

AKFEN REAL ESTATE INVESTMENT TRUST INC.

CITY OF ISTANBUL, DISTRICT OF TUZLA

PLOT4599

Report No: 2014-020-GYO-001

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-001
Appraisal Date	:	01.12.2014 - 31.12.2014
Information Concerning the Property Subject to the Appraisal	:	AKFEN GYO INC. shares of the "Land" quality real estate in the city of Istanbul, district of Tuzla, Neighborhood of Aydınlı, Section No: G22B1C3C, Plot No: 4599 with a surface area of 4.687,64 m ²
Subject of Study	:	Determining the current market value of the share of the real estate belonging to AKFEN GYO INC.
Land Area of the Real Estate Subject to the Appraisal	:	4.687,64 m ²
Zoning Status of the Real Estate Subject to the Appraisal	:	Hotel and Congress Center Area

As of 31.12.2014

	Market Value of the Land as a Whole (TL)	Market Value of the Akfen GYO INC. Share (TL)
VAT Excluded	23.017.000	20.917.000
VAT Included	27.160.000	24.682.000

	Market Value of the Land as a Whole (EURO)	Market Value of the Akfen GYO INC. Share (EURO)
VAT Excluded	8.160.000	7.415.000
VAT Included	9.629.000	8.750.000

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



Names of the persons participating in the report

Certified Appraiser	:	Taner DÜNER
Responsible 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 : 02.01.2015

Report Number: 2014-020-GYO-001

Type of Report : Appraisal report relative to the share of the “Land” quality real estate with a surface area of 4.687,64 m², situated in the city of Istanbul, district of Tuzla, Neighborhood of Aydınlı, Plot no. 4599, for the purpose of determining the current market value of the aforementioned share belonging to AKFEN GYO INC. 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, the report has been concluded on the date of 02.01.2015.

1.4 Reference Agreement

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

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

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



2. INTRODUCTORY INFORMATION CONCERNING THE COMPANY AND THE CLIENT:

2.1 Introductory Information Concerning the Appraisal Company

Company Title : EPOS Real Estate Consultancy and Appraisal Inc.

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

2.2 Introductory Information Concerning the Client

Client Title : Akfen Real Estate Investment Trust Inc.

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

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

The Appraisal report relative to the share of the "Land" quality real estate with a surface area of 4.687,64 m², situated in the city of Istanbul, district of Tuzla, Neighborhood of Aydınlı, Plot no. 4599, belonging to AKFEN GYO INC., has been prepared for the purpose of determining its current market value.

There are no restrictive constraints in force exercised by the client.



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 Reduction 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.

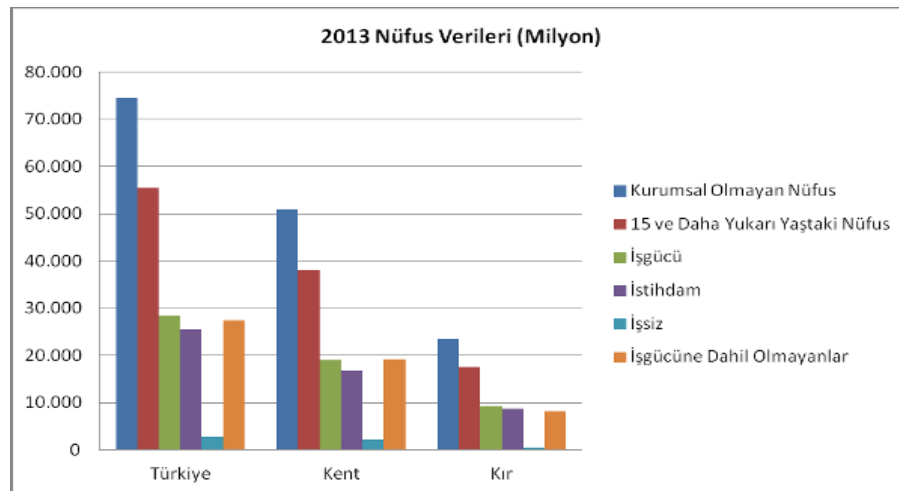
	TURKEY		CITY		COUNTRY	
	2012	2013	2012	2013	2012	2013
Non institutional Population (000)	73.504	74.457	50.397	50.885	23.207	23.572
Population of and above 15 years of age (000)	54.724	55.508	37.656	38.129	17.068	17.479
Labor force (000)	27.339	28.271	18.186	18.907	9.153	9.364
Employment (000)	24.821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

	TURKEY		CITY		COUNTRY	
	2012	2013	2012	2013	2012	2013
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)

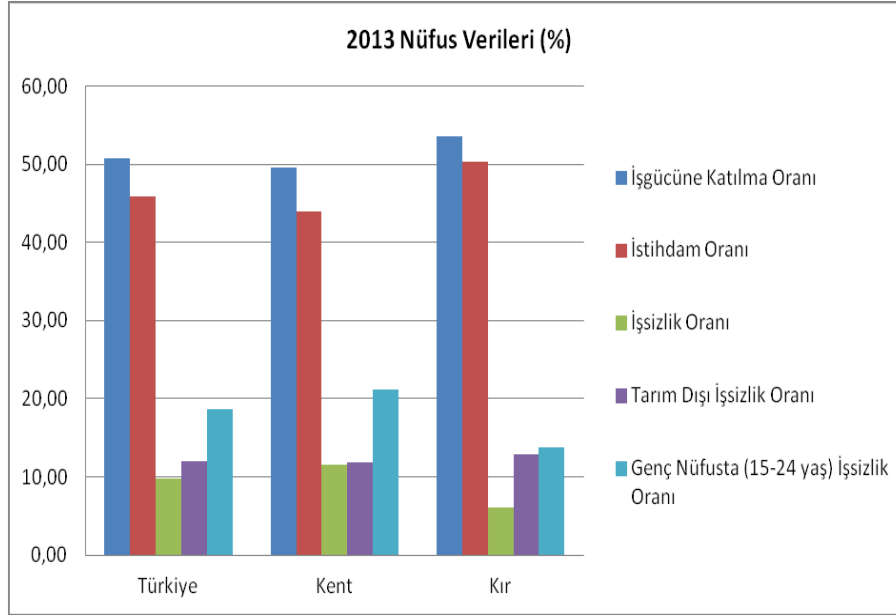


- Non Institutional Population
- Population of and above 15 years of age
- Labor force
- Employment
- Unemployment
- Not Included in the Labor Force

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 discount 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 discount 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
Izmir	1.368.929	1.407.240	2,8
Total of 4 Cities	24.061.319	26.085.851	8,4
Turkey	31.782.832	34.910.098	9,5

Source: Turkish Hoteliers Federation (TUOFED) Tourism Report 2013

The revenue obtained in the Tourism industry, from the domestic and foreign tourists in the year of 2013, has increased 11,4%, thus reaching 32,3 billion dollars. The revenue obtained from foreign tourists in the year of 2013 has increased 13%, rising from 22,4 billion to 25,3 billion dollars. During the same

time period, the revenue obtained from Turkish citizens living abroad and visiting the country has increased 6,4% and reached 6,7 billion dollars. (Source: *Mediterranean Touristic Hotels and Operators (AKTOB) Research Unit*) While Turkey has managed to be one of the 20 biggest economies in the world (G20), it is ranked at number 6 among the 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 Istanbul

The city of Istanbul, aside from being the most densely populated city of Turkey, constitutes its first and foremost economic, cultural and financial center; moreover, with its 14,2 million residents, it is the most populated city in Europe and the 5th most populated city in the world.

Istanbul has the Çamlıca Peninsula to its west and the Kocaeli Peninsula to its east, with the Black Sea in the north and the Marmara Sea in the south, while the Bosphorus is located in the center. The city has borders with the district of Saray in its northwest and the districts of Çerkezköy and Çorlu in its west; the district of Marmara Ereğlisi in its southwest, belonging to the city of Tekirdağ, while the district of Kandıra is in its northeast; the district of Körfez in its east and the district of Gebze in its southeast, belonging to the city of Kocaeli.



The innumerable studies conducted in the city have shown that its history goes back as far as 6500 B.C. Istanbul is an intercontinental city; namely, a part of it is located in the European continent, called European Side or Rumeli Side, while the other part is located in the Asian continent, called Anatolian



Side. The first recorded city of Istanbul was founded on a peninsula surrounded with the Marmara Sea, the Bosphorus and the River of Haliç, with the city walls marking its western borders. During the process of development and expansion, the city walls were further extended into the west, in a constant manner, making up a total of 4 times; the city is composed of 40 districts.

According to the Address-Based Population Registration System (ANDKS) developed by the Turkish Statistical Institution (TUIK) in the year of 2013, the Total Population of Istanbul has been determined to be 14.160.437.

On account of Istanbul being an intersection of land and seas based on trade routes, together with its strategic position, it has become the center of economic life in Turkey. The city constitutes the largest industry center, as well.

Istanbul meets a significant number of industry employments in Turkey, having an industrial area of approximately 38%. Currently, Istanbul fulfills half of Turkey's production and 45% of its trade volume. Furthermore, having a historically rich panorama filled with monuments and works of art turns the city into a favorite tourism center.

4.4.2 District of Tuzla

Tuzla is the southernmost district of the city of Istanbul, consisting of a medium density population district; it houses the largest shipyard and the only Formula 1 Race Track in all of Turkey.

The district of Pendik is located to the north and west and the district of Gebze to the east, while the Sea of Marmara is to the south, with a coastal line of 13km. The average altitude above sea level is 25 – 30 m. The cape of Tuzla to south stands out. The land is generally hilly. The altitude reaches 250 – 300 m in the towns of Akfırat and Orhanlı. The highest point is the town of Akfırat.



The map of Tuzla

Until the end of the 1980's, fishing and farming were the major industries in the district. However, with the development of industrialization, farming lost its significance. Today, the district of Tuzla houses shipyards, as well.

The ITU Marine Faculty is located in the center of the district, the Tuzla Infantry School to the northwest and the Military Academy to the south. Furthermore, the Sabancı University, the Okan University, the Gedik University, the Medeniyet University, the Süleyman Şah University and the Piri Reis University are all situated in Tuzla, as well as the Koç Private Highschool and Sabancı College.

It is possible to state that the economy of Tuzla is alive and developed. Besides the ship construction industry, companies such as the Arçelik Assan Alarko, which contributes significantly to the economy of the country, are also located within the district.

Many industry and commercial businesses, together with substantial ateliers and subsidiary companies, provide employment to the district residents.

An area of 1.283.608 m² is used for ship construction industry in Tuzla since the year of 1978.

The Tuzla Organized Industry Area, the Tuzla Organized Leather Industry and Independent Area, the Tuzla Organized Chemists Industry Area, the Tuzla Organized Varnish Paint Industry and the Tuzla Organized Marble-Cutter Industry contribute greatly to the economy of the country and provide employment to many citizens.

According to the Address Based Population Registry System (ADNKS) prepared by the Turkish Statistical Institute (TUIK) for the year of 2013, the population of Tuzla is 208.807.

4.4.3 Information Regarding the Real Estate Industry in Tuzla and the Hotel Market

With regard to the real estate industry in Tuzla, aside from the residential and boutique hotels, the Tuzla Shipyard and the İcmeler Thermal Springs affect the markets; furthermore, the market is predominantly residential.

As a result of the detailed surveys performed in the district of Tuzla, it has been concluded that there are 5 Star hotels situated close to the Airport, which can appeal to the 3 to 4 Star segment and are not operated under an international brand name. Thus, it is our opinion that there is a need for a high quality hotel in the Shipyard area, where the land subject to the appraisal is located close by. The hotels in the area are mostly boutique hotels and usually provide services to passengers, personnel and captains from the ships that arrive to the shipyard for repairs or maintenance. The hotels in question are usually local hotels with a small number of rooms.

NAME OF THE HOTEL	NUMBER OF STARS	TOTAL NUMBER OF ROOMS	TOTAL BEDDING CAPACITY
Emexotel	4 STARS	75	150
LifePort Hotel	4 STARS	142	–
Pen Hotel	3 STARS	49	–

The special company prices in these hotels vary between 45 – 80 Euro, breakfast included.

Another important factor that affects the region is the İcmeler/Tuzla thermal springs, which has been attracting visitors to the area for many years. For instance, the Thermal Istanbul Project constructions are underway by the Ak İnşaat construction company. The project in question consists of a hotel with a different customer target than usual. The Tuzla Thermal Facilities, situated approximately 300 m southeast of the real estate subject to the appraisal, are currently being restored. Furthermore, “Double Tree by Hilton”, belonging to the Hilton Group, has constructed a hotel with a capacity for 100 rooms close to the said facilities, which is expected to open its doors soon to the visitors. On account of its location being close to the E-5 highway and the Sabiha Gökçen Airport, the real estate subject to the appraisal is of a nature that can address the shipyard and the airport. Moreover, it is estimated that the



2nd landing track in the Sabiha Gökçen Airport and the Yenişehir project that is being developed will both positively affect the region.

It has been observed that the area where the properties are located lacks a hotel with an international brand. Thus, the construction of a hotel under the brand name of Ibis Hotel by Akfen GYO INC., on the plot in question, is being considered. Furthermore, it is being appraised that a Ibis Hotel would appeal to a much more different segment than the other boutique and 3 Star hotels.



Vicinity of the Real Estate Subject to the Appraisal and the Current Satellite Image of the Area

The plot subject to the appraisal is located considerably close to the Tuzla shipyards, at a distance of roughly 800 m to the Tersaneler Avenue. The real estate is at a distance of 3 km to the Neomarin and Pendorya Shopping Malls, located at the Tuzla Tersane intersection, 6,5 km to the Pendik Marina, 12 km to the Courthouse of the Anatolian side and 13 km to the Sabiha Gökçen Airport.

The Tuzla Gisbir Hospital and the Tuzla Shipyards, along with the Thermal İstanbul and Innovia Suites projects are found in the vicinity of the real estate in question.

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

City	:	Istanbul
District	:	Tuzla
Neighborhood	:	Aydınlı
Town	:	-
Locality	:	-
Section No	:	G22B1C3C
Block No	:	-
Plot No	:	4599
Surface Area	:	4.687,64 m ²
Owner	:	Treasury 21387/234382 Akfen Real Estate Investment Trust Inc. 425990/468764
Type	:	Land
Title Deed Date	:	26/06/2014
Roll No	:	9695
Volume No	:	239
Page No	:	23588

5.2.1 Investigation of the Land Registry of the Real Estate

Pursuant to the 01.12.2014 dated title deed sample, obtained from the TAKBIS portal of the Land Registry Cadastral Office General Directorate, the following restrictions have been observed on the share owned by AKFEN GYO INC. with regard to the real estate subject to the appraisal.

Statements Section

09.07.1976 dated Accessory annotation with the Roll no. 5543

Annotations Section

Contract annotation on behalf of TEDAŞ for a term of 99 years, with an amount of 1 TL, Dated 29.01.2004 and Roll no. 1503

Pledge Rights Section of the Real Estate

1st degree mortgage with an amount of 15.000.000 Euro on behalf of Turkish Industrial Development Bank Inc; Dated 10.04.2014 and Roll no. 5455

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

With regard to the real estate subject to the appraisal; after the abandonment of the plot 3558 with an area of 142,67 m2, plot 3590 with an area of 159,3 2 and plot 3624 with an area of 125,77 m2, belonging to the Treasury, for the purpose of road and green spaces, they have been unified with the Section 18, Plot 3623 with an area of 4.259,9 m2, belonging to AKFEN GYO INC.; thus making up the Section no. G22B1C2C Plot 4599 with an area of 4.687,64 m2, of which the Treasury and AKFEN GYO INC. are the shareholders. (Registry Date: 26.06.2014 with the Roll no. 9695)

It has been observed that, before the unification process, the plot 3623, owned by Akfen GYO INC., had been in the ownership of Seyfettin Polat Steel Plate Ind. and Trade. Co. Ltd., which had been sold and later registered under the name of Akfen Real Estate Investment Trust Inc. on the date of 19.07.2013 with the Roll no. 10896.

It has been observed that, before the unification process, the plot 3623, owned by Akfen GYO INC., used to have a surface area of 6.375,00 m2, which was subjected to a Development Readjustment Share (DOP) of abandoning 1.597,08 m2 to the road, 343.07 m2 to park areas and 204,95 m2 to park areas, constituting a total surface area of 2.115,51 m2; therefore, it has been noted that, after the abandonment, the plot in question has been registered with a total surface area of 4.259,90 m2, on the date of 16.07.2013, Roll no. 10896.

It has been observed that, before the unification process, the plot 3623, owned by Akfen GYO INC., was classified as “Hascan Flour and Semolina Factory 7 Story Stone Building with a Garden” and it has been noted that, on the date of 09.07.2013, it has been reclassified and registered as “Land” with the Roll no. 10543.

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

The accessory annotation on the statements section has been allocated for the old Sinangil Flour Factory and, with the demolition of the factory, the aforementioned annotation became void; however, it still has not been canceled from the land registry book.

The contract annotation on behalf of TEDAŞ has been made due to the cables passing below or above the plot; on that account, it is symbolic in nature and does not pose any real restrictions.

With regard to the mortgage stated on the pledges section of the real estate; the mortgage, according to the 05.12.2014 dated letter from the Turkish Industrial Development Bank Inc. and pursuant to the agreement between Akfen Real Estate Investment Trust Inc. and Accor SA, corresponds to the



investment credit that will be used to finance the construction of the hotels that will be operated by ACCOR SA. The letter in question has been enclosed herewith.

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

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

Pursuant to the Communiqué in question and within the scope of the capital market regulations, there are no obstacles that prevent the real estate from being included in the real estate investment trusts portfolio.

5.3 Inspection of the Zoning Information of the Real Estate

The current zoning status of the real estate, in accordance with the approved zoning section plan obtained from the Municipality of Tuzla, Zoning and Urbanism Directorate has been provided below.

The real estate in question, within the 21.06.2011 dated “District of Tuzla, Neighborhood of Aydınli, Section no: 18, Plot No: 3623 Implementary Development Plan Change” with a scale of 1/1000 is included in the “Hotel and Congress Area” with the “OT” sign.

According to the Zoning Plan

- Cannot be inhabited with any purpose other than a Hotel and Congress Area and cannot include independent commercial units.
- KAKS:2,25, TAKS:0,40 and the comparable will be made based on the net plot.
- Hmax (max height). Free (On the condition that it does not surpass 120 m)
- The abandonment distance from the intersection exit and the Rauf Orbay Avenue is of 10m, minimum.
- The Ground Floor maximum height is 8 m, while the maximum height in the rooms is 4,5m.
- +0,00 Elevation will be determined according to the Istanbul Zoning Regulations. Can have more than one floor of basement.
- The parts that are above the natural ground elevation are included in TAKS.

- To provide the need for a car park within the plot, the 1st basement floor is not included in the comparable calculations; the inhabited basement floor cannot exceed the TAKS value.
- In the case of a suspended ceiling, this is included in the comparable.
- According to the road and intersection arrangements carried out in the area, with the approval date of 18.10.2007, the existing directions will be maintained.
- The areas reserved for the public cannot be developed before being claimed.
- The areas reserved for green spaces cannot be reduced.
- The development will be performed in accordance with the preliminary project that will be approved by the municipality.

The zoning plan notes that have been obtained from the Municipality of Tuzla, Zoning and Urbanism Directorate have been enclosed herewith.

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

Pursuant to the surveys performed on the proceedings file of the plot in question at the Municipality of Tuzla, Zoning and Urbanism Directorate archives, no project or construction permits have been found. With regard to the plot no. 4599, the necessary approved zoning section plans have been obtained from the Municipality of Tuzla, Zoning and Urbanism Directorate and have been enclosed herewith.

5.3.2 Building Inspection Institution and Maintenance

Since there are no buildings on the plot, an inspection is out of the question.

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

- With regard to the plot no. 3623 that was in the ownership of AKFEN GYO INC. before the unification process, alteration to the comprehensive zoning plan with a scale of 1/5000 has been suspended with the *25.11.2011 dated court order docket no: 2010/2370*.
- Afterwards, on the grounds that it has been concluded that the claimants do not have the necessary capacity to object to the decision of the court, in regards to the alterations to the comprehensive zoning plan with a scale of 1/5000, the non-suit has been decreed with the date of 24.02.2012 and decree no: 2012/293; the court decision in relation to the comprehensive zoning plan with a scale of 1/5000 remains effective.
- With regard to the real estate subject to the appraisal; after the abandonment of the plot 3558 with an area of 142,67 m², plot 3590 with an area of 159,3 2 and plot 3624 with an area of 125,77 m², belonging to the Treasury, for the purpose of road and green spaces, they have been

unified with the Section 18, Plot 3623 with an area of 4.259,9 m2, belonging to AKFEN Real Estate Investment Trust INC.; thus making up the Section no. G22B1C2C Plot 4599 with an area of 4.687,64 m2, of which the Treasury and AKFEN Real Estate Investment Trust INC. are the shareholders. (Registry Date: 26.06.2014 with the Roll no. 9695)

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

Considering that there are no buildings on the plot, a license or occupancy permit is out of the question.

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

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.” Therefore, there are no obstacles that prevent the inclusion of the real estate subject to the appraisal as a land in the Real Estate Investment Trusts portfolio.

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 study in question is in relation to a land, which still has not an approved project assigned to it. For this reason, the real estate subject to the appraisal study is found to be within the scope of this topic.

5.4 Physical Characteristics of the Real Estate

5.4.1 Structural Construction Characteristics of the Real Estate

- The real estate subject to the appraisal consists of the land with the plot number 4599, which is situated to the southwest of the İçmeler intersection on the D-100 land road.
- The land is geometrically shaped like a square and has a flat topography.
- The plot does not contain any structure at the moment, even though it contains a few remains of the factory that was demolished.
- To the south of the land subject to the appraisal passes the Marmaray Gebze – Halkalı Suburban Line.



- To the north and northeast of the Land is the İçmeler intersection and to the east is the Rauf Orbay Avenue.

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 plot is closely situated to the D-100 land road and has a façade to the İçmeler intersection, thus having a high visibility.
- The fact that it is located in the vicinity of the Tuzla shipyards increases the opportunities for the plot to be used in a functional manner.
- The area where the real estate is situated is easily accessible by private vehicle or public transportation.
- The infrastructure works in the area where the real estate is situated have been completed.

Weaknesses

- The land is located far from the business centers of Istanbul.
- Even though the plot subject to the appraisal is located in a currently developing region, there are no quality residential areas in the vicinity of the project area.
- The fact that the land has been divided into shares is a factor that might create problems during the development of the project.

Opportunities

- The region has a development potential in connection to factors such as the increase of passenger capacity at the Sabiha Gökçen Airport.
- It is estimated that the new projects that will take place in the area will animate the area where the plot is located.
- Because İçmeler constitute the only thermal springs in the city of Istanbul, it is estimated that development in this area will help to increase the touristic potential of the region.

Threats

- Timeshare accommodations and hotels constructed in the vicinity of the hotel that is planned on the land subject to the appraisal pose a threat.

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

On account of the fact that the type of the real estate subject to this appraisal study is a land and that Akfen GYO INC. is planning the construction of a hotel in this land, the exemplary approach and project development methods have been employed.

6.4.1 Exemplary Approach

Information with regard to lands for sale in the vicinity of the property in question has been examined.

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

EXAMPLE	Location	Characteristics	Area (m2)	Price (USD)	Unit price per m2 (USD)	Source
Example 1	Tuzla, Façade to D-100 land road	KAKS:1.75, land with residential + commercial zoning	20.500	41.000.000	2.000	Turyap Cevizli 0216 305 79 89
Example 2	Located approximately 2,5km to the southeast of the property in question, on the Vatan Avenue	Situated at a better location, in a corner, E:1.75 land with commercial + residential zoning	6.500	25.000.000	3.846	Yöney Real Estate 0216 354 65 15
Example 3	Located approximately 2,5km to the southeast of the property in question, on the Hat Avenue, at the intersection of Akşemseddin (Plot 7748)	Comparable: 1.75, land with commercial + service zoning	17.610	22.893.000	1.300	From the owner 0216 374 28 30
Example 4	Tuzla, Neighborhood of İcmeler	Façade to the D-100 Land Road Comparable:1.75 land with commercial zoning	15.900	22.200.000	1.396	Özcanlar Real Estate 0216 378 08 08
Example 5	Located approximately 5,5km to the southeast of the property in question, close to the Gebze district border (near the Ferro casting	Façade to the D-100 land road, with a scale of 1/5000 on the plan, E:1.5 situated in a commercial zone, plan with a scale of 1/1000 will be prepared by the buyer	10.000	7.500.000	750	Levent Çavuşoğlu (Owner) 0532 500 77 86

EXAMPLE	Location	Characteristics	Area (m2)	Price (USD)	Unit price per m2 (USD)	Source
	factory)					
Example 6	Located approximately 500m to the southeast of the property in question, near the Aydıntepe train station	Facade to the D-100 ancillary road, E:1.75 land with commercial zoning (for sale for a long time)	4.600	13.500.000	2.935	Remax Store 0532 690 66 92
Example 7	Located approximately 5km to the southeast of the property in question, near the Maintenance facility command (Plot 3603)	100m to the sea E:0.60 hmax: 10,50 land with tourism facility zoning	24.000 (net area)	27.000.000	1.125	Yenibir Yatırım 0212 279 03 45

- Possible bargain rates, purchase and sale expenses and real estate agent commissions have been taken into account on the sale values of the residential zoning lands that are for sale.
- The abandonment processes of all the lands that are provided in the table above have been done and net surface areas have been inquired.
- According to the interviews carried out onsite with the real estate agents, the unit price per m2 of the lands that have a façade to the D-100 land road vary between 1.400 USD / m2 and 2.500 USD / m2.
- USD buying rate of the Central Bank of Turkey on the date of 30.12.2014: 2,3189 TL

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 Hotel and Congress area, its proximity to the İçmeler thermal springs and the example values gathered from the vicinity, the unit price value of the land has been provided in the table below



A Comparable Table with regard to the land subject to the appraisal is provided below:

LAND EXAMPLE APPRAISAL TABLE														
	Example 1		Example 2		Example 3		Example 4		Example 5		Example 6		Example 7	
Area (m²)	20.500	m²	6.500	m²	17.610	m²	15.900	m²	10.000	m²	4.600	m²	24.000	m²
Price Asked (TL)	41.000.000		25.000.000		22.893.000		22.200.000		7.500.000		13.500.000		27.000.000	
Bargain Price (TL)	40.000.000		20.000.000		19.000.000		18.000.000		7.250.000		12.000.000		25.000.000	
Location Correction (+-%)	-10%		10%		-20%		-15%		-25%		0%		10%	
Surface Area Correction (+-%)	0%		0%		0%		0%		0%		0%		0%	
Zoning Status Correction (+-%)	-20%		-20%		-20%		-20%		-40%		-20%		-50%	
Adjusted Price per Unit	2537	USD/ m²	3385	USD/ m²	1511	USD/ m²	1528	USD/ m²	1196	USD/ m²	3130	USD/ m²	1458	USD/ m²
Example Average	2.106													USD/ m²

For the plot subject to the appraisal, exemplary approach has been employed and unit price of **2.106 USD / m²** (approximately 1.740 Euro /m²) has been calculated. (1 EUR = 1,21 USD)

The value of the real estate, employing the exemplary approach has been estimated at 1.740 EUR / m² x 1.687,64 m² = **8.160.493 – EUR = approximately 8.160.000 EUR.**

6.4.2 Cost Approach

Considering that there are no buildings on the plot, the cost approach method has not been employed.

6.4.3 Cost Discount / Development Approach

The project development method has been employed, in order to conduct an appraisal on the plot. The assumptions used in the project development have been provided below.

Hotel Development Assumptions

- It has been assumed that a 3 Star “Ibis Hotel” with a capacity for 200 rooms will be constructed on the plot subject to the appraisal study.
- It has been acknowledge that an area of 10.547,19 m² will be used for the construction of the hotel and an area of 2.000 m² will be used for the car park, corresponding to a total construction area of 12.547,19 m².
- It has been determined that, within the project, the construction works will start in the year of 2015, that 70% of the construction will be completed in the year of 2015 and the remaining 30% in the year of 2016.
- It has been acknowledged that 1,5% of the hotel revenue will be used for Furniture Fixture Renovation Reserve.
- The excavation of the land, as well as the grid connection to electricity, water, telecom and such infrastructure works, has been included in the Infrastructure Cost.
- Landscape and environmental planning costs include the environmental planning costs, landscaping costs, illumination of open spaces costs, drainage expenditures and etc.
- Car Park areas have been determined in accordance with the zoning regulation.
- The above ground level works of the hotel will be constructed for 800 Euro / m², while the car park areas will be for 200 Euro / m².
- The furniture and equipment price per unit, for each room, has been determined to be 8.000 Euro.
- It has been anticipated that the infrastructure costs on the total land area will be 50 Euro / m² and 50 Euro / m² as well for landscape and environmental planning.
- It has been estimated that 0,5% from the total construction amount will be reserved for architecture and engineer fees, 1% for fixed investor expenses, 1,5% for project management expenses, 1,5% for inspection fee, 2% for legal permit expenses, 1% for marketing expenses and 10% for the contractor expenditures.

- The assumptions have been made in accordance with the market research, in terms of industry and general acceptances.
- The costs estimated within the scope of the project are preliminary feasibility costs; it is anticipated that, with the development of a definitive project, these values might show differences.
- Ground enhancement and basic works have been estimated to be resolved by technical details during the construction.
- It has been estimated that the construction works will be of the highest quality.
- VAT and duties have not been applied to the studies.
- It has been calculated, in light of all these assumptions, that the total construction cost will be of 12.704.997 Euro.

Hotel Operating Assumptions

- It has been acknowledged that the hotel will be operating during the whole year.
- It has been acknowledged that the hotel will start operating on the date of 01.04.2016.
- The hotel prices have been estimated based on the room-breakfast system. Taking into account the surveys conducted in the operating hotels in the vicinity, along with the surveys performed in regards to the tourism industry in the area, it has been estimated that the average price for a room will be of 65 EUR in the year of 2015 and that it will increase on a 5% basis until the year of 2020, which will then continue to increase on a 2,5% basis in the following years. It has been acknowledged that the 82,5% of the total revenue in the year of 2017 will be obtained from the room revenues and 17,5% will be obtained from other revenues. The room revenues have been estimated to increase to 87% in the following years.
- It has been estimated that the occupancy rate of the hotel, on the first operating year of 2017, will be of 55% and that it will gradually increase in the following years, then remaining stable at 72% from the year of 2021 onwards.
- It has been acknowledge that 1,5% of the total revenue will be reserved for renovation expenses.
- It has been assumed that all payments are made in cash.
- It has been acknowledged that all legal and bureaucratic processes with regard to the real estate will be completed in the year of 2015, together with obtaining all the necessary licenses and permits.

- 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.
- VAT and duties have not been applied to the studies.
- In the appraisal study, the year of 2020 Eurobond interest rate of 3,10% has been employed as the “Risk Free Revenue Rate”. (In this appraisal study, the most ready year of 2020 Euro base Eurobond revenue rate has been employed as the risk free revenue rate.)
- The discount rate has been determined as 10,50% in the Projection.
- It has been observed that the real estate will be exempt from the real estate tax of 4.670 Euro for the year of 2015 and 4.810 for the year of 2016, between the years of 2017, start of operations and 2021. According to the information obtained from AKFEN Real Estate Investment Trust Inc., the real estate tax for the year of 2022 will be 43.500 Euro and, from this year onwards, the amount will increase at a rate of 3% annually.
- In accordance with the information obtained from Akfen Real Estate Investment Trust INC., the building insurance for the year of 2015 will be of 14.203 Euro and, from the year of 2016 onwards, it will be of 17.871 Euro. It has been acknowledged that the insurance value will remain stable along the years.
- Developer premium has been acknowledged to be 25% of the net operating revenue.

Land Size (m2)	:	4.687,64
Comparable	:	2,25
Enclosed Area According to the Comparable (m2)	:	10.547,19
Total Above Ground Level Construction Area (m2)	:	10.547,19
Average Room Size (Common Spaces Included) (m2)	:	52,70
Number of Rooms	:	200
Ground Status	:	0,40
Grounds Status (m2)	:	1.875,06
Car Park Capacity	:	67
Enclosed Car Park Area (m2)	:	2.000,00
Total Construction Area (m2)	:	12.547,19

DEVELOPMENT COST

Hotel			
Above Ground Level Gross Construction Area, m ²		10.547,19	
Number of Rooms		200	
Land Area (m ²)		4.687,64	
	Gross Area (m ²)	Unit Value Euro/m ²	Total Value Euro
Construction Expense			
Hotel	10.547	800	8.437.752
Car Park	2.000	200	400.000
Total Construction Expenses			8.837.752
Non Construction Expenses			
Infrastructure	4.688	50	234.382
Landscape and Environmental Planing	2.813	50	140.629
Furniture Fixture and Equipments	200	8.000	1.600.000
Total Non Constuction Expenses			1.975.011
Total Construction and Non Construction Expenses			10.812.763
Miscellaneous Expenses			
Architecture & Engineer Fees		0,5%	54.064
Fixed Investor Expenses		1,0%	108.128
Project Mnagement Expenses		1,5%	162.191
Inspection Fees		1,5%	162.191
Legal Permits and Counseling		2,0%	216.255
Marketing Expenditures		1,0%	108.128
Contractor Fee		10,0%	1.081.276
Total Miscellaneous Expenses			1.892.234
Total Development Cost			12.704.997
Vested Unit Cost (Euro/m²)			1.205
Construction Cost per Room (Car Park and Miscellaneous Expenses Exc			52.064
Construction Cost per Room (All Included)			63.525



Year	0	1	2	3	4	5	6	7	8	9	10	11	12
Date	31-12-2014	31-12-2015	31-12-2016	31-12-2017	31-12-2018	31-12-2019	31-12-2020	31-12-2021	31-12-2022	31-12-2023	31-12-2024	31-12-2025	31-12-2026
REVENUES													
ROOM REVENUES													
Annual Average Occupancy, %			55%	60%	63%	66%	69%	72%	72%	72%	72%	72%	72%
Average Room Price, EUR			65	70	74	77	81	83	85	87	89	92	94
Total Room Revenues			0	0	0	0	0	0	0	0	0	0	0
DEPARTMENT REVENUES													
Total Department Revenues			0	0	0	0	0	0	0	0	0	0	0
TOTAL REVENUES			0	0	0	0	0	0	0	0	0	0	0
EXPENSES													
DEPARTMENT EXPENSES													
Total Department Expenses			0	0	0	0	0	0	0	0	0	0	0
Net Department Revenues			0	0	0	0	0	0	0	0	0	0	0
OPERATING EXPENSES													
General Management Expenses			0	0	0	0	0	0	0	0	0	0	0
Marketing			0	0	0	0	0	0	0	0	0	0	0
Energy			0	0	0	0	0	0	0	0	0	0	0
Total Operating Expenses			0	0	0	0	0	0	0	0	0	0	0
GROSS OPERATING PROFIT			0	0	0	0	0	0	0	0	0	0	0
FIXED EXPENSES													
Real Estate Tax		4.670	4.810						43.500	44.805	46.150	47.534	48.960
Insurance		14.203	17.871	17.871	17.871	17.871	17.871	17.871	17.871	17.871	17.871	17.871	17.871
Renovation Fund			0	0	0	0	0	0	0	0	0	0	0
Total Fixed Expenses		18.873	22.681	17.871	17.871	17.871	17.871	17.871	61.371	62.676	64.021	65.405	66.831
TOTAL EXPENSES		18.873	22.681	17.871	17.871	17.871	17.871	17.871	61.371	62.676	64.021	65.405	66.831
NET OPERATING REVENUE		-18.873	-22.681	-17.871	-17.871	-17.871	-17.871	-17.871	-61.371	-62.676	-64.021	-65.405	-66.831
Investment Cost		8.893.498	3.811.499										
End of Term Value													-805.903

Risk Free Revenue Rate	3,10%	3,10%	3,10%
Risk Premium	5,65%	6,15%	6,65%
Discount Rate	10,00%	10,50%	11,00%
NET CURRENT VALUE (Euro)	8.387.096	7.610.721	6.877.122
NET APPROXIMATE CURRENT VALUE (Euro)	8.390.000	7.610.000	6.880.000
NET APPROXIMATE CURRENT VALUE (TL)	23.666.000	21.466.000	19.406.000

In accordance with these acceptances, the share value of Akfen Real Estate Investment Trust INC. (425990/468764) has been calculated to be 6.916.254 EURO (19.508.677 TL).

6.4.4 Lease Value Analysis and the Data Employed

Considering that there are no structures on the land, no lease value analysis has been conducted.

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

Pursuant to the calculations conducted in accordance with the development method, it has been acknowledged that a 3 Star hotel with a capacity for 200 rooms will be constructed. As a result of the calculations conducted, according to the assumptions detailed in the article 6.4.2, the project value has been calculated at 10.920.000 Euro (30.802.000 TL), whereas the total land value has been calculated to be 7.610.000 Euro (21.466.000 TL).

6.4.6 Most Effective and Most Productive Use Analysis

When factors such as location, formation and conditions of its surroundings, along with the zoning status, are taken into consideration, the most effectively appropriate and productive use for the real estate subject to the appraisal will be to construct a building with "Tourism Area" quality on the plot. With regard to the development of its surroundings, a project consisting of hotel units is found feasible.

6.4.7 Appraisal Analysis of Common or Divided Parts

The final value of the real estate subject to the appraisal has been calculated to be **8.160.000 EURO** in accordance with the exemplary approach method, whereas the value of the share that is in the ownership of AKFEN Real Estate Investment Trust INC. (425990/468764) has been calculated to be $(8.160.000/468764) \times 425990 = 7.415.415$ EURO (20.916.654 TL).

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

Due to the fact that the land examples that are for sale possess similar characteristics to those of the property in question, together with the fact that the real estate subject to the appraisal does not have any structure whatsoever on it and that the plot is an empty land, the exemplary comparison and revenue discount methods have been employed.

According to the exemplary comparison method, the value of the Akfen Real Estate Investment Trust INC. share has been calculated to be 7.415.000 EURO (20.917.000 TL) and, according to the revenue discount method, 6.916.000 EURO (19.508.000 TL).

On the grounds that the land subject to the appraisal has been divided into shares and that the Treasury has a share in the plot, in the event of Akfen Real Estate Investment Trust INC. developing a project and constructing a hotel building in the land, the Treasury will have a share in the hotel, as well. For this reason, since the operating revenue distribution models cannot be evaluated with certainty, the value determined in accordance with the exemplary comparison method is recommended.

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

Within the capital market regulations, there are no obstacles that prevent the inclusion of the real estate subject to the appraisal in the real estate investment trusts portfolio.

8. OUTCOME:

8.1 The Concluding Sentence of the Appraiser

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

8.2 Final Appraisal

The totality of the characteristics that can affect the value of the real estate, such as the location, the style of formation of its surroundings, the infrastructure and means of transportation, façades looking over to the avenue and street, as well as the area and its position, have all been carefully taken into account and a detailed market research has been conducted in the area. Correspondingly, the value of the real estate subject to this appraisal report has been presented in the following chart.

As of 31.12.2014

	Market Value of the Land as a Whole (TL)	Market Value of the Akfen GYO INC. Share (TL)
VAT Excluded	23.017.000	20.917.000
VAT Included	27.160.000	24.682.000

	Market Value of the Land as a Whole (EURO)	Market Value of the Akfen GYO INC. Share (EURO)
VAT Excluded	8.160.000	7.415.000
VAT Included	9.629.000	8.750.000

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

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

Taner DÜNER
Certified Appraiser

Dilek YILMAZ AYDIN
Responsible Appraiser

Neşecan ÇEKİCİ
Responsible Appraiser



9. APPENDIX:

1. Title Deed Sample
2. Title Deed Registry
3. Approved Zoning Status
4. Zoning Plan Notes
5. Mortgage Letter
6. Photographs
7. Backgrounds
8. SPK License Samples