Commercial Zoning, Net Zoning Plot, Example: 0.50	4.200	2.433.750	579	
Example 7	Neighborhood of Kayseri Kocasinan -Sümer. Block No:426, Plot No: 7-8 <i>(Property allocated by</i>	Residential Zoning, Net Plot, Example:2, (Sold at the end of November 2014)	1.938	885.000	457	From owner Necati ANTEPLİ 0532 614 06 07
Example 8	Neighborhood of Kayseri Kocasinan Pervane, Block no: 952, Cadastral Plot No: 31 (Close to the Argincık Stadium)	Partially Residential Zoning, Partial Roads, Partial Green Spaces (Development Plan according to Article 18 of the Zoning Law has not	6.767	1.700.000	251	Emre EMLAK 0352 231 20 84 0532 344 37 55

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

The properties with the most similarities have been chosen and the example evaluation table has been prepared.

LAND EXAMPLE EVALUATION TABLE

	Example 2		Example 4		Example 5	
Area (m ²)	39.303	m ²	8.822	m ²	2.640	m ²
Demanded Price (TL)	33.000.000		19.175.000		3.115.200	
Bargain Price (TL)	29.700.000		16.298.750		2.647.920	
Location Correction (+-%)	0%		5%		15%	
Surface Area Correction (+-%)	-30%		0%		-10%	
Zoning Status Correction (+-%)	-30%		40%		-50%	
Corrected Unit Price	1209	TL/m ²	1016	TL/m ²	1454	TL/m ²
Example Average	1.227					TL/m ²

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 land stock with “Tourism Facility Zoning” in the same area as the real estate subject to the appraisal is limited and that it has been difficult to find a comparable concrete example with similar structural characteristics that has been sold recently. As a consequence, 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; moreover, the total price of the property has been estimated to be 1.200 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 lease right value for the duration of 49 years of lease.
- The total lease right for the duration of 49 years has been calculated by comparing the remaining lease duration, on the date that this report has been prepared, to the total duration time and determining the price per m² of the right of construction.

Unit Price per m ² Land Value of the Remaining Time for the Right of Construction* (TL)	696
Size of the Land (m ²)	11.035,4 m ²
Total Land Value (TL)	7.680.638
Total Land Value (Euro)	2.722.955 €
Unit Land Value (TL)	1.200
Right of Construction Value Rate	2/3
Remaining Time for Right of Construction (YEARS)	42,63
Unit Price per m ² Land Value of the Remaining Time for the Right of Construction * (TL)	696
* When the remaining time value resulting from the right of construction of the land is calculated, for the right of construction value of the land, it has been employed as 2/3 at the first step. Afterwards, the remaining time from the right of construction is calculated in order to determine the current unit value of the land for the right of construction.	
Unit Land Value of the Remaining Time for the Right of Construction	=(Unit Land Value x The coefficient of the right of construction for 49 years x The remaining time from the right of construction)
Unit Land Value of the Remaining Time for the Right of Construction	=(1.200 TL x 2/3 x 42,63 /49)

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 two hotel buildings 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 **1.200 TL/m²**. On the other hand, the price of the land per m² of the remaining time for the right of construction has been calculated as 696 TL.

6.4.2 Cost Approach

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

COST TABLE (LAND + BUILDING)

ENCLOSED SPACES				UNIT COSTS (EURO)(*)			AMORTIZED COST (€) (**)
	NOVOTEL	IBIS HOTEL	TOTAL CONSTRUCTION AREA (m ²)	NOVOTEL	IBIS HOTEL	TOTAL COST	Amortization Ratio (4%)
Basement Floor	945,83	447,28	1.393,11	500,00	500,00	696.555	668.693
Ground Floor	875,70	686,73	1.562,43	1.200,00	1.100,00	1.806.243	1.733.993
1st Regular Floor	707,71	561,73	1.269,44	1.200,00	1.100,00	1.467.155	1.408.469
2nd Regular Floor	710,36	561,73	1.272,09	1.200,00	1.100,00	1.470.335	1.411.522
3rd Regular Floor	710,36	561,73	1.272,09	1.200,00	1.100,00	1.470.335	1.411.522
4th Regular Floor	710,36	561,73	1.272,09	1.200,00	1.100,00	1.470.335	1.411.522
5th Regular Floor	710,36	561,73	1.272,09	1.200,00	1.100,00	1.470.335	1.411.522
6th Regular		561,73	561,73		1.100,00	617.903	593.187

Floor							
7 th Regular							
Floor		561,73	561,73		1.100,00	617.903	593.187
8 th Regular							
Floor		561,73	561,73		1.100,00	617.903	593.187
TOTAL CONSTRUCTION COST	5.370,68	5.627,85	10.998,53			11.705.002	11.236.802
External Miscellaneous Works (***) (€)							120.000
TOTAL STRUCTURE VALUE(€)							11.356.802
LAND VALUE (€)							2.722.955
TOTAL VALUE (€)							14.079.757

(*) 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 27.03.2009. The appraisal has been conducted by taking into consideration the age and physical status of the real estate.

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

6.4.3 Cost Discount / Development Approach

Considering that the real estate subject to this appraisal study is a property that brings in revenue, the revenue approach method has not been employed. The NOVOTEL and the IBIS Hotel projections have been presented separately.



NOVOTEL PROJECTION:

- NOVOTEL consists of 96 rooms.
- It has been estimated that the occupancy rate of the hotel in the year of 2015 will be of 58% and that this rate will increase until the year of 2027, which will then reach 74%, thus continuing in this manner, 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 55 EUR, in the year of 2015. Moreover, it has been anticipated that this price will increase based on the inflation in the Euro Zone (2,5%) annually
- Considering the performance of the facility, it has been assumed that the room revenues will constitute 67,5% of the total revenue, whereas the total department revenues will be around 32,5%.
- The gross operating profit has been calculated by subtracting the department and operating expenses from the total revenues. It has been determined that the Gross Operating Profit (GOP) in the hotel will be of 40% in the year of 2015 and that it will remain this way in the following years.

IBIS HOTEL PROJECTION:

- The hotel subject to the appraisal consists of 140 rooms.
- It has been estimated that the occupancy rate of the hotel in the year of 2015 will be of 60% and that this rate will increase until the year of 2026, which will then reach 75%, thus continuing in this manner, 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 40 EUR, in the year of 2015. Moreover, it has been anticipated that this price will increase based on the inflation in the Euro Zone (2,5%) annually
- Considering the performance of the facility, it has been assumed that the room revenues will constitute 84% of the total revenue, whereas the total department revenues will be around 16%.

- 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 48% in the year of 2015 and that it will remain this way in the following years.

General Assumptions (for the NOVOTEL and the IBIS Hotel)

- It has been acknowledged that a joint real estate tax will be paid for both of the hotels. Pursuant to the information obtained from Akfen Real Estate Investment Trust Inc., the real estate is exempt from the real estate tax for the year of 2015; however, it has been agreed upon that the aforementioned real estate tax will be of 20.303 Euro for the year of 2016 and that it will increase at a rate of 3% annually.
- According to the information obtained from Akfen Real Estate Investment Trust Inc., it has been acknowledged that the insurance value for the year of 2015 will be of 16.151 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; as a result, it has been determined that the rate will consist of 1,5% of the annual gross revenue.
- The annually paid Construction Right value has been agreed upon by the construction right agreement signed between Akfen Real Estate Investment Trust Inc. and the Chamber of Industry of Kayseri.
- Pursuant to the lease agreement between Akfen Real Estate Investment Trust Inc. and the Chamber of Industry of Kayseri, it has been agreed upon that the annual “Right of Construction” value will be of 50.000 USD (40.000 Euro) annually for the year of 2014 (the first 5 years will not be paid); additionally, throughout the years of 2019 and 2023, it will be of 105.000 USD (84.000 Euro); in the year of 2024, it will be of 140.000 USD (112.000 Euro) and from the year of 2025 onwards, it will increase 1.400 USD (1.120 Euro) and, thusly, continue in this manner.
- When the 49 years lease is terminated, the facilities will be transferred back to the Chamber of Industry of Kayseri.
- In the appraisal study, the 10 year Eurobond interest rate of 3,10% has been employed as the “Risk Free Revenue Rate”. (In this appraisal study, the most ready 10 year EURO base Eurobond revenue rate has been employed as the risk free revenue rate.)
- The discount rate has been determined as 9% in the Projection.



- In the course of the studies, the exchange rate for 1 EUR has been acknowledged at 2,8207 TL, in accordance with the 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 Cash Flow

Year	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Date	31.12.2014	31.12.2015	31.12.2016	31.12.2017	31.12.2018	31.12.2019	31.12.2020	31.12.2021	31.12.2022	31.12.2023	31.12.2024	31.12.2025	31.12.2026	31.12.2027	31.12.2028	31.12.2029	31.12.2030	31.12.2031	31.12.2032	31.12.2033	31.12.2034	31.12.2035	31.12.2036
Agreement period																							
REVENUES																							
Room Revenues																							
Annual Occupancy Rate, %		58%	59%	60%	62%	63%	64%	65%	67%	68%	69%	71%	72%	74%	74%	74%	74%	74%	74%	74%	74%	74%	74%
Average Room Price, EUR		55	56	58	59	61	62	64	65	67	69	70	72	74	76	78	80	84	86	88	90	92	
Total Room Revenues		1.117.776	1.168.635	1.221.808	1.277.400	1.335.522	1.396.288	1.459.819	1.526.241	1.595.685	1.668.288	1.744.195	1.823.556	1.906.528	1.954.191	2.003.046	2.053.122	2.104.450	2.157.062	2.210.988	2.266.263	2.322.919	2.380.992
Department Revenues																							
Total Department Revenues		538.188	562.676	588.278	615.044	643.029	672.287	702.876	734.857	768.293	803.250	839.798	878.009	917.958	940.907	964.430	988.540	1.013.254	1.038.585	1.064.550	1.091.164	1.118.443	1.146.404
TOTAL REVENUES		1.655.964	1.731.311	1.810.085	1.892.444	1.978.551	2.068.575	2.162.695	2.261.097	2.363.977	2.471.538	2.583.993	2.701.565	2.824.486	2.895.098	2.967.476	3.041.663	3.117.704	3.195.647	3.275.538	3.357.426	3.441.362	3.527.396
EXPENSES																							
DEPARTMENT EXPENSES																							
Total Department Expenses		726.099	759.137	793.677	829.790	867.545	907.018	948.288	991.435	1.036.545	1.083.708	1.133.016	1.184.569	1.238.467	1.269.428	1.301.164	1.333.693	1.367.035	1.401.211	1.436.242	1.472.148	1.508.951	1.546.675
Net Department Revenues		929.865	972.174	1.016.408	1.062.655	1.111.006	1.161.556	1.214.407	1.269.663	1.327.432	1.387.831	1.450.977	1.516.996	1.586.020	1.625.670	1.666.312	1.707.970	1.750.669	1.794.436	1.839.296	1.885.279	1.932.411	1.980.721
OPERATING EXPENSES																							
General Operating Expenses		132.477	138.505	144.807	151.396	158.284	165.486	173.016	180.888	189.118	197.723	206.719	216.125	225.959	231.608	237.398	243.333	249.416	255.652	262.043	268.594	275.309	282.192
Marketing		24.839	25.970	27.151	28.387	29.678	31.029	32.440	33.916	35.460	37.073	38.760	40.523	42.367	43.426	44.512	45.625	46.766	47.935	49.133	50.361	51.620	52.911
Energy		115.918	121.192	126.706	132.471	138.499	144.800	151.389	158.277	165.478	173.008	180.880	189.110	197.714	202.657	207.723	212.916	218.239	223.695	229.288	235.020	240.895	246.918
Total Operating Expenses		273.234	285.666	298.664	312.253	326.461	341.315	356.845	373.081	390.056	407.804	426.359	445.758	466.040	477.691	489.634	501.874	514.421	527.282	540.464	553.975	567.825	582.020
GROSS OPERATING PROFIT		656.631	686.508	717.744	750.401	784.545	820.242	857.563	896.582	937.376	980.027	1.024.618	1.071.238	1.119.979	1.147.979	1.176.678	1.206.095	1.236.248	1.267.154	1.298.833	1.331.304	1.364.586	1.398.701

Year	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43
Date	31.12.2037	31.12.2038	31.12.2039	31.12.2040	31.12.2041	31.12.2042	31.12.2043	31.12.2044	31.12.2045	31.12.2046	31.12.2047	31.12.2048	31.12.2049	31.12.2050	31.12.2051	31.12.2052	31.12.2053	31.12.2054	31.12.2055	31.12.2056	20.08.2057
Agreement period																					
REVENUES																					
ROOM REVENUES																					
Annual Average Occupancy, %	74%	74%	74%	74%	74%	74%	74%	74%	74%	74%	74%	74%	74%	74%	74%	74%	74%	74%	74%	74%	74%
Average Room Price, EUR	95	97	99	102	105	107	110	113	115	118	121	124	127	131	134	137	141	144	148	151	155
Total Room Revenues	2.440.517	2.501.530	2.564.068	2.628.170	2.693.874	2.761.221	2.830.252	2.901.008	2.973.533	3.047.872	3.124.068	3.202.170	3.282.224	3.364.280	3.448.387	3.534.597	3.622.962	3.713.536	3.806.374	3.901.533	2.666.048
DEPARTMENT REVENUES																					
Total Department Revenues	1.175.064	1.204.440	1.234.551	1.265.415	1.297.051	1.329.477	1.362.714	1.396.782	1.431.701	1.467.494	1.504.181	1.541.786	1.580.330	1.619.839	1.660.334	1.701.843	1.744.389	1.787.999	1.832.699	1.878.516	1.283.653
TOTAL REVENUES	3.615.581	3.705.971	3.798.620	3.893.585	3.990.925	4.090.698	4.192.966	4.297.790	4.405.234	4.515.365	4.628.249	4.743.956	4.862.555	4.984.118	5.108.721	5.236.439	5.367.350	5.501.534	5.639.073	5.780.049	3.949.700
EXPENSES																					
DEPARTMENT EXPENSES																					
Total Department Expenses	1.585.342	1.624.975	1.665.600	1.707.240	1.749.921	1.793.669	1.838.511	1.884.473	1.931.585	1.979.875	2.029.372	2.080.106	2.132.109	2.185.411	2.240.047	2.296.048	2.353.449	2.412.285	2.472.592	2.534.407	1.751.593
Net Department revenues	2.030.239	2.080.995	2.133.020	2.186.346	2.241.004	2.297.029	2.354.455	2.413.316	2.473.649	2.535.491	2.598.878	2.663.850	2.730.446	2.798.707	2.868.675	2.940.392	3.013.901	3.089.249	3.166.480	3.245.642	2.198.107
OPERATING EXPENSES																					
General Operating Expenses	289.246	296.478	303.890	311.487	319.274	327.256	335.437	343.823	352.419	361.229	370.260	379.516	389.004	398.729	408.698	418.915	429.388	440.123	451.126	462.404	315.976
Marketing	54.234	55.590	56.979	58.404	59.864	61.360	62.894	64.467	66.079	67.730	69.424	71.159	72.938	74.762	76.631	78.547	80.510	82.523	84.586	86.701	59.246
Energy	253.091	259.418	265.903	272.551	279.365	286.349	293.508	300.845	308.366	316.076	323.977	332.077	340.379	348.888	357.611	366.551	375.715	385.107	394.735	404.603	276.479
Total Operating Expenses	596.571	611.485	626.772	642.442	658.503	674.965	691.839	709.135	726.864	745.035	763.661	782.753	802.322	822.380	842.939	864.013	885.613	907.753	930.447	953.708	651.701
Gross Operating Profit	1.433.668	1.469.510	1.506.248	1.543.904	1.582.502	1.622.064	1.662.616	1.704.181	1.746.786	1.790.455	1.835.217	1.881.097	1.928.124	1.976.328	2.025.736	2.076.379	2.128.289	2.181.496	2.236.033	2.291.934	1.546.406



Ibis Hotel Cash Flow

Year	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Date	31.12.2014	31.12.2015	31.12.2016	31.12.2017	31.12.2018	31.12.2019	31.12.2020	31.12.2021	31.12.2022	31.12.2023	31.12.2024	31.12.2025	31.12.2026	31.12.2027	31.12.2028	31.12.2029	31.12.2030	31.12.2031	31.12.2032	31.12.2033	31.12.2034	31.12.2035	31.12.2036
Agreement Period																							
REVENUES																							
ROOM REVENUES																							
Annual Average Occupancy, %	60%	61%	62%	64%	65%	66%	68%	69%	70%	72%	73%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%
Average room price, EUR	40	41	42	43	44	45	46	48	49	50	51	52	54	55	57	58	59	61	62	64	66	67	67
Total Room Revenues	1.401.600	1.465.373	1.532.047	1.601.755	1.674.635	1.750.831	1.830.494	1.913.781	2.000.859	2.091.898	2.187.079	2.286.591	2.343.756	2.402.350	2.462.408	2.523.969	2.587.068	2.651.745	2.718.038	2.785.989	2.855.639	2.927.030	
DEPARTMENT REVENUES																							
Total Department Revenues	266.971	279.119	291.819	305.096	318.978	333.492	348.666	364.530	381.116	398.457	416.586	435.541	446.430	457.590	469.030	480.756	492.775	505.094	517.722	530.665	543.931	557.529	
TOTAL REVENUES	1.668.571	1.744.491	1.823.866	1.906.852	1.993.613	2.084.323	2.179.160	2.278.311	2.381.974	2.490.354	2.603.665	2.722.132	2.790.185	2.859.940	2.931.439	3.004.725	3.079.843	3.156.839	3.235.760	3.316.654	3.399.570	3.484.559	
EXPENSES																							
DEPARTMENT EXPENSES																							
Total Department Expenses	610.030	637.786	666.805	697.145	728.865	762.028	796.701	832.951	870.850	910.474	951.900	995.212	1.020.092	1.045.594	1.071.734	1.098.527	1.125.990	1.154.140	1.182.994	1.212.569	1.242.883	1.273.955	
Net Department Revenues	1.058.542	1.106.705	1.157.060	1.209.707	1.264.748	1.322.294	1.382.459	1.445.361	1.511.125	1.579.881	1.651.765	1.726.921	1.770.094	1.814.346	1.859.705	1.906.197	1.953.852	2.002.699	2.052.766	2.104.085	2.156.687	2.210.604	
OPERATING EXPENSES																							
General Operating Expenses	116.800	122.114	127.671	133.480	139.553	145.903	152.541	159.482	166.738	174.325	182.257	190.549	195.313	200.196	205.201	210.331	215.589	220.979	226.503	232.166	237.970	243.919	
Marketing	25.029	26.167	27.358	28.603	29.904	31.265	32.687	34.175	35.730	37.355	39.055	40.832	41.853	42.899	43.972	45.071	46.198	47.353	48.536	49.750	50.994	52.268	
Energy	116.800	122.114	127.671	133.480	139.553	145.903	152.541	159.482	166.738	174.325	182.257	190.549	195.313	200.196	205.201	210.331	215.589	220.979	226.503	232.166	237.970	243.919	
Total Operating Expenses	258.629	270.396	282.699	295.562	309.010	323.070	337.770	353.138	369.206	386.005	403.568	421.930	432.479	443.291	454.373	465.732	477.376	489.310	501.543	514.081	526.933	540.107	
Gross Operating Profit	799.913	836.309	874.361	914.145	955.738	999.224	1.044.689	1.092.222	1.141.919	1.193.876	1.248.197	1.304.990	1.337.615	1.371.055	1.405.332	1.440.465	1.476.477	1.513.389	1.551.223	1.590.004	1.629.754	1.670.498	

Year	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43
Date	31.12.2037	31.12.2038	31.12.2039	31.12.2040	31.12.2041	31.12.2042	31.12.2043	31.12.2044	31.12.2045	31.12.2046	31.12.2047	31.12.2048	31.12.2049	31.12.2050	31.12.2051	31.12.2052	31.12.2053	31.12.2054	31.12.2055	31.12.2056	20.08.2057
Agreement Period																					
REVENUES																					
ROOM REVENUES																					
Annual Average Occupancy, %	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%
Average Room Price, EUR	69	71	72	74	76	78	80	82	84	86	88	90	93	95	97	100	102	105	107	110	113
Total Room Revenues	3.000.206	3.075.211	3.152.091	3.230.893	3.311.666	3.394.457	3.479.319	3.566.302	3.655.459	3.746.846	3.840.517	3.936.530	4.034.943	4.135.817	4.239.212	4.345.192	4.453.822	4.565.168	4.679.297	4.796.279	3.277.457
DEPARTMENT REVENUES																					
Total Department Revenues	571.468	585.754	600.398	615.408	630.793	646.563	662.727	679.296	696.278	713.685	731.527	749.815	768.561	787.775	807.469	827.656	848.347	869.556	891.295	913.577	624.278
TOTAL REVENUES	3.571.673	3.660.965	3.752.489	3.846.302	3.942.459	4.041.021	4.142.046	4.245.597	4.351.737	4.460.531	4.572.044	4.686.345	4.803.504	4.923.591	5.046.681	5.172.848	5.302.169	5.434.723	5.570.591	5.709.856	3.901.735
EXPENSES																					
DEPARTMENT EXPENSES																					
Total Department Expenses	1.305.804	1.338.449	1.371.910	1.406.208	1.441.363	1.477.397	1.514.332	1.552.190	1.590.995	1.630.770	1.671.539	1.713.328	1.756.161	1.800.065	1.845.067	1.891.193	1.938.473	1.986.935	2.036.608	2.087.523	1.426.474
Net Department Revenues	2.265.870	2.322.516	2.380.579	2.440.094	2.501.096	2.563.623	2.627.714	2.693.407	2.760.742	2.829.761	2.900.505	2.973.017	3.047.343	3.123.526	3.201.614	3.281.655	3.363.696	3.447.788	3.533.983	3.622.333	2.475.261
OPERATING EXPENSES																					
General Operating Expenses	250.017	256.268	262.674	269.241	275.972	282.871	289.943	297.192	304.622	312.237	320.043	328.044	336.245	344.651	353.268	362.099	371.152	380.431	389.941	399.690	273.121
Marketing	53.575	54.914	56.287	57.695	59.137	60.615	62.131	63.684	65.276	66.908	68.581	70.295	72.053	73.854	75.700	77.593	79.533	81.521	83.559	85.648	58.526
Energy	250.017	256.268	262.674	269.241	275.972	282.871	289.943	297.192	304.622	312.237	320.043	328.044	336.245	344.651	353.268	362.099	371.152	380.431	389.941	399.690	273.121
Total Operating Expenses	553.609	567.450	581.636	596.177	611.081	626.358	642.017	658.068	674.519	691.382	708.667	726.383	744.543	763.157	782.236	801.791	821.836	842.382	863.442	885.028	604.769
GROSS OPERATING PROFIT	1.712.260	1.755.067	1.798.943	1.843.917	1.890.015	1.937.265	1.985.697	2.035.339	2.086.223	2.138.378	2.191.838	2.246.634	2.302.800	2.360.370	2.419.379	2.479.863	2.541.860	2.605.406	2.670.542	2.737.305	1.870.492



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	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
HOTELS TOTAL GROSS OPERATING REVENUE	0	3.324.536	3.475.802	3.633.951	3.799.296	3.972.164	4.152.897	4.341.854	4.539.409	4.745.952	4.961.893	5.187.659	5.423.697	5.614.672	5.755.038	5.898.914	6.046.387	6.197.547	6.352.486	6.511.298	6.674.080	6.840.932	7.011.956
HOTELS TOTAL NET OPERATING REVENUE	0	1.350.525	1.394.226	1.460.533	1.529.866	1.558.364	1.634.068	1.713.436	1.796.319	1.882.984	1.945.603	2.039.238	2.137.196	2.213.759	2.271.130	2.329.959	2.390.283	2.452.138	2.515.563	2.580.597	2.647.280	2.715.653	2.785.758

Dates	31.12.2037	31.12.2038	31.12.2039	31.12.2040	31.12.2041	31.12.2042	31.12.2043	31.12.2044	31.12.2045	31.12.2046	31.12.2047	31.12.2048	31.12.2049	31.12.2050	31.12.2051	31.12.2052	31.12.2053	31.12.2054	31.12.2055	31.12.2056	20.08.2057
HOTELS TOTAL GROSS OPERATING REVENUE	7.187.254	7.366.936	7.551.109	7.739.887	7.933.384	8.131.719	8.335.012	8.543.387	8.756.972	8.975.896	9.200.293	9.430.301	9.666.058	9.907.710	10.155.402	10.409.287	10.669.520	10.936.258	11.209.664	11.489.906	7.851.436
HOTELS TOTAL NET OPERATING REVENUE	2.857.638	2.931.338	3.006.903	3.084.379	3.163.814	3.245.256	3.328.757	3.414.366	3.502.136	3.592.122	3.684.379	3.778.962	3.875.931	3.975.343	4.077.262	4.181.747	4.288.864	4.398.679	4.511.257	4.626.669	3.183.570

Risk Free Revenue Rate	3,10%	3,10%	3,10%
Risk Premium	5,65%	6,15%	6,65%
Discount Rate	8,75%	9,25%	9,75%
NET CURRENT VALUE (Euro)	22.761.753	21.332.759	20.045.599
NET APPROXIMATE CURRENT VALUE (Euro)	22.760.000	21.330.000	20.050.000
NET APPROXIMATE CURRENT VALUE (TL)	64.199.000	60.166.000	56.555.000

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

According to the Lease conditions documents submitted to our company by Akfen GYO A.Ş.;

- For the hotel subject to this appraisal study, for which Akfen Real Estate Investment Trust Inc. has a “Construction Right”, it has been established that, for the annual lease amount, the international hotel operating company Accor Group will pay 22% (twenty two) of its gross profit to the Novotel Hotel, 25% (twenty five) of its gross profit to the Ibis Hotel or the amount higher than 70% of its adjusted gross profit (AGOP) for the year of 2015. Pursuant to the agreement terms, from the year of 2016 onwards, the share ratio of the adjusted gross profit (AGOP) has been established at 72,5%.
- The Adjusted Gross Operating Profit (AGOP) has been calculated by subtracting a ratio of 4% operator share, which will be paid to ACCOR, from the gross operating profit (GOP) and a ratio of 4% Furniture Fixture and Renovation Reserve from the gross revenue.

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

- The “Construction Right” of the hotel subject to this appraisal study belongs to Akfen Real Estate Investment Trust Inc. and the hotel is being operated by the international hotel operating company Accor Group. It has been assumed that the hotel will be operated according to the current concept, throughout the duration of the “Construction Right”.
- It has been assumed that the hotel will be operating 365 days a year.
- Pursuant to the lease agreement between Akfen Real Estate Investment Trust Inc.. and the Chamber of Industry of Kayseri, it has been agreed upon that the annual “Right of Construction” value will be of 40.000 Euro annually for the year of 2014 (the first 5 years will not be paid); additionally, throughout the years of 2019 and 2023, it will be of 84.000 Euro; in the year of 2024, it will be of 112.000 Euro and, from the year of 2025 onwards, it will increase 1.120 Euro (1.400 USD) and, thusly, continue in this manner.
- 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 acknowledged that a joint real estate tax will be paid for both of the hotels. Pursuant to the information obtained from Akfen Real Estate Investment Trust Inc., the real estate is exempt from the real estate tax for the year of 2015; however, it has been agreed upon that the aforementioned real estate tax will be of 59.895 TL (20.303 Euro) for the year of 2016 and that it will increase at a rate of 3% annually.

- According to the information obtained from Akfen Real Estate Investment Trust Inc., it has been acknowledged that the insurance value for the year of 2015 will be of 16.151 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 25 years. It has been assumed that the risk premiums in obtaining the lease revenue will be low for Akfen Real Estate Investment Trust Inc. and, therefore, it has been calculated accordingly. The discount rate has been estimated at 7% by adding a 3,90% “Risk Premium” to the 3,10% to the Risk Free Revenue.
- In the course of the studies, the exchange rate for 1 EUR 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.



Years	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
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	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
Agreement Date																							
AKFEN OBTAINED LEASE																							
NOVOTEL LEASE REVENUE ON TOTAL REVENUE		364.312	380.888	398.219	416.338	435.281	455.086	475.793	497.441	520.075	543.738	568.479	594.344	621.387	636.922	652.845	669.166	685.895	703.042	720.618	738.634	757.100	776.027
Operator's rate		66.239	69.252	72.403	75.698	79.142	82.743	86.508	90.444	94.559	98.862	103.360	108.063	112.979	115.804	118.699	121.667	124.708	127.826	131.022	134.297	137.654	141.096
Furniture, Fixture and Renovation Reserve		66.239	69.252	72.403	75.698	79.142	82.743	86.508	90.444	94.559	98.862	103.360	108.063	112.979	115.804	118.699	121.667	124.708	127.826	131.022	134.297	137.654	141.096
TOTAL PLAM HOTELS AGOP		366.908	397.302	415.380	434.279	454.039	474.698	496.297	518.878	542.487	567.170	592.976	619.957	648.165	664.369	680.978	698.003	715.453	733.339	751.673	770.464	789.726	809.469
USED NOVOTEL HOTEL LEASE REVENUE		366.908	397.302	415.380	434.279	454.039	474.698	496.297	518.878	542.487	567.170	592.976	619.957	648.165	664.369	680.978	698.003	715.453	733.339	751.673	770.464	789.726	809.469
IBIS LEASE REVENUE ON TOTAL REVENUE		417.143	436.123	455.966	476.713	498.403	521.081	544.790	569.578	595.494	622.589	650.916	680.533	697.546	714.985	732.860	751.181	769.961	789.210	808.940	829.163	849.893	871.140
Operator's share		66.743	69.780	72.955	76.274	79.745	83.373	87.166	91.132	95.279	99.614	104.147	108.885	111.607	114.398	117.258	120.189	123.194	126.274	129.430	132.666	135.983	139.382
Furniture, Fixture and Renovation Reserve		66.743	69.780	72.955	76.274	79.745	83.373	87.166	91.132	95.279	99.614	104.147	108.885	111.607	114.398	117.258	120.189	123.194	126.274	129.430	132.666	135.983	139.382
TOTAL PLAM HOTEL AGOP		466.499	505.144	528.128	552.158	577.281	603.547	631.008	659.719	689.736	721.119	753.930	788.234	807.940	828.139	848.842	870.063	891.815	914.110	936.963	960.387	984.397	1.009.006
USED IBIS HOTEL LEASE REVENUE		466.499	505.144	528.128	552.158	577.281	603.547	631.008	659.719	689.736	721.119	753.930	788.234	807.940	828.139	848.842	870.063	891.815	914.110	936.963	960.387	984.397	1.009.006
USED TOTAL HOTEL LEASE REVENUE		833.407	902.446	943.507	986.437	1.031.320	1.078.245	1.127.305	1.178.597	1.232.223	1.288.290	1.346.907	1.408.191	1.456.105	1.492.508	1.529.820	1.568.066	1.607.267	1.647.449	1.688.635	1.730.851	1.774.122	1.818.476
Real estate tax		0	20.303	20.913	21.540	22.186	22.954	23.537	24.243	24.971	25.720	26.491	27.286	28.105	28.948	29.816	30.711	31.632	32.581	33.559	34.565	35.602	36.670
Insurance		16.151	16.151	16.151	16.151	16.151	16.151	16.151	16.151	16.151	16.151	16.151	16.151	16.151	16.151	16.151	16.151	16.151	16.151	16.151	16.151	16.151	16.151
Furniture, Fixture Renovation Reserve		6.649	6.952	7.268	7.599	7.944	8.306	8.684	9.079	9.492	9.924	10.375	10.847	11.229	11.510	11.798	12.093	12.395	12.705	13.023	13.348	13.682	14.024
Annual Construction Right Value		40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000
AKFEN NET LEASE REVENUE		770.607	819.040	859.176	901.147	941.038	986.834	1.031.933	1.085.124	1.141.610	1.200.495	1.262.761	1.329.667	1.397.260	1.465.052	1.534.455	1.603.391	1.672.249	1.741.052	1.810.823	1.881.587	1.953.367	2.026.190

Years	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057
Dates	31.12.2037	31.12.2038	31.12.2039	31.12.2040	31.12.2041	31.12.2042	31.12.2043	31.12.2044	31.12.2045	31.12.2046	31.12.2047	31.12.2048	31.12.2049	31.12.2050	31.12.2051	31.12.2052	31.12.2053	31.12.2054	31.12.2055	31.12.2056	20.08.2057
Agreement Date Tarihi																					
AKFEN OBTAINED LEASE																					
NOVOTEL LEASE REVENUE ON TOTAL REVENUE	795.428	815.314	835.696	856.589	878.004	899.954	922.452	945.514	969.152	993.380	1.018.215	1.043.670	1.069.762	1.096.506	1.123.919	1.152.017	1.180.817	1.210.338	1.240.596	1.271.611	868.934
Operator's share	144.623	148.239	151.945	155.743	159.637	163.628	167.719	171.912	176.209	180.615	185.130	189.758	194.502	199.365	204.349	209.458	214.694	220.061	225.563	231.202	0
Furniture, Fixture and Renovation Reserve	144.623	148.239	151.945	155.743	159.637	163.628	167.719	171.912	176.209	180.615	185.130	189.758	194.502	199.365	204.349	209.458	214.694	220.061	225.563	231.202	0
TOTAL HOTELS AGOP	829.706	850.448	871.710	893.502	915.840	938.736	962.204	986.259	1.010.916	1.036.189	1.062.094	1.088.646	1.115.862	1.143.759	1.172.353	1.201.661	1.231.703	1.262.496	1.294.058	1.326.409	1.121.145
USED NOVOTEL HOTEL LEASE REVENUE	829.706	850.448	871.710	893.502	915.840	938.736	962.204	986.259	1.010.916	1.036.189	1.062.094	1.088.646	1.115.862	1.143.759	1.172.353	1.201.661	1.231.703	1.262.496	1.294.058	1.326.409	1.121.145
IBIS LEASE REVENUE ON TOTAL REVENUE	892.918	915.241	938.122	961.575	985.615	1.010.255	1.035.512	1.061.399	1.087.934	1.115.133	1.143.011	1.171.586	1.200.876	1.230.898	1.261.670	1.293.212	1.325.542	1.358.681	1.392.648	1.427.464	975.434
Operator's share	142.867	146.439	150.100	153.852	157.698	161.641	165.682	169.824	174.069	178.421	182.882	187.454	192.140	196.944	201.867	206.914	212.087	217.389	222.824	228.394	0
Furniture, Fixture, Renovation Reserve	142.867	146.439	150.100	153.852	157.698	161.641	165.682	169.824	174.069	178.421	182.882	187.454	192.140	196.944	201.867	206.914	212.087	217.389	222.824	228.394	0
TOTAL PLAM HOTELS AGOP	1.034.232	1.060.087	1.086.590	1.113.754	1.141.598	1.170.138	1.199.392	1.229.376	1.260.111	1.291.614	1.323.904	1.357.001	1.390.927	1.425.700	1.461.342	1.497.876	1.535.323	1.573.706	1.613.048	1.653.375	1.356.107
USED IBIS HOTEL LEASE REVENUE	1.034.232	1.060.087	1.086.590	1.113.754	1.141.598	1.170.138	1.199.392	1.229.376	1.260.111	1.291.614	1.323.904	1.357.001	1.390.927	1.425.700	1.461.342	1.497.876	1.535.323	1.573.706	1.613.048	1.653.375	1.356.107
USED TOTAL HOTEL LEASE REVENUE	1.863.937	1.910.536	1.958.299	2.007.257	2.057.438	2.108.874	2.161.596	2.215.636	2.271.027	2.327.802	2.385.997	2.445.647	2.506.789	2.569.458	2.633.695	2.699.537	2.767.026	2.836.201	2.907.106	2.979.784	2.477.251
Real estate tax	37.770	38.904	40.071	41.273	42.511	43.786	45.100	46.453	47.846	49.282	50.760	52.283	53.852	55.467	57.131	58.845	60.610	62.429	64.302	66.231	68.218
Insurance	16.151	16.151	16.151	16.151	16.151	16.151	16.151	16.151	16.151	16.151	16.151	16.151	16.151	16.151	16.151	16.151	16.151	16.151	16.151	16.151	16.151
Furniture Fixture and Renovation Reserve	14.375	14.734	15.102	15.480	15.867	16.263	16.670	17.087	17.514	17.952	18.401	18.861	19.332	19.815	20.311	20.819	21.339	21.873	22.419	22.980	0
Annual Construction Right Value	126.560	127.680	128.800	129.920	131.040	132.160	133.280	134.400	135.520	136.640	137.760	138.880	140.000	141.120	142.240	143.360	144.480	145.600	146.720	147.840	148.960
AKFEN NET LEASE REVENUE	1.669.082	1.713.068	1.758.175	1.804.433	1.851.870	1.900.513	1.950.395	2.001.545	2.053.995	2.107.778	2.162.926	2.219.473	2.277.454	2.336.905	2.397.862	2.460.363	2.524.445	2.590.149	2.657.514	2.726.582	2.243.923

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)	18.440.747	17.048.507	15.811.988
NET APPROXIMATE CURRENT VALUE (Euro)	18.440.000	17.050.000	15.810.000
NET APPROXIMATE CURRENT VALUE (TL)	52.014.000	48.093.000	44.595.000

6.4.5 Lease Value Analysis and the Data Employed

The lease value of the construction right subject to the appraisal has been calculated taking into consideration the revenue discount method and the average cash flow value. The annual lease value of the real estate has been calculated by reducing the 1st year cash flow average to the appraisal day. According to this calculation, the annual lease value of the hotel is **971.000.- EUR (2.739.000 Turkish Liras)**. The discount rate has been determined to be of 9%.

Date	31.12.2014	31.12.2015
Annual Lease Revenue	0	1.060.566

Net Current Value of the Annual Lease Value (EURO)	971.000
Net Current Value of the Annual Lease Value (TL)	2.739.000

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

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

6.4.7 Most Effective and Most Productive Use Analysis

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

6.4.8 Appraisal Analysis of Common or Divided Parts

There are two hotels operating separately on the plot, under the names NOVOTEL and IBIS Hotel. In accordance with the Cost Approach and the revenue projections in the Revenue Approach, both of the structure values have been calculated separately for each of the hotels. However, on the grounds that the ownership of the real estate belongs to the Chamber of Industry of Kayseri, that Akfen Real Estate Investment Trust Inc. has a construction right on the totality of the real estate for the duration of 49 years and that the transfer or assignment of this right, wholly or partially, is out of the question; the right of construction value of the entire real estate has been appraised accordingly.

7 APPRAISAL OF ANALYSIS RESULTS

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

On the grounds that the real estate subject to this appraisal study consists of a property operating as a revenue bringing hotel, the Revenue Approach and Cost Approach Methods have been employed. In the Cost Approach Method, the “Land Value” has been determined according to the Example Comparison Method.

The total value in the cost method, including the land, has been calculated **14.080.000 Euro (39.715.000 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 **21.330.000 Euro (60.166.000.- 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 **17.050.000 Euro (48.093.000.- TL)**. The final value of the hotel has been calculated to be **19.190.000 Euro (54.130.000.- TL)**, based on the approximate arithmetic average of the value calculated by both of the methods.

The lease value of the real estate, since the date of 31.12.2014, has been calculated by taking into consideration the average cash flow of the first year, in accordance with the revenue discount approach and the lease revenue. The annual lease value of the real estate has been calculated by reducing the annual average net cash flow to the day when the appraisal study is performed. Pursuant to this calculation, the annual lease value has been determined to be **971.000,- Euro (2.739.000,- TL)**.

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. In addition, the value calculated through the use of the cost method has been ruled out in the final appraisal value.

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

In the discount model pursuant to the lease revenue, the lease revenues have been evaluated and the calculations have been made in accordance with the value obtained. Different discount rates have been



employed in both models. Since there is a guaranteed lease revenue in the lease revenue analysis, the risk premium is lower.

While the value of the real estate according to the revenue discount approach was being determined, in the 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 5.987.500 Euro.

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

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

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

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

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

The “Karkas Hotel and Its Land” real estate, subject to the appraisal report, located in the city of Kayseri, District of Kocasinan, Block No: 2420, Plot No: 9, with a surface area of 11.035,40 m², has been allocated on behalf of Akfen Real Estate Investment Trust Inc. with an independent and permanent “Right of Construction” for the duration of 49 years, with the starting date of 20.08.2008; moreover, it has been noted that there are no obstacles for the inclusion of the “Right of Construction + Building” of the real estate subject to this appraisal in the Real Estate Investment Trusts portfolio, within the scope of the Capital Market Regulations.

8 OUTCOME

8.1 The Concluding Sentence of the Appraiser

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

8.2 Final Appraisal

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

As of the date of 31.12.2014

	Market Value of the Remaining Construction of the Real Estate (EURO)	Market Value of the Remaining Construction of the Real Estate (TL)
VAT Excluded	19.190.000	54.130.000
VAT Included	22.644.000	63.873.000

	Annual Lease Value of the Real Estate (EURO)	Annual Lease Value of the Real Estate (TL)
VAT Excluded	971.000	2.739.000
VAT Included	1.146.000	3.232.000

- 1-) The appraised value is the current value regarding the cash sale price.
 - 2-) The VAT ratio has been established at 18%.
 - 3-) The currency rates have been established at 1 EUR = 2,8207 TL; 1 EUR = 1,21 USD
 - 4-) This report has been prepared within the scope of the related Capital Market Legislation.
- We respectfully submit our expert report representing the situation and our appraisal.

Hamdi ARIKAN
Certified Appraiser

Dilek YILMAZ AYDIN
Certified Appraiser

Neşecan ÇEKİCİ
Responsible Appraiser



9 APPENDIX

1. Title Deed Photocopies
2. Approved Restrictions Document
3. Approved Zoning Status Document
4. Construction Licenses/Permits
5. Occupancy Permit
6. Floor Plans
7. Mortgage Letter
8. Construction Right Agreement
9. Accotel Operating Agreement
10. Business Starting and Operating License/Permit
11. Tourism Operating Document
12. Tourism Investment Document
13. Insurance Policies
14. Photographs
15. Backgrounds
16. License Certificates