

AKFEN REAL ESTATE INVESTMENT TRUST INC.

CITY OF IZMIR, DISTRICT OF KONAK

BLOCK NO. 7656, PLOT NO. 2

IZMIR IBIS HOTEL

Report No: 2014-020-GYO-011

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-011
Appraisal Date	:	11.11.2014 - 31.12.2014
Information Concerning the Property Subject to the Appraisal	:	"10 Story Concrete Hotel Building, Including Basement Floors" real estate with an area of 629 m ² , located in the city of Izmir, district of Konak, Neighborhood of Alsancak, Section Plan No: 909, Block No: 7656, Plot No: 2
Subject of Study	:	Determining the current market value and the annual current lease value of the real estate for the remaining time of 49 years lease agreement
Land Area of the Real Estate Subject to the Appraisal	:	629 m ²
Land Area of Closed Spaces of the Real Estate Subject to the Appraisal	:	5-882.77 m ²
Zoning Status of the Real Estate Subject to the Appraisal	:	Building Area with a Commercial Option

As of 31.12.2014

	Market Value of the Remaining Leasehold of the Real Estate (EURO)	Market Value of the Remaining Leasehold of the Real Estate (TL)
VAT Excluded	16.310.000	46.006.000
VAT Included	19.246.000	54.287.000

	Annual Lease Value of the Real Estate (EURO)	Annual Lease Value of the Real Estate (TL)
VAT Excluded	496.000	1.399.000
VAT Included	585.000	1.651000

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



Names of the persons participating in the report

Certified Appraiser	:	Taner DÜNER
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.

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1 REPORT INFORMATION

1.1 The Date, Number and Type of the Appraisal Report

Date of Report : 02.01.2014

Report Number: 2014-020-GYO-011

Type of Report : Appraisal report relative to the “10 Story Reinforced Concrete Hotel Building Including Basement Floors” quality real estate with a surface area of 629m², situated in the city of Izmir, district of Konak, Neighborhood of Alsancak, Plan section no. 909, Block no. 7656, Plot no. 2, for the purpose of determining the current market value of the remaining duration of its 49 year lease rights and the current lease value in Turkish Lira currency.

1.2 Information Regarding the Responsible Appraiser that Prepared the Appraisal Report

Report Issued By : Certified Appraiser,
Taner DÜNER

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 02.01.2014.

1.4 Reference Agreement

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

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

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



2 INTRODUCTORY INFORMATION CONCERNING THE COMPANY AND THE CLIENT

2.1 Introductory Information Concerning the Appraisal Company

Company Title : EPOS Real Estate Consultancy and Appraisal Inc.

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

2.2 Introductory Information Concerning the Client

Client Title : Akfen Real Estate Investment Trust Inc.

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

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

The Appraisal report relative to the "10 Story Reinforced Concrete Hotel Building Including Basement Floors" quality real estate with a surface area of 629m², situated in the city of Izmir, district of Konak, Neighborhood of Alsancak, Plan section no. 909, Block no. 7656, Plot no. 2, has been prepared for the purpose of determining its sale and lease value.

Referring to the 13.10.2014 dated request by Akfen Real Estate Investment Trust, the property subject to this appraisal report belongs to the General Directorate of Foundations with a lease agreement of 49 years, on behalf of Akfen Real Estate Investment Trust. The potential revenue, with regard 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 agreement, between Akfen Real Estate Investment Trust Inc. and the General Directorate of Foundations, 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.

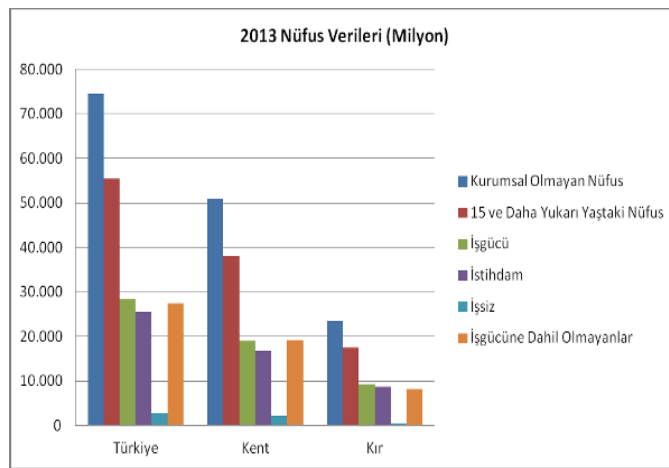
The analysis of the Turkish population information has been provided below in terms of Turkey in general, cities and country. The data with regard to the years 2013 and 2014 has been compared.

	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 – TUIK)

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

2013 Population Data (in millions)

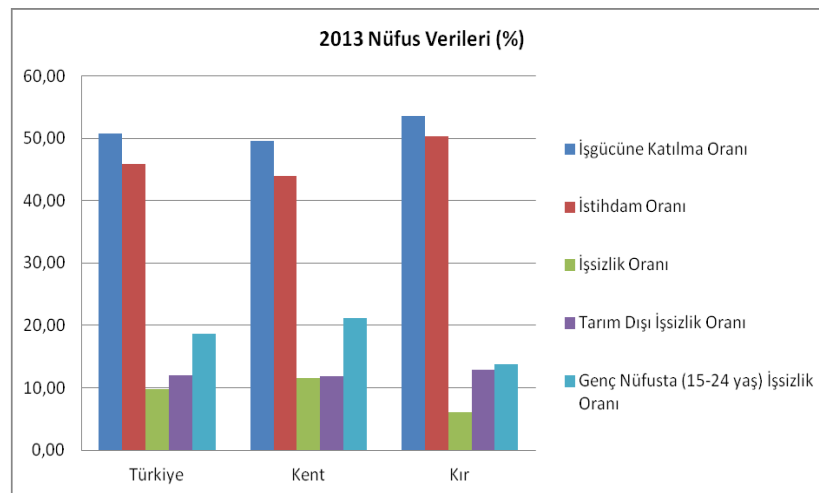


- Non Institutional Population
 - Population of and above 15 years of age
 - Labor force
 - Employment
 - Unemployment
 - Not Included in the Labor Force
- Turkey City Country Side

Furthermore, a second comparison is made

based in Turkey in general, the city and the country side, with regard to the population data for the year of 2013 provided in the table.

2013 Population Data (%)



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

Turkey City Country Side



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

Economic Overview of Turkey

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

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

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

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

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

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

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

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

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

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

4.2 General Status of the Real Estate Industry

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

The sale of the lands, within the scope of the "Code Regarding the Support of the Development of Forest Farmers and the Making Use of the Lands that Have Been Taken Outside of the Forest Borders to the



Benefit of the Treasury, As Well As the Sale of Agricultural Lands Belonging to the State Treasury”, which is commonly known as “Law 2B”, has been established pursuant to the legal conditions in the year of 2012. However, the sales have been lower than expected and limited to the construction industry.

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

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

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

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

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

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

4.3 Information Regarding the Tourism Industry

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

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

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

Source: Turkish Hoteliers Federation (TUOFED) Tourism Report 2013

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

Izmir is the third biggest metropolis of Turkey, as well as an important expo center and a seaport. Izmir, also called “The Pearl of the Aegean”, has been the cradle of many civilizations since its early days and

continues to be a major metropolis of significant economic and social importance to Turkey, in the present day.

According to archaeological excavations performed in the area, the historical past of Izmir, the third major city of Turkey, goes back to 3000 B.C. The city of Izmir, where many civilizations ruled in the past, started gaining importance in Mediterranean and world trade since the 16th century. Not just an important city of the region, Izmir was a notable trade city of the Mediterranean and Europe, displaying an agitated chart throughout history. Turkey, being one of the first countries to implement railroad transportation, with the Izmir – Aydın and Izmir – Turgutlu lines entering into service between the years of 1856 and 1863, has helped the port city of Izmir, which had excellent opportunities at the time coupled with the entrepreneur spirit of its people, to become a trade center.

With the implementation of the Republic, Izmir put the emphasis on becoming a modern city and it still strives to improve on this characteristic.

The city of Izmir is situated in the bay area with the same name on a developing plain atop a 30 km bow and the low hills located on the coast, which grant the city a maritime climate. Due to its geographical location, the maritime climate is dominant within the borders.

A sub-type of the Mediterranean climate, the Aegean Coast is generally experienced in Izmir. In other words, summer is hot and dry as the Mediterranean coastal line and winter is warm, although it registers less rainfall than the Mediterranean. The highest average temperature in the city is observed in the month of July, with an average of 27.6 degrees, and the lowest temperature in the month of January, with an average of 8.6 degrees. Izmir, with its population of 3.795.978, is one of the Turkish cities with highest population. While the official population of the city is 3.450.537, the population of its surrounding villages is 345.441. The city density is 316 people per km².

The city of Izmir is composed of 30 districts and 596 villages. The districts with the highest population are Karabağlar, Konak, Buca, Bornova, Bayraklı and Karşıyaka, respectively. The smallest district in terms of population is Karaburun. The largest district in terms of surface area is Bergama and the smallest is Balçova.

The moderate climate conditions, rich historical past and scenic beauty of the region have contributed for Izmir to become a tourism center. All sorts of tourism are practiced in the region, namely maritime, historical and archaeological, yacht tourism, thermal tourism, plains, hunting, as well as winter tourism, thus contributing with a significant share to the economy of the country.

Aside from being a touristic center, Izmir is presently a major cultural intersection as well, with its universities, museums, concert halls, cultural-art foundations, annual national and international festivals

and rich media diversity. Izmir is a significant educational center of Turkey, with its above average schooling and education, in addition to its high standard educational institutions.

There are three public universities in the city, namely Aeagean, Dokuz Eylül University and Izmir High Technology Institute. With Yaşar University, Gediz University, İzmir University and İzmir Economy University, the number of universities reaches seven.

While possessing an agricultural wealth that contributes with a rate of 3,8% of plant production and 6,1% of animal production, the city of Izmir is a prominent commercial and industrial center. Izmir notably contributes to the economy with its entrepreneur, hardworking and qualified population; there are 18 organized industry sites, 2 free trade areas, Small Industry Sites and Markets, ports, Technology Developing Areas, efficient drainage basins and expo areas.



Konak is a district center located within the Metropolis of Izmir. In the North of the district is the Izmir Bay area and the district of Bayraklı, in the East the district of Bornova, in the South the district of Karabağlar, in the Southeast the district of Buca and in the west the district of Balçova.

The city of Izmir is characterized with widely known artifacts from the antique ages and from the Ottoman era but it is known mostly for its Republic Period artifacts. Konak, being a center of culture, art and entertainment, constitutes a frequent stop for domestic and foreign tourists. Especially the Kemeraltı Market is a major contributor to the district economy and a serious promotion for the city of Izmir. The ancient city of Smyrna, located within the district of Konak, along with the Agora archaeological site left over from the Romans, are open for touristic visits. Furthermore, after Karşıyaka, Konak is famous for its Konak Plaza and the Konak Docks, which provides maritime transportation

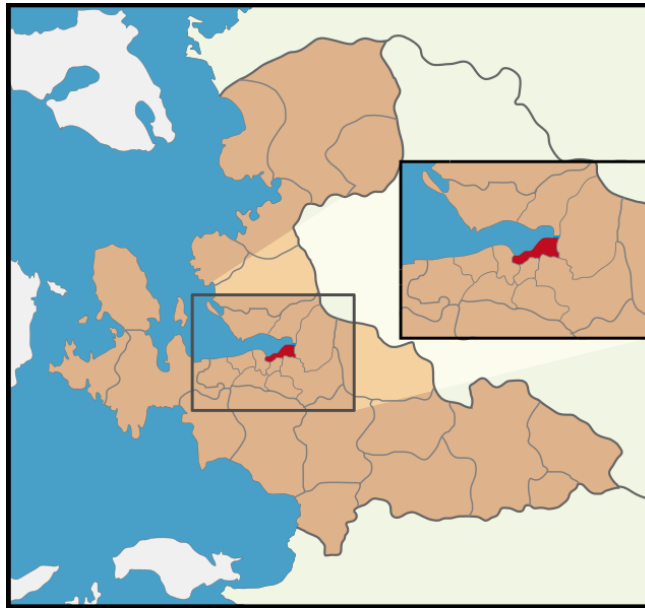
together with the other dock all over Izmir. The coastal road and the walkways are notably filled with people from all over Izmir.

Konak is an administrative, artistic, cultural and commercial center of Izmir.

The population of the district belongs to the city population. There are no villages or towns. The surface area of the district is 69 km².

In accordance with the Council of Ministers decision number 5747 that entered into effect during the month of March of 2008, 55 neighborhoods and 2 towns have been connected to the district of Karabağlar. As of 2008, there are 113 neighborhoods within the district of Konak.

The district has a total of 2.905 streets, 90 avenues, 19 boulevards and 14 plazas.



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

Tourism plays an important role in the economy of Izmir. Aside from sea and sun related seasonal tourism, there are innumerable other areas, such as expo and congress tourism, health tourism, cultural tourism and religious tourism.

Detailed information with regard to the tourism related data of the city has been obtained from the Provincial Directorate of Tourism. According to this information, there are 216 licensed accommodation businesses with investment certificates in the city. In these facilities, there are a total of 20.323 rooms available with a capacity for 43.079 beds.

In a breakdown of the accommodation capacity, the central district of Konak (30% facilities, 24% rooms, 22% bedding capacity) and the major touristic district of Çeşme (29% facility, 22,5% rooms, 24,3% bedding capacity) are the most significant ones. Following these are the districts of Menderes, Selçuk

and Dikili, the sum of which does not reach the number of facilities in either of the districts of Konak or Çeşme.

	NUMBER OF FACILITIES	NUMBER OF ROOMS	NUMBER OF BEDS	NUMBER OF FACILITIES	NUMBER OF ROOMS	NUMBER OF BEDS
5 Star	25	7.717	16.194	12%	38%	38%
4 Star	43	5.584	11.778	20%	28%	27%
3 Star	48	3.171	6.433	22%	16%	15%
2 Star	31	984	2.044	14%	5%	5%
1 Star	4	60	120	2%	0%	0%
Holiday Village 5	2	652	1.492	1%	3%	3%
Holiday Village 4	4	529	1.406	2%	3%	3%
Boutique	23	906	1.811	11%	4%	4%
Boutique Holiday Villas	1	68	136	0%	0%	0%
Apart Hotel	4	84	223	2%	0%	1%
Hostel	4	56	108	2%	0%	0%
Private Licensed	21	385	791	10%	2%	2%
Farm House	2	16	32	1%	0%	0%
Country House	1	20	40	0%	0%	0%
Camping	3	0	471	1%	0%	1%
	216	20.232	43.079	100%	100%	100%

Source: Provincial Directorate of Tourism of the City of Izmir – 2014

When the facilities are inspected, within the scope of the standards, it is observed that the emphasis is on 3, 4 and 5 star hotels and on boutique hotels. The 4 and 5 star hotels have the largest room and bedding capacity.

TOURISM OPERATING AND INVESTMENT LICENSED ACCOMODATION FACILITIES AND THEIR ROOM and BEDDING CAPACITY IN TERMS OF DISTRICTS												
DISTRICTS	FACILITIES WITH OPERATING LICENSE			FACILITIES WITH INVESTMENT CERTIFICATE			TOTAL			TOTAL (%)		
	NUMBER OF FACILITIES	NUMBER OF ROOMS	NUMBER OF BEDS	NUMBER OF FACILITIES	NUMBER OF ROOMS	NUMBER OF BEDS	NUMBER OF FACILITIES	NUMBER OF ROOMS	NUMBER OF BEDS	NUMBER OF FACILITIES	NUMBER OF ROOMS	NUMBER OF BEDS
ALIAĞA	2	80	160	0	0	0	2	80	160	0,9%	0,4%	0,4%
BALÇOVA	3	599	1.204	0	0	0	3	599	1.204	1,4%	3,0%	2,8%
BAYRAKLI	0	0	0	1	182	364	1	182	364	0,5%	0,9%	0,8%
BERGAMA	1	57	114	1	72	144	2	129	258	0,9%	0,6%	0,6%
BORNOVA	3	201	406	1	23	46	4	224	452	1,9%	1,1%	1,0%
ÇEŞME	41	3.172	6.750	23	1.382	3.712	64	4.554	10.462	29,6%	22,5%	24,3%
ÇİĞLİ	1	78	156	0	0	0	1	78	156	0,5%	0,4%	0,4%
DİKİLİ	6	286	583	4	988	2.710	10	1.274	3.293	4,6%	6,3%	7,6%
FOÇA	7	329	677	1	20	44	8	349	721	3,7%	1,7%	1,7%
GAZİEMİR	2	100	200	2	168	338	4	268	538	1,9%	1,3%	1,2%
KARABURUN	1	15	30	0	0	0	1	15	30	0,5%	0,1%	0,1%
KARŞIYAKA	1	15	30	1	42	84	2	57	114	0,9%	0,3%	0,3%
KEMALPAŞA	1	24	50	1	116	232	2	140	282	0,9%	0,7%	0,7%

KONAK	57	4.137	8.337	9	818	1.491	66	4.955	9.828	30,6%	24,5%	22,8%
MENDERES	11	2.571	5.392	4	953	2.066	15	3.524	7.458	6,9%	17,4%	17,3%
NARLIDERE	1	316	636	0	0	0	1	316	636	0,5%	1,6%	1,5%
ÖDEMiŞ	2	81	162	1	20	40	3	101	202	1,4%	0,5%	0,5%
SEFERİHİSAR	7	1.053	2.176	0	0	0	7	1.053	2.176	3,2%	5,2%	5,1%
SELÇUK	13	2.101	4.279	0	0	0	13	2.101	4.279	6,0%	10,4%	9,9%
TİRE	1	35	70	0	0	0	1	35	70	0,5%	0,2%	0,2%
TORBALI	2	109	218	0	0	0	2	109	218	0,9%	0,5%	0,5%
URLA	3	79	158	1	10	20	4	89	178	1,9%	0,4%	0,4%
TOTAL	166	15.438	31.788	50	4.794	11.291	216	20.232	43.079	100,0%	100,0%	100,0%

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

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

The real estate is situated at Plan Section no: 909, Block no: 7656, Plot No:2, before the Customs Directorate of Izmir, located at the Neighborhood of Alsancak, Atatürk Boulevard.

The real estate subject to this appraisal has a surface area of 629,00 m2 and is of a “10 Story Reinforced Concrete Hotel Building Including Basement Floors” quality.

The real estate in question is located on the left side of the avenue, 50m after turning towards the direction to the docks at the intersection right in front of the Alsancak Train Station, at the entrance of the district of Alsancak from Bornova. On account of having a façade to the 1472th street, which is a street high in demand connecting the Kıbrıs Şehitleri Avenue that comes from the direction of the Train Station of Alsancak and the Alsancak Stadium to the 1st Cordon, the real estate has high publicity capabilities; in addition, it is situated in an area that is in close proximity to the Customs Directorate and the Port area, thus being densely populated by companies that operate in these aforementioned areas. The Train Station of Alsancak, the Customs Directorate, the City Port, the 1st Cordon and Kıbrıs Şehitleri Avenue are all in the vicinity of the real estate; therefore, it is a widely known area of the city of Izmir.

The real estate subject to this appraisal has high accessibility due to its location, having easy access by private vehicles and public transportation.

The location of the Real Estate subject to the appraisal



Vicinity of the Real Estate subject to the appraisal and its current satellite image



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

City	:	İzmir
District	:	Konak
Neighborhood	:	Alsancak
Section No.	:	909 plan
Block No.	:	7656
Plot No.	:	2
Surface Area	:	629,00m ²
Owner	:	General Directorate of Foundations
Nature	:	10 Story Concrete Building including Basement Floors
Land Title Date	:	21.01.2000
Journal No.	:	316
Volume No.	:	485
Page No.	:	4453

The real estate subject to the appraisal is registered at the Directorate of Land Registry of the district of Konak, with the **Alsancak Neighborhood Volume No. 485, page 4453** (continuing at the volume number 489, page 4903).

It has been established that there is a “*Lease Annotation*” on the real estate for the duration of 49 years, on behalf of Akfen Real Estate Investment Trust Inc.

5.2.1 Investigation of the Land Registry of the Real Estate

According to the information (TAKBIS document) obtained in regards to the real estate from the TAKBIS portal, connected to the Land Registry Directorate of the District of Konak, by our company on the date of 16.12.2014, at 11:59, the due inspection has been performed on the land title registries of the real estate and the following restrictions have been noted. (The Land Registry Book of the real estate has been observed on the date of 16.12.2014 at the Land Registry Directorate of the District of Konak.)

Annotations Section

- Pursuant to the journal no: 3272, dated 15.02.2011, there is a “lease agreement against a value of 19.488.000.- TL (Lease Annotation for the duration of 49 years on behalf of Akfen Real Estate Investment Trust Inc. starting from the date of 16.12.2014)”



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.

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

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."

It has been observed that the property subject to the appraisal report has a "Lease Annotation" for the duration of 49 years on behalf of Akfen Real Estate Investment Trusts Inc.

In accordance with the article of the aforementioned communiqué, there are no obstacles that prevent the real estate from being included in the investment trusts portfolio, within the scope of the Capital Market Board regulations.

5.3 Inspection of the Zoning Information of the Real Estate

With the 28.02.2011 dated zoning status approval certificate emitted by the Municipality of the District of Konak, Zoning and Urbanism Directorate, the zoning information relative to the real estate subject to the appraisal has been evaluated.

According to the zoning status certificate and the information obtained from the Zoning and Urbanism Directorate, on the date of 16.12.2014, enclosed herewith;

Pursuant to the 24.01.1985 dated and up to date zoning status, with a scale of 1/1000, the real estate subject to the appraisal is in the Housing Area with Commercial Purpose on a condition of 8 story attached construction. The Official Zoning Status documents are enclosed herewith.

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

As a result of the inspection of the 16.12.2014 dated zoning documents of the real estate subject to the appraisal, at the Municipality of Konak, Zoning and Urbanism Directorate Archives;

Architectural Project with Approval: There is an existing architectural project with the date of 19.07.2011. According to the project prepared for the hotel building with 2 basement floors + ground floor + 7 normal floors, the total enclosed area is of 5.882,77m². (As stated in the License and Occupancy Permit, the building has an area of 5.760m²; moreover, the difference between the two given values consists of the areas containing staircases and such other areas which are not included in the comparable.)



Construction Permit: It has been noted that, within the zoning documents pertaining to the plot area: the 07.04.2011 dated Construction Permit with the number 1, with a surface area of 17.927,00m², for the purpose of “Shoring”; the 28.04.2011 dated Construction Permit with the number 1, with a surface area of 760,00m², for the purpose of “Common Areas” due to “Shoring”; lastly, the 29.09.2011 and 10.10.2011 dated “Construction Permits” with the number 80, granted for the “hotel with a surface of 5.760m²” and the “hotel with the surface area of 5.760m² with and without a restaurant”, respectively. Both of the permits have been granted for the same building, having been stated in their description sections of the older permit that they have been granted for one building and, in the same section of the recently granted permit, it is stated that the hotel has been divided into independent sections within (since they have not been registered at the Land Registry, they cannot be evaluated as independent sections legally) and that the permits have been granted with this in consideration. Moreover, it has been observed that another permit has been granted with the date of 10.10.2011 and number 1/2011 for the reason of “Change in the Construction Supervisor”.

Occupancy Permit: It has been determined that, within the zoning documents pertaining to the plot, there are the 02.05.2013 and 03.05.2013 dated “Occupancy Permits” with the number 169 granted for “hotel with the area of 5.760m²” and “hotel with the area of 5.760m² with and without restaurant”, respectively.

Conforming to the inspections carried out on site, there are no differences to be found between the ongoing situation and the legal situation. The current building is effectively in accordance with the 19.07.2011 dated “Approved Architectural Project”.

5.3.2 Building Inspection Institution and Maintenance

The real estate subject to this appraisal is liable to inspection under the 29.06.2001 dated Law Regarding Building Inspection with the number 4708, for the inspection of the building in the course of the construction process, which will be performed by the Kordon Yapı Denetim Limited Şirketi, operating in the city of İzmir, found at the address of Güneşli Mahallesi, Eski İzmir Caddesi, No: 12/B Yağhaneler / İzmir.

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 Osmangazi Municipality of the District of Konak, Zoning and Urbanism Directorate, it has been established that a change in the legal status of the real estate in the last three years is out of the question.



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

All of the necessary permits and licenses, such as the Zoning Status Document, the Approved Architectural Project, the Construction Permit and Occupancy Permit required by the Turkish Law, have been obtained in full, with regard to the 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 is located in the city of Izmir, district of Konak, Neighborhood of Alsancak, Block no: 7656, Plot no: 2, with a surface area of 629,00 m², consisting of a “10 Story Concrete Hotel Building Including the Basement Floors”. There is a concrete building, on the plot, with 10 stories composed of 2 basement floors + ground floor + 7 normal floors, operating as IBIS Hotel. As reported by the project, the enclosed area of the building is of 5.882,77 m². (As stated in the License and Occupancy Permit, the building has an area of 5.760 m² and the difference between the two given values consists of the areas containing staircases, which are not included in the comparable.)

The IBIS Hotel subject to this appraisal study is a 3 star accommodation facility, comprised of 140 rooms. According to the approved architectural project and the inspections performed on site, the building has been constructed in the following manner;

2nd Basement Floor: According to the project, it covers an area of 595,73 m² which is composed of shelter, central heating system, pumping room and water tanks, hall and electric board room. In the central heating and the pumping rooms, the floors are covered with epoxy material, whereas the other sections are covered with ceramics. The interior doors are made of metal.



1st Basement Floor: According to the project, it covers an area of 311,42 m² which is composed of offices, workshops, storing areas of numerous departments, men and women locker rooms and W.C's, hall and staff dining hall. Walk-in Coolers have been observed in some of the storages. All of the floors in this area are covered in ceramics and the doors are made of metal.

Ground Floor: According to the project, it covers an area of 595,6 m² which is composed of a kitchen area, reception, restaurant, conference room, luggage room, general manager room, procurement office, bar, W.C's, fire alarm room, waste storing rooms and electric board room. On this floor, the restaurant has a flooring of laminate parquet, while the conference room is covered with wall to wall carpet. In the remainder of the areas, the floors are covered with ceramics. The interior doors are made of wood and the restaurant and reception area façades are covered with aluminum joinery window walls.

1st and 2nd Floors: According to the project, they cover an area of 626,90 m² which is composed of a hall, electric board room, laundry, service hall, fire escape halls and 20 rooms. One of the rooms, in each floor, is reserved for disabled customers and, therefore, is slightly larger than the other rooms, having an area of 15,88 m². The remainder of the rooms vary between 13,26 m² and 14,69 m². The flooring in the rooms is covered with laminate parquet and the bathroom areas, inside the rooms, are covered with ceramics both on the floor and the walls. The halls are covered with wall to wall carpets, while the other areas are covered with ceramics.

3rd and 7th Floors: According to the project, they cover an area of 627,70 m² which is composed of a hall, electric board room, laundry, service hall, fire escape halls and 20 rooms. The areas of the rooms vary between 13,26 m² and 14,69 m². The flooring in the rooms is covered with laminate parquet and the bathroom areas, inside the rooms, are covered with ceramics both on the floor and the walls. The halls are covered with wall to wall carpets, while the other areas are covered with ceramics.

4th, 5th and 6th Floors: According to the project, they cover an area of 627,70 m² which is composed of a hall, electric board room, laundry, service hall, fire escape halls and 20 rooms. The areas of the rooms vary between 13,26 m² and 14,69 m². The flooring in the rooms is covered with laminate parquet and the bathroom areas, inside the rooms, are covered with ceramics both on the floor and the walls. The halls are covered with wall to wall carpets, while the other areas are covered with ceramics.

There are 3 elevators in the building, of which 2 are the customer elevators and 1 is the staff elevator. The customer elevators operate between the ground floor and the 7th floor, whereas the staff elevator operates between the 1st basement floor and 7th floor.



IBIS HOTEL	1 st Floor	2 nd Floor	3 rd Floor	4 th Floor	5 th Floor	6 th Floor	7 th Floor	Total
Standard Rooms	19	19	20	20	20	20	20	138
Disabled Rooms	1	1	-	-	-	-	-	2
Total	20	20	20	20	20	20	0	140

**Interior Construction Characteristics of the
Ibis Hotel and the Restaurant Building are as follows:**

Structural and Interior Construction Characteristics of the Ibis Hotel	
Total Area	Ibis Hotel; According to the Architectural Project and current status: 5.882,77m ² According to the Construction Permit and Occupancy Permit: 5.760,00m ²
Age	2
Construction Type	Concrete
Roofing System	Terrace Roof Aluminum Joinery Sinterflex
Disposition	Attached Building
Number of Floors	10 Story (2 Basement + Ground Floor + 7 Normal Floors)
Exterior Façade	Ground Floor is covered with glass, sinterflex is used in some places and the remainder floors are sinterflex
Electricity	City Grid
Heating System	Central Heating System
Water	City Grid
Sewerage	City Grid
Elevator	3 elevators (2 customer, 1 staff)
Ventilation System	Available
Fire Escape	Available
Fire Extinguisher Systems	Available
Car Park	None
Flooring	Wall to wall carpet, laminate parquet, ceramics, epoxy
Walls	Satin paint, ceramic tile and wall paper
Joinery	Exterior Joineries are made of aluminum, while the interior ones are made of wood
Ceilings	Suspended ceiling
Heating	Central Heating
Illumination	Wall lamps, chandeliers, lamp shades, spot lights and fluorescent luminaries

5.4.2 Inspections Performed Within the Premises of the Real Estate

- The real estate subject to the appraisal is located in the city of Izmir, district of Konak, Neighborhood of Alsancak, Section no: 7656, Plot no: 2, with a surface area of 629 m².
- The structure is easily accessible and situated in a central location, in close proximity of major arterial roads, public agencies and institutes. Additionally, the real estate subject to the appraisal is located in an active area, in terms of commerce.
- The plot in question has a façade of approximately 25 m on the Atatürk Avenue and 23 m on the 1472th Street.
- The real estate subject to the appraisal has a significant capacity for recognition and publicity, on account of the busy location it is situated in.
- The ownership of the land of Ibis Hotel belongs to the General Directorate of Foundations and has been leased for the duration of 49 years to Akfen Real Estate Investment Trust Inc. with a lease agreement.
- The plot subject to the appraisal has a geometric irregular shape; however, it has a flat topographical formation.
- The plot subject to the appraisal contains an operating 3 star hotel building with a capacity for 140 rooms, providing services under the name Ibis Hotel.
- The starting date of operations of the Ibis Hotel is 24.06.2013.
- The hotel building has been projected as a concrete, detached structure with 2 basement + ground floor + 7 normal floors, making a total of 10 floors and has been constructed according to this project, with a gross enclosed area of 5.882,77 m².

Floors	Floor Surface Areas (m ²)
2 nd Basement Floor	595,73
1 st Basement Floor	311,42
Ground Floor	595,62
1 st Normal Floor	626,90
2 nd Normal Floor	626,90
3 rd Normal Floor	627,70
4 th Normal Floor	623,60
5 th Normal Floor	623,60
6 th Normal Floor	623,60
7 th Normal Floor	627,70
	5.882,77



- Inside the Ibis Hotel, there are customer and staff elevators, fire alarm and extinguisher systems, as well as ventilation, heating and air conditioning systems.
- The Ibis Hotel does not have an open or closed car park.
- The Building covers the whole plot area. Since the whole plot is occupied, there is no mention of garden or a park.
- The customer entrances to the Ibis Hotel are through the ground floor.



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 ownership belongs to the General Directorate of Foundations with a “Lease Agreement” on behalf of Akfen Real Estate Investment Trust Inc. for the duration of 49 years.
- The “Lease Agreement” that is valid until the year of 2059 has been annotated in the land registry book.
- The hotel has high recognition and marketing capacity due to its location.
- The Hotel facility is situated at the intersection of arterial roads and has a variety of access options. It is located roughly between the Alsancak Train Station and the Alsancak Port, approximately at a distance of 200m from each.
- Its surroundings constitute an important commercially active area, with governmental agencies, docks and commercial real estates in its vicinity, as well as the Kibris Şehitleri Avenue, which can be qualified as a shopping avenue.
- The hotel subject to this appraisal study is operated under an international brand name that provides the same quality service worldwide.

Weaknesses

- On account of the infrastructure of the area being old, there are considerable problems in supporting the commercial density of the district. There are particularly challenging problems related to traffic and parking in the area.
- Since the plot area is relatively small, there has not been an opportunity to include a car park within or outside the hotel, as well as a landscape area.

Opportunities

- With the start of Cruise ships arriving at the Alsancak Port, more tourists are visiting the area.
- With the Urban Renewal plans going into effect, the old damp and dirty looking buildings are becoming modernized and the commercial quality of the area is increasing significantly.
- The Land Registry offices of the central districts of Izmir will move to the old Tekel Warehouse, which is still under renovations; however, this move will have a positive impact on the commercial activities.

Threats

- The fact that the infrastructure has difficulties supporting the current traffic and density subsequently originates the risk of failing to completely support the increasing traffic in the future.

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.

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 that are still for sale have been provided in the chart below:

EXAMPLE	Location	Characteristics	Area (m ²)	Price	Price per m ² (TL)	Source
Example 1	Same Area	Land with a 4 story building; from the statement obtained, it has a zoning for an Optional Commercial Building (situated in a side street.)	1.500	4.500.000.-\$	3.000.-\$ 7.050.-TL	Öztürk Emlak 537 6049112
Example 2	Same Area	Land with a 4 story building; from the statement obtained, it has a zoning for an Optional Commercial Building (situated in a side street.)	2.600	23.000.000.- TL	8.846.-TL	İda Real Estate 532 4324881

EXAMPLE	Location	Characteristics	Area (m ²)	Price	Price per m ² (TL)	Source
Example 3	Same Area	Land with a 5 story building; from the statement obtained, it has a zoning for an Optional Commercial Building (situated in a side street.)	98	680.000.-TL	6.938.-TL	From the owner 532 3480329
Example 4	Same Area	Land with a 6 story building; from the statement obtained, it has a zoning for an Optional Commercial Building (situated in a side street.)	240	2.500.000	10.416.-TL	Emlak Dünyası 232 2323000
Example 5	Same Area	Land with a 4 story building; from the statement obtained, it has a zoning for an Optional Commercial Building (situated in a side street.)	150	1.275.000	8.500 TL	From the owner 533 9532121

Central Bank of Turkey's Foreign Currency Sale Rates on the date of 30.12.2014 EURO: 2,8207 TL, USD: 2,3189 TL

Possible bargain rates, purchase sale expenses and real estate agent commissions on the sale prices of the properties that are for sale have been taken into consideration.



LAND EXAMPLES EVALUATION TABLE

	Example 1		Example 2		Example 3		Example 4		Example 5	
Area (m ²)	1.500	m ²	2.600	m ²	98	m ²	240	m ²	150	m ²
Demanded Price (TL)	10.575.000		23.000.000		680.000		2.500.000		1.275.000	
Bargain Price (TL)	9.517.500		20.700.000		612.000		2.250.000		1.147.500	
Location Correction (+-%)	-25%		-25%		-25%		-25%		-25%	
Surface Area Correction (+-%)	-10%		-15%		20%		20%		20%	
Zoning Status Correction (+-%)	-15%		-15%		-15%		-12%		-20%	
Corrected Price per Unit	9518	TL/m ²	12340	TL/m ²	7494	TL/m ²	10969	USD/m ²	9563	TL/m ²
Example Average	9.977									TL/m ²

- As a result of the surveys performed, it has been noted that the zoned land stock (8 story buildings) in the same area as the real estate subject to the appraisal is limited and there are no concrete land examples that can compare to the plot subject to the appraisal. Consequently, from the research and interviews carried out in the area, the appraisal with regard to the plot has been conducted by taking into account the above provided examples and the total price of the property has been estimated to be **10.000.- TL / m2**.



- 1/3 of the unit price per m² of the land value has been determined as bare ownership and 2/3 as the 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.



Price per Unit Land Value of the Remaining Time for the Right of Construction*	6.040 TL
Size of the Land	629,0 m ²
Total Land Value (TL)	3.799.205 TL
Total Land Value (Euro)	1.346.901 €
Unit Land Value	10.000 TL
Right of Construction Value Rate	2/3
Remaining Time for Right of Construction (YEARS)	44,39
Price per Unit Land Value of the Remaining Time for the Right of Construction *	6.040 TL
* When the remaining time value resulting from the right of construction of the land is calculated, for the right of construction value of the land, it has been employed as 2/3 at the first step. Afterwards, the remaining time from the right of construction is calculated in order to determine the current unit value of the land for the right of construction.	
Unit Land Value of the Remaining Time for the Right of Construction	=(Unit Land Value x The coefficient of the right of construction for 49 years x The remaining time from the right of construction)
Unit Land Value of the Remaining Time for the Right of Construction	=(10.000 TL x 2/3 x 44,39 /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 **10.000 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 6.040 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.

	IBIS HOTEL TOTAL CONSTRUCTION AREA (m ²)	IBIS HOTEL	TOTAL COST
2 ND Basement Floor	595,73	450	268.079
1 st Basement Floor	311,42	450	140.139
Ground Floor	595,62	1.200,00	714.744
1 st Normal Floor	626,92	1.200,00	752.304
2 nd Normal Floor	626,92	1.200,00	752.304
3 rd Normal Floor	627,7	1.200,00	753.240
4 th Normal Floor	623,6	1.200,00	748.320
5 th Normal Floor	623,6	1.200,00	748.320
6 th Normal Floor	623,6	1.200,00	748.320
7 th Normal Floor	627,7	1.200,00	753.240
TOTAL CONSTRUCTION COST	5.882,81		6.379.010
External Miscellaneous Works (***) (€)			50.000
TOTAL STRUCTURE VALUE (€)			6.429.010
LAND VALUE (€)			1.287.866
TOTAL VALUE (€)			7.393.170
TOTAL VALUE (TL)			20.853.916



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

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

*(***) Costs for façade illumination, environmental planning, etc, have been roughly estimated.*

6.4.3 Cost Discount / Development Approach

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

IBIS HOTEL PROJECTION:

- The hotel subject to the appraisal has a capacity for 140 rooms.
- It has been estimated that the occupancy rate of the hotel in the year of 2015 will be of 75% and that this rate will increase until the year of 2018, which will then reach 84%, 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 45 EUR, in the year of 2015. Moreover, it has been anticipated that this price will increase 5 Euro based on the inflation in the Euro Zone (2,5%) annually until the year of 2019.
- Considering the performance of the facility, it has been assumed that the room revenues will constitute 81,90% of the total revenue, whereas the total department revenues will be around 18,10%.
- 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 39360% in the year of 2015 and that it will reach 51,88% in the year of 2018, which will then stabilize in the following years.
- Since the owner is the General Directorate of Foundations, real estate tax is
- not applicable.
- According to the information obtained from Akfen Real Estate Investment Trust Inc., it has been acknowledged that the insurance value for the year of 2015 will be of 17.335 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 lease value (land) has been accepted in accordance with the lease agreement signed between AKFEN Real Estate Investment Trust Inc. and GENERAL DIRECTORATE OF FOUNDATIONS.
- Pursuant to the lease agreement between Akfen Real Estate Investment Trust Inc. and the General Directorate of Foundations, it has been agreed upon that the annual “Lease” value will be of 24.000 TL for the duration of the first three years; additionally, between the 4th and the 15th year, it will be of 258.000 TL and between the 16th and 49th years, it will be increased based on the producer price index (PPI – UFE) of the previous year. In light of this, the lease value has been calculated based on the Euro currency and it has been acknowledged that the increase in the following years will happen on a rate of 2,5%.
- When the 49 years lease is terminated, the facilities will be transferred to the General Directorate of Foundations.
- In the appraisal study, the 10 year Eurobond interest rate of 3,10% has been employed as the “Risk Free Revenue Rate”. (In this appraisal study, the most ready 10 year EURO base Eurobond revenue rate has been employed as the risk free revenue rate.)
- The discount rate has been determined as 9% in the Projection.
- In the course of the studies, the exchange rate for 1 EUR has been acknowledged at 2,8207 TL, in accordance with the 30.12.2014 dated buying rate exchange of the Central Bank of Turkey.
- It has been assumed that all payments are made in cash.
- Throughout the course of the studies, the Euro Zone inflation rate of 2,5% has been employed as the inflation rate.
- Within the scope of the International Valuation Standards (IVSC), taxes and VAT have not been included in the studies.



Year	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
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
REVENUES																				
ROOM REVENUES																				
Annual Average Occupancy Rate (%)	75%	78%	81%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%
Average Room Price (EURO)	45	50	55	60	65	67	68	70	72	74	75	77	79	81	83	85	87	90	92	92
Total Room Revenues	1.724.625	1.992.900	2.072.616	2.586.625	2.802.177	2.872.231	2.944.037	3.017.638	3.093.079	3.170.406	3.249.666	3.330.908	3.414.180	3.499.535	3.587.023	3.676.699	3.768.616	3.862.832	3.959.403	3.959.403
DEPARTMENT REVENUES																				
Total Department Revenues	381.144	440.433	458.051	571.647	619.285	634.767	650.636	666.902	683.574	700.664	718.180	736.135	754.538	773.401	792.737	812.555	832.869	853.691	875.033	875.033
TOTAL REVENUES	2.105.769	2.433.333	2.530.667	3.158.272	3.421.461	3.506.998	3.594.673	3.684.540	3.776.653	3.871.069	3.967.846	4.067.042	4.168.718	4.272.936	4.379.760	4.489.254	4.601.485	4.716.522	4.834.435	4.834.435
EXPENSES																				
DEPARTMENT EXPENSES																				
Total Department Expenses	966.653	1.017.377	1.016.619	1.061.811	1.150.295	1.179.053	1.208.529	1.238.742	1.269.711	1.301.454	1.333.990	1.367.340	1.401.523	1.436.561	1.472.475	1.509.287	1.547.019	1.585.695	1.625.337	1.625.337
Net Department Revenues	1.139.116	1.415.957	1.514.047	2.096.461	2.271.166	2.327.945	2.386.144	2.445.797	2.506.942	2.569.616	2.633.856	2.699.703	2.767.195	2.836.375	2.907.285	2.979.967	3.054.466	3.130.827	3.209.098	3.209.098
OPERATING EXPENSES																				
Total Operating Expenses	305.337	352.833	366.947	457.949	496.112	508.515	521.228	534.258	547.615	561.305	575.338	589.721	604.464	619.576	635.065	650.942	667.215	683.896	700.993	700.993
GROSS OPERATING PROFIT	833.779	1.063.123	1.147.101	1.638.512	1.775.054	1.819.430	1.864.916	1.911.539	1.959.328	2.008.311	2.058.519	2.109.982	2.162.731	2.216.799	2.272.219	2.329.025	2.387.250	2.446.932	2.508.105	2.508.105
FIXED EXPENSES																				



CASH FLOW DISCOUNT CHART

Name of the Hotel
Land Area (m2)
Total Construction Area (m2)

Year	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45
Date	31-12-2036	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	31-12-2057	31-12-2058	16-09-2059
REVENUES																								
ROOM REVENUES																								
Annual Average Occupancy Rate (%)	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%
Average Room Price (EURO)	99	101	104	107	109	112	115	118	121	124	127	130	133	136	140	143	147	150	154	158	162	166	170	175
Total Room Revenues	4.263.843	4.370.440	4.479.701	4.591.693	3.919.922	4.017.920	4.118.368	4.221.327	4.326.860	4.435.032	4.545.908	4.659.555	4.776.044	4.895.445	5.017.832	5.143.277	5.271.859	5.403.656	5.538.747	5.677.216	5.819.146	5.964.625	6.113.741	5.329.517
DEPARTMENT REVENUES																								
Total Department Revenues	942.315	965.872	990.019	1.014.770	866.308	887.965	910.164	932.918	956.241	980.147	1.004.651	1.029.767	1.055.512	1.081.899	1.108.947	1.136.671	1.165.087	1.194.215	1.224.070	1.254.672	1.286.038	1.318.189	1.351.144	1.177.830
TOTAL REVENUES	5.206.158	5.336.312	5.469.720	5.606.463	4.786.230	4.905.885	5.028.532	5.154.246	5.283.102	5.415.179	5.550.559	5.689.323	5.831.556	5.977.345	6.126.779	6.279.948	6.436.947	6.597.870	6.762.817	6.931.888	7.105.185	7.282.814	7.464.885	6.507.346
EXPENSES																								
DEPARTMENT EXPENSES																								
Total Department Expenses	1.750.310	1.794.068	1.838.920	1.884.893	1.609.130	1.649.359	1.690.593	1.732.857	1.776.179	1.820.583	1.866.098	1.912.750	1.960.569	2.009.583	2.059.823	2.111.319	2.164.101	2.218.204	2.273.659	2.330.501	2.388.763	2.448.482	2.509.694	2.187.770
Net Department Revenues	3.455.848	3.542.244	3.630.800	3.721.570	3.177.099	3.256.527	3.337.940	3.421.388	3.506.923	3.594.596	3.684.461	3.776.573	3.870.987	3.967.762	4.066.956	4.168.629	4.272.845	4.379.666	4.489.158	4.601.387	4.716.422	4.834.332	4.955.190	4.319.577
OPERATING EXPENSES																								
Total Operating Expenses	754.893	773.765	793.109	812.937	694.003	711.353	729.137	747.366	766.050	785.201	804.831	824.952	845.576	866.715	888.383	910.592	933.357	956.691	980.608	1.005.124	1.030.252	1.056.008	1.082.408	943.565
GROSS OPERATING PROFIT	2.700.955	2.768.479	2.837.691	2.908.633	2.483.096	2.545.173	2.608.803	2.674.023	2.740.873	2.809.395	2.879.630	2.951.621	3.025.411	3.101.047	3.178.573	3.258.037	3.339.488	3.422.975	3.508.550	3.596.263	3.686.170	3.778.324	3.872.782	3.376.011

Risk Free Revenue Rate	3,10%	3,10%	3,10%
Risk Premium	5,40%	5,90%	6,40%
Discount Rate	8,50%	9,00%	9,50%
NET CURRENT VALUE (Euro)	19.587.601	18.339.218	17.214.095
NET APPROXIMATE CURRENT VALUE (Euro)	19.590.000	18.340.000	17.210.000
NET APPROXIMATE CURRENT VALUE (TL)	55.258.000	51.732.000	48.544.000



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

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

- Adjusted Gross Operating Profit (AGOP) has been calculated by subtracting a ratio of 4% operator share, which will be paid to ACCOR, from the gross operating profit (GOP) and a ratio of 4% Furniture Fixture and Renovation Reserve from the gross revenue.

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

- The hotel subject to the appraisal study, according to the **25.05.2010** dated lease agreement signed between Akfen Real Estate Investment Trust Inc. and the General Directorate of Foundations, is managed by the international hotel operating company ACCOR Group. In the appraisal study, it has been assumed that the hotel will be operated within the terms of the current concept, in the course of the duration of the “lease agreement”.
- It has been assumed that the facility will be operating 365 days a year.
- The annually paid lease value (land) has been accepted in accordance with the lease agreement signed between AKFEN Real Estate Investment Trust Inc. and GENERAL DIRECTORATE OF FOUNDATIONS.
- Pursuant to the lease agreement between Akfen Real Estate Investment Trust Inc. and the General Directorate of Foundations, it has been agreed upon that the annual “Lease” value will be of 24.000 TL for the duration of the first three years; additionally, between the 4th and the 15th year, it will be of 258.000 TL and between the 16th and 49th years, it will be increased based on the producer price index (PPI – UFE) of the previous year. In light of this, the lease value has been calculated based on the Euro currency and it has been acknowledged that the increase in the following years will happen on a rate of 2,5%.
- 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.
- Since the owner is the General Directorate of Foundations, real estate tax is not applicable.
- According to the information obtained from Akfen Real Estate Investment Trust Inc., it has been acknowledged that the insurance value for the year of 2015 will be of 17.335 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 30.12.2014 dated buying rate exchange of the Central Bank of Turkey.
- It has been assumed that all payments are made in cash.
- Throughout the course of the studies, the Euro Zone inflation rate of 2,5% has been employed as the inflation rate.
- Within the scope of the International Valuation Standards (IVSC), taxes and VAT have not been included in the studies.



Year	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
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
AKFEN OBTAINED LEASE																						
LEASE OBTAINED FROM IBIS HOTEL REVENUE	526.442	608.333	632.667	789.568	855.365	876.749	898.668	921.135	944.163	967.767	991.962	1.016.761	1.042.180	1.068.234	1.094.940	1.122.313	1.150.371	1.179.131	1.208.609	1.238.824	1.269.795	
Operator Share	84.231	97.333	101.227	126.331	136.858	140.280	143.787	147.382	151.066	154.843	158.714	162.682	166.749	170.917	175.190	179.570	184.059	188.661	193.377	198.212	203.167	
Furniture Fixture and Renovation Reserve	84.231	97.333	101.227	126.331	136.858	140.280	143.787	147.382	151.066	154.843	158.714	162.682	166.749	170.917	175.190	179.570	184.059	188.661	193.377	198.212	203.167	
IBIS HOTEL AGOP	465.722	629.631	684.869	1.004.741	1.088.469	1.115.681	1.143.573	1.172.163	1.201.467	1.231.503	1.262.291	1.293.848	1.326.194	1.359.349	1.393.333	1.428.166	1.463.870	1.500.467	1.537.979	1.576.428	1.615.839	
USED IBIS HOTEL LEASE REVENUE	526.442	629.631	684.869	1.004.741	1.088.469	1.115.681	1.143.573	1.172.163	1.201.467	1.231.503	1.262.291	1.293.848	1.326.194	1.359.349	1.393.333	1.428.166	1.463.870	1.500.467	1.537.979	1.576.428	1.615.839	
Estate Tax	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Insurance	17.335	17.335	17.335	17.335	17.335	17.335	17.335	17.335	17.335	17.335	17.335	17.335	17.335	17.335	17.335	17.335	17.335	17.335	17.335	17.335	17.335	17.335
Renovation Cost	4.212	4.867	5.061	6.317	6.843	7.014	7.189	7.369	7.553	7.742	7.936	8.134	8.337	8.546	8.760	8.979	9.203	9.433	9.669	9.911	10.158	
Annual Lease Value (Land)	104.023	106.624	109.289	112.021	114.822	117.692	120.635	123.651	126.742	129.910	133.158	136.486	139.894	143.382	146.950	150.598	154.326	158.134	162.022	166.000	170.068	
LEASE CASH FLOW	400.872	500.805	553.183	869.068	949.469	973.639	998.414	1.023.807	1.049.836	1.076.515	1.103.862	1.094.466	1.122.261	1.150.751	1.179.953	1.209.885	1.240.565	1.272.013	1.304.247	1.337.286	1.371.152	

Year	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45
Date	31-12-2036	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	31-12-2057	31-12-2058	16-09-2059
AKFEN OBTAINED LEASE																								
LEASE OBTAINED FROM IBIS HOTEL REVEN	1.301.540	1.334.078	1.367.430	1.401.616	1.196.557	1.226.471	1.257.133	1.288.561	1.320.775	1.353.795	1.387.640	1.422.331	1.457.889	1.494.336	1.531.695	1.569.987	1.609.237	1.649.468	1.690.704	1.732.972	1.776.296	1.820.704	1.866.221	1.626.837
Operator Share	208.246	213.452	218.789	224.259	191.449	196.235	201.141	206.170	211.324	216.607	222.022	227.573	233.262	239.094	245.071	251.198	257.478	263.915	270.513	277.276	284.207	291.313	298.595	260.294
Furniture Fixture and Renovation Reserve	208.246	213.452	218.789	224.259	191.449	196.235	201.141	206.170	211.324	216.607	222.022	227.573	233.262	239.094	245.071	251.198	257.478	263.915	270.513	277.276	284.207	291.313	298.595	260.294
IBIS HOTEL AGOP	1.656.235	1.697.641	1.740.082	1.783.584	1.522.643	1.560.709	1.599.727	1.639.720	1.680.713	1.722.731	1.765.799	1.809.944	1.855.193	1.901.573	1.949.112	1.997.840	2.047.786	2.098.981	2.151.455	2.205.241	2.260.372	2.316.882	2.374.804	2.070.182
USED IBIS HOTEL LEASE REVENUE	1.656.235	1.697.641	1.740.082	1.783.584	1.522.643	1.560.709	1.599.727	1.639.720	1.680.713	1.722.731	1.765.799	1.809.944	1.855.193	1.901.573	1.949.112	1.997.840	2.047.786	2.098.981	2.151.455	2.205.241	2.260.372	2.316.882	2.374.804	2.070.182
Estate Tax	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Insurance	17.335	17.335	17.335	17.335	17.335	17.335	17.335	17.335	17.335	17.335	17.335	17.335	17.335	17.335	17.335	17.335	17.335	17.335	17.335	17.335	17.335	17.335	17.335	17.335
Renovation Cost	10.412	10.673	10.939	11.213	9.572	9.812	10.057	10.308	10.566	10.830	11.101	11.379	11.663	11.955	12.254	12.560	12.874	13.196	13.526	13.864	14.210	14.566	14.930	13.015
Annual Lease Value (Land)	222.623	228.189	233.894	239.741	245.735	251.878	258.175	264.629	271.245	278.026	284.977	292.101	299.404	306.889	314.561	322.425	330.486	338.748	347.216	355.897	364.794	373.914	383.262	392.844
LEASE CASH FLOW	1.405.864	1.441.444	1.477.913	1.515.295	1.250.001	1.281.684	1.314.160	1.347.447	1.381.567	1.416.539	1.452.386	1.489.129	1.526.791	1.565.394	1.604.962	1.645.520	1.687.091	1.729.702	1.773.378	1.818.145	1.864.032	1.911.067	1.959.277	1.646.989

Risk Free Revenue Rate	3,10%	3,10%	3,10%
Risk Premium	3,40%	3,90%	4,40%
Discount Rate	8,50%	7,00%	7,50%
NET CURRENT VALUE (Euro)	15.424.640	14.277.741	13.256.989
NET APPROXIMATE CURRENT VALUE (Euro)	15.420.000	14.280.000	13.260.000
NET APPROXIMATE CURRENT VALUE (TL)	43.495.000	40.280.000	37.402.000



6.4.5 Lease Value Analysis and Taxes Employed

The lease value of the construction right subject to the appraisal has been calculated taking into consideration the revenue discount method and the average cash flow value. The annual lease value of the real estate has been calculated by reducing the 1st year cash flow average to the appraisal day. According to this calculation, the annual lease value of the hotel is **496.000.- EUR (1.399.000 Turkish Liras)**. The discount rate has been determined to be of 9%.

Date	31.12.2014	31.12.2015
Annual Lease Revenue	0	540.853

Net Current Value of the Annual Lease Value	
(EURO)	496.000
Net Current Value of the Annual Lease Value (TL)	1.399.000

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

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

6.4.7 Most Effective and Most Productive Use Analysis

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

6.4.8 Appraisal Analysis of Common or Divided Parts

The hotel named IBIS HOTEL is operating on the plot as a whole; thus, common or divided areas are out of the question.



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 construction rights on the land, has been calculated at approximately **7.393.000 Euro (20.854.000 TL)**.

As a result of the reduction of the potential revenue of the structure on the plot that will be generated during the remainder of the 49 years of the lease agreement, in accordance with the revenue discount approach, the net current value of the HOTEL has been calculated to be **18.340.000 Euro (51.732.000.- 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 **14.280.000 Euro (40.280.000.- TL)**. The final value of the hotel has been calculated to be **16.310.000 Euro (46.006.000.- 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 **496.000,- Euro (1.399.000,- 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

There are no obstacles to prevent the rights and benefits in connection with the Section No: 7656, Plot No. 2, to be employed as right of the real estate (lease rights), within the scope of the Capital Market Board Regulation



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 Assessment

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 Right for the Real Estate (Euro)	Market Value of the Remaining Construction Right for the Real Estate (TL)
VAT Excluded	16.310.000	46.006.000
VAT Included	19.246.000	54.287.000

	Annual Lease Value of the Real Estate (EURO)	Annual Lease Value of the Real Estate (TL)
VAT Excluded	496.000	1.399.000
VAT Included	585.000	1.651.000

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

We respectfully submit our expert report representing the situation and our appraisal.

Taner DÜNER
Certified Appraiser

Dilek YILMAZ AYDIN
Certified Appraiser

Neşecan Çekici
Responsible Appraiser



9 APPENDIX

1. Title Deed Photocopies
2. Approved Restrictions Document
3. Approved Zoning Status Document
4. Construction Licenses/Permits
5. Occupancy Permit
6. Architectural Project, Condition and Floor Plans
7. Construction Right Agreement
8. Hotel Lease Agreement
9. Business Starting and Operating License/Permit
10. Tourism Investment Document
11. Insurance Policies
12. Photographs
13. Backgrounds
14. SPK Certificate Samples