



**ADIM**

Gayrimenkul & Degerleme A.S.

**REAL ESTATE  
VALUATION  
REPORT**

**TURKISH REPUBLIC OF NORTHERN CYPRUS  
MERIT PARK HOTEL  
2019\_AKFENGYO\_0022  
“ HOTEL VALUATION”**

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## 1 REPORT SUMMARY

**TYPE OF THE PROPERTY EVALUATED** : HOTEL

**BRIEF DISCRPTION OF THE PROPERTY EVALUATED** : The full adress of the property is Kervansaray Site, Karaođlanođlu, Mersin 10, Kyrenia / Turkish Republic of Northern Cyprus. Kyrenia District in the Land Registry Records: Karaođlanođlu Town or Village, Kuzguncuk Site, XII Map, 10 E1 E2 Plan No, 91/5 Plot No, 30 acres, 5-star hotel located on a plot of land with a size of 1 square, 2000 square meters (40.654,37 m<sup>2</sup>).

**ZONING STATUS OF PROPERTY** : According to the reviews and zoning status letter made in Nicosia City Planning Department on 12.11.2019; the parcel subject to the appraisal is located in the region defined as the "Coastline" in the 2nd Region Comprehensive Order of Kyrenia.

As per clause (d) of paragraph 10 of Article 10 of Girne II Region Comprehensive Order; prior to the enforcement of the Municipalities (Amendment) Law No. 14/2008, the developments for the purpose of Tourism Planning for the Coastline are adjacent to the parts of the parcels and / or lands that are within the boundaries of the Municipality within the boundaries of the land that are 50 meters from the land to be measured from the point where the water can rise most from the land.

It was evaluated within the scope of the "Brown Zone", which is the regional rule, and received a positive opinion from the Tourism Planning Department in accordance with the 2003 Hotels Regulation and/or the legal legislation to be replaced in accordance with paragraph 2 (a) of Article 12 of the Girne II Region Comprehensive Order.

**VALUATION METHODS USED** : In this appraisal study, the Income Approach and Cost Approach methods were used because the real estate subject to the appraisal is a commercial property that generates qualified income. The "Land Value" used in the Cost Approach Method has been determined according to the Sales Direct Comparison Method.

### CONCUSION OF VALUE :

<b>MARKET VALUE OF THE PROPERTY:</b>	
Report Date	31.12.2019
Valuation Date	25.12.2019
Market Value (VAT Exc.)	490.800.000.-TL
Market Value (VAT Inc.)	579.144.000.-TL
Market Value (VAT Exc.)	73.795.000.-EURO
Market Value (VAT Inc.)	87.078.100.-EURO
Rental Value (VAT Exc.)	35.260.000.-TL
Rental Value (VAT Inc.)	41.606.800.-TL

<b>Rental Value (VAT Exc.)</b>	5.300.000.-EURO
<b>Rental Value (VAT Inc.)</b>	6.254.000.-EURO

## 2 REPORT INFORMATION

<b>VALUE DATE</b>	:	25.12.2019
<b>REPORT DATE</b>	:	31.12.2019
<b>NUMBER OF REPORT</b>	:	2019_AKFENGYO_22
<b>EVALUATION COMPLETION DATE</b>	:	31.12.2019
<b>THE LEGAL AGREEMENT DATE</b>	:	05.10.2019
<b>PURPOSE OF THE REPORT AND THE LOCATION OF THE PROPERTY</b>	:	This report is addressed in the Turkish Republic of Northern Cyprus, in the land registry records, in Girne District, Karaođlanođlu Town or Village, Kuzguncuk Mevkii, XII Map, 10 E1 E2 Plan No, 91/5 Parcel No, 30 decares, 1 domain, 2000 square meters (It is a real estate appraisal report prepared according to International Valuation Standards in order to determine the market value of the 5-star hotel on the land with a surface area of 40.654,37 m <sup>2</sup> in 31.12.2019.
<b>SUBJECT OF THE VALUATION AND PURPOSE</b>	:	The full adress of the property is Kervansaray Site, Karaođlanođlu, Mersin 10, Kyrenia / Turkish Republic of Northern Cyprus. Kyrenia District in the Land Registry Records: Karaođlanođlu Town or Village, Kuzguncuk Site, XII Map, 10 E1 E2 Plan No, 91/5 Plot No, 30 acres, 5-star hotel located on a plot of land with a size of 1 square, 2000 square meters (40.654,37 m <sup>2</sup> ).
<b>PREPARED BY THE REPORT</b>	:	Ulvi Barkın SENSES CMB Licence No: 405898 Real Estate Appraiser
<b>RESPONSIBLE REAL ESTATE APPRAISER</b>	:	Seref EMEN CMB Licence No: 401584 Topographical Engineer

**INFORMATION ON PAST EVALUATION** : For the real estate subject to the appraisal, our company has a revised appraisal report dated 14.10.2019 on AKFENGYO\_2018012.

### **3 INFORMATION ON REAL ESTATE APPRAISAL COMPANY AND THE CUSTOMER:**

**COMPANY TITLE** : ADIM GAYRIMENKUL DEGERLEME A.S.

**COMPANY ADDRESS** : Mebusevler Mahallesi, Ayten Sokak, No: 22/7 Cankaya/ANKARA

**CUSTOMER TITLE** : AKFEN GAYRIMENKUL YATIRIM ORTAKLIGI A.S.

**CUSTOMER ADDRESS** : Buyukdere Caddesi, No: 201, C Blok, Kat: 8, Levent / Istanbul

**CONTENT OF THE CUSTOMER CLAIM AND LIMITATIONS OF THE REPORT** : The content of this Valuation Report: in accordance with the determination of the current market value of the real estate, which are detailed in the report and the preparation of the valuation report within the framework of the "minimum issues to be found in the valuation reports" in accordance with the Capital Market Legislation, there is no scope and limitation brought by the Customer.

### **4 GENERAL ANALYSIS AND DATA**

#### **4.1 ANALYSIS OF THE REGION WITH THE REAL ESTATE AND THE DATA USED:**

##### **Turkish Republic of Northern Cyprus (T.R.N.C.)**

Cyprus is the third largest island of the Mediterranean after Sicily and Sardinia. The island, whose history dates back to 7000 BC, was conquered by the Ottomans in 1571 and entered Turkish domination. When the Ottoman Empire joined the First World War on the side of Germany, Cyprus was annexed by Britain in 1925 and became a British Colony. Turkish Cypriots and Greeks founded the Republic of Cyprus in 1960. for linking the island to Greece in 1974 after a coup Turkey intervened on the island. After the intervention, the island was divided between the northern Turkish Cypriots and the southern Greek Cypriots. In 1975, the Turkish Cypriot Federated State was established. In 1983, the Turkish Republic of Northern Cyprus was declared. Its lands spread towards Dipkarpaz in the north, Güzelyurt in the west and Akıncılar in the south.



57% of the land of T.R.N.C. is agricultural land. Inadequate water resources are used in the most appropriate way with modern irrigation systems. In terms of industry, small-scale industrial enterprises on the islands are also found in Cyprus. Food, construction and clothing vardır.k.k.t.c.n significant progress in the pristine natural beauty and is very suitable for tourism in the Mediterranean with a long history and many tourist hotels are not prohibited by reason of the opening of the Casino has been operating in Turkey, the TRNC. Also at 7 universities in the country and the world from Turkey studying students from many universities, these learners T.R.N.C. has important contributions to the economy.

### Kyrenia

The area of Kyrenia, which is located in the north of Cyprus, the third biggest island of the Mediterranean, is 50 square kilometers. Kyrenia Mountain Range, located in the south of Kyrenia, starts from the shore near Kayalar village in the west and extends to Yedikonuk village in the east.



Location of Kyrenia

History of the town of Kyrenia BC It dates back to the 10th century. Kyrenia, which is a historical city bearing the traces of various civilizations that dominated Cyprus as the center of one of Cyprus's 10 kingdoms in ancient times, is one of the most ideal and rare places in the Mediterranean for a relaxing holiday. The restaurants, bars and small hotels surrounding the horseshoe-shaped harbor, where ancient structures are preserved, serve tourists in a unique atmosphere. The typical Mediterranean climate is dominated by the city of Kyrenia. Summers are long and dry, winters are short and rainy. The city is growing rapidly. The population of the city is 77,000 according to the population and housing census in 2019.

#### **4.2 ANALYSIS OF CURRENT ECONOMIC CONDITIONS, REAL ESTATE MARKET, CURRENT TRENDS AND BASED DATA:**

##### **Basic Economic Indicators**

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019 (E)</b>	<b>2020 (T)</b>
<b>Real Growth Rate (% change)</b>	3,6	5,4	1,3	1,9	3,6
<b>GDP (Million TL)</b>	11.601	14.544	18.324	24,555	28,812
<b>GDP (Million \$)</b>	3.838	3.984	3.791	3.711	4.206
<b>GDP per Individual (Current Prices, US \$)</b>	13.897	14.187	13.277	12,501	13,940
<b>Imports (Million \$)</b>	1.557	1.778	1.816	2.247	2.427
<b>Exports (Million \$)</b>	105,5	105,6	100,9	116,8	123,2
<b>Foreign Trade Balance (Excess + / Open -)</b>	-1.452	-1.672	-1.715	-2.130	-2.304
<b>Foreign Trade Volume / GDP (%)</b>	43,3	47,3	49,8	63,7	60,6
<b>Current Account Balance (Excess + / Open -)</b>	289,9	294,4	131,9	112,5	153,7
<b>Current Account Balance / GDP (%)</b>	7,6	7,4	3,5	3,0	3,7
<b>Consumer Price Index (CPI,%)</b>	10,2	14,7	30	13,3	10,5
<b>Employment</b>	118.387	120.999	132.411	128.389	133.184
<b>Labor Force Participation Rate (%)</b>	51,4	51,2	50,5	50,6	51,2
<b>Employment Rate (%)</b>	48,2	48,2	47,1	47,1	47,8
<b>Unemployment rate (%)</b>	6,4	5,8	6,8*	7,1	6,8

**E: Estimate**

**T: Target**

##### **Economic View**

In the past days, the realization figures of the 2018 Gross Domestic Product (GDP) were announced by the Statistical Institute. Accordingly, the real growth of 1.3% was realized in the Gross Domestic Product, which is the monetary expression of goods and services produced within a year in the economy, and reached approximately 18.3 billion TL. In addition, the Gross National Product (GNP) per capita was \$ 13,277. In fact, 2018 growth figures were below expectations.

The expectation was at the level of 2.5%. This situation does not give us a positive signal for 2019 growth. The biggest growing sectors were construction with 7.6%, self-employment and services with 5.3% and housing with 4.6%. Among the main sectors, there was a shrinkage of -12.4% only in the industry main sector. There was a shrinkage of -16.2% in the manufacturing industry sub-sector and -3% in the quarrying sector in the sub-industry.

On the other hand, while the main sector of agriculture grew by 2.6%, the sub-sector of vegetable production grew by 11.9%, there was a shrinkage of -2.3% in the Livestock sub-sector, -2.4% in the forest sub-sector and -15.5% in the fishery sub-sector. When we look at the locomotive sectors, the hotel and restaurant industry that hosted the tourism sector grew by 1.6% and higher education by 7.5%. The growth rate in tourism is not considered sufficient. It is the smallest rate of recent years. Since the tourism sector has an important place in the economy, it signals the need to take measures. Tourism pioneering data for 2019 are not seen as optimistic.

After sharing these figures for 2018 with you, it will be useful to compare them with the figures for 2017 in order to better understand what the numbers mean and what they are in the economy. GDP growth in 2017 was 5.4%. As can be seen, the 2018 GDP growth (1.3%) fell well behind 2017. Looking at the sector growths, the following table emerges.

While the agricultural sector grew by 4.9% in 2017, it was 2.6% in 2018. While the industrial sector grew 4.4% in 2017, it decreased by -12.4% in 2018. While construction grew 10.6% in 2017, it grew 7.6 in 2018. While trade grew 5.2% in 2017, 2018 remained at 0%. While hotel and restaurant management grew 22.4% in 2017, it grew by 1.6% in 2018. While transportation and communication grew 6.9% in 2017, it increased by 3.5% in 2018. While Financial Institutions grew 3.1% in 2017, 2.7 grew in 2018. While home ownership grew 3.8% in 2017, it grew 4.6% in 2018.

While self-employment grew by 7.1% in 2017, it grew by 1.2% in 2018. While higher education grew 8% in 2017, it grew 7.5% in 2018. While public services contracted by -0.8% in 2017, it grew by 1.3% in 2018. While import taxes grew 0.5% in 2017, they grew 2.4% in 2018. As it is seen, when we compare 2017 to 2018, we see a significant decrease in growth rates in all but 2 of the sectors in 2018. This shows us that the crisis in 2018, the rise in oil prices and high inflation adversely affected the economy and growth.

Despite the unfavorable developments in the economy in 2018, a 32% salary increase provided to public employees and a 2-fold increase in the minimum wage in the private sector brought at least some relief to the purchasing power of the employees. In fact, although the effects of foreign exchange and inflation figures peaking in August and September 2018 had a negative impact on the growth rates of 2018, we see the signs that they will have their main effects on the economic life and growth figures in 2019.

Indeed, some economic data for the first 6 months of 2019 also give us signs of this. According to the data of the first 6 months of 2019, imports decreased by 24% and exports by 17% compared to the same period of the previous year. The increase in the foreign currency affects our import-intensive economy negatively. As foreign currency increases, imports also become more expensive, individuals' purchasing power decreases, expenses increase, so consumption demand decreases, so imports also decrease.

The excessive decline in imports, especially in the construction, trade, agriculture and industry sectors, may also lower the value added in these sectors. Because both imports, and imports of production and input goods seem to have declined. Moreover, the decline in export figures reflects negatively on production, value added and employment figures. All these developments affect the economic growth figures negatively.

Despite the absence of excessive foreign exchange growth, high oil prices and inflation compared to last year in 2019, leading indicators are not seen as very pleasant. There are decreases in the ratio of deposit to loan. The youth unemployment rate is high. There is a significant increase in overdue receivables. There are increases in consumer loans and credit card debts. If the declining trend in imports and exports and their reflections on the sectors continue until the end of the year, their reflections on the growth figures of 2019 will be negative, and this year, for the first time after 2009 (10 years), the economy has shrunk at a rate below the growth rate of 1.3%. (Narrowing) can be encountered.



Turkish Republic of Northern Cyprus population of about 294.000 (including workers and settlers from Turkey). Almost all of this population is Turkish and speaks Turkish. This population is composed of three main communities: indigenous Turkish Cypriots, integrated immigrants from Turkey which consists of two parts. Those who came to the world on the island and came to the island to work from the homeland. The Turkish Armed Forces is currently on the island with a force of 33,000 troops. Most older Turkish Cypriots can speak and understand Greek. Besides these, there are Greek Cypriots and Marunis who still live in Dikarpaz and Korucan. It has the northern side of the TRNC capital city of Nicosia. A large percentage of Turkish Cypriots emigrated after 1974. In particular, Turkey has largely migrated from England and Northern Cyprus. Most of the immigrants had to go to different countries due to bad economic conditions. The biggest reason in these bad economic conditions is the great difficulties in trade to third countries due to the economic embargo applied.

### **Global Economic Outlook**

The slowdown and uncertainty in global growth continues. Increasing tension and geopolitical tensions in trade wars, as well as deterioration in investment, production and confidence indicators are driving global growth down. However, the fact that central banks of developed and developing countries regard anti-slowdown practices reduces their global recession expectations. In the second quarter of 2019, the rise in concerns about global trade, the emergence of the Middle East geopolitical risks and the slowdown in the global scale, especially in the manufacturing industry sector, which affected the economic activity negatively, increased the downward risks regarding the growth outlook for the rest of the year. The IMF published the October 2019 issue of the Global Economic Outlook Report with the title of “Decline Period of Global Manufacturing, Increasing Trade Barriers”. According to the July update, the IMF reduced its global economic growth forecast to 0.2 percent for 2019, down to 3 percent for 2019 and to 3.4 percent for 2020, according to the July update. In the report, which draws attention to the pressure created by trade wars on global economic growth, the report emphasized that the global economy is facing synchronous slowdown and that the global growth forecast for 2019 is revised downwards for this reason. Structural factors such as commercial and geopolitical high uncertainties, special factors of some emerging economies cause macroeconomic pressure, low productivity growth and aging population in developed economies are shown as other factors affecting the low growth of the global economy. According to the IMF report, the growth forecast for developed countries was reduced from 1.9 percent to 1.7 percent in 2019, while it remained at 1.7 percent for 2020. In developing economies, the growth forecast has been reduced from 4.1 percent to 3.9 percent for 2019 and from 4.7 percent to 4.6 percent for 2020. In 2019 and 2020, the growth estimates of Turkey's economy has been increased to 3 percent, respectively, 0.2 percent and minus 2.5 percent from 2.5 percent. Trade wars started August with high blood pressure, and tensions gradually increased. Despite the fact that the Shanghai talks between China and the USA were terminated at the beginning of August, Trump accused China of not wanting to buy US agricultural goods and putting the USA in a disadvantage. Donald Trump announced that a 10 percent additional tax will be imposed on the \$ 300 billion product imported from China, effective from September 1. He also stated that they will start taxing 15% of the Chinese product, which is currently worth 10% tax, of \$ 300 billion as of September 1. In the FOMC meeting held on September 17-18, 2019, the Federal Reserve (Federal Reserve) reduced the policy rate by 25 basis points to 1.75-2.00 percent in line with market expectations. According to updated projections, the median expectation for 2019 in policy rate fell from 2.4% to 1.9%, while the expectation for 2020 decreased from 2.1% to 1.9%. FED members' 2019 growth forecast increased from 2.1% to 2.2% while 2020 forecast was preserved at 2%. Personal consumption expenditure inflation estimates; 1.5% for 2019 and 1.9% for 2020. In the text of the decision; It was emphasized that economic activity continues to grow at a moderate pace and the labor market is strong. Despite that; it is mentioned that fixed capital investments and exports have weakened. In the statements made by FED President Powell after the meeting, it was stated that FED lowered interest rates to provide insurance in spite of weak global growth and trade tensions. Powell also stated that a more comprehensive reduction process might be appropriate if

there are economic difficulties, while they noted that they could achieve the targets 5 with moderate adjustments in interest rates in the course of the economy. FED President Powell's implication that the continuation of the interest rate cut might not come was effective in the markets.

**Reference: Central Bank of Turkey Republic, Turkish Statistical Institute.**

## **5 INFORMATION ABOUT REAL ESTATE OF VALUATION SUBJECT**

### **5.1 THE PLACE AND LOCATION OF REAL ESTATE**

The real estate subject to the appraisal is located in Merit Park Hotel, Kervansaray Mevkii, Karaođlanođlu / Girne. Firstly, you can continue to Nicosia from the main connection axle from Ercan Airport, 6-7 km from Gonyeli junction to Girne and Güzelyurt direction. by continuing, Karaođlanođlu Mevkii is reached. Real estate is a 5-star hotel and casino located on the right hand side of the road at Karaođlanođlu Mevkii, on the sea side. The real estate is located on the Northern Cyprus Turkish Republic, Girne Karaođlanođlu Village Kuzguncuk Mevkii, XII Map, 91/5 Parcel. It was built on a 40-decare land, facing the sea. It is 400–500 meters away from Girne-Güzelyurt Highway, 6–7 km from Kyrenia City Center, 27–28 km from Nicosia City Center and 50 km from Ercan Airport.



The five-star hotels in the Turkish Republic of Northern Cyprus are mostly located in the vicinity of Kyrenia, close to the region where the real estate is located. These facilities are open 365 days a year and mostly serve with a half-board system. Hotels achieve the highest occupancy in June - July - August.

In TRNC hotels, Casino is an important factor in keeping occupancy high in summer and winter. Casino is available in all five-star hotels and smaller hotels. While tourists coming to the region prefer the region for sea tourism in the summer months, it is seen that especially casino customers and relatively congress customers stay in hotels and increase their hotel occupancy in winter and spring months.

The region where the facility subject to the appraisal is located is named as Kervansaray Mevkii and this name is given to the region by Kervansaray Houses. There are single-storey or duplex villa projects on the roadside in the region, and there are also some tourist restaurants. Region Resort is a developing region in terms of Hotel and Casino Tourism.

### **5.2 DESCRIPTION AND PROPERTIES OF REAL ESTATE**

The full address is Kervansaray Site, Karaođlanođlu, Mersin 10, Kyrenia / Turkish Republic of Northern Cyprus, Kyrenia District in the land registry records, Karaođlanođlu Town or Village, Kuzguncuk Mevkii,

XII Map, 10 E1 E2 Plan No, 91/5 Parcel No, 30 acres, 1 domain has been built as a 5-star hotel on a land of 2000 square meters (40.654,37 m<sup>2</sup>) with a surface area.

### 5.2.1 STRUCTURAL CONSTRUCTION FEATURES OF THE REAL ESTATE:

<b>Construction Type</b>	Reinforced Concrete Frame
<b>Number of Floors in the Building</b>	A Block: 2 Basement + Ground + Ground Mezzanine + 3 Normal Floors B and C Blocks: Basement + Ground + Ground Mezzanine + 3 Normal Floors
<b>Total Construction Area</b>	Gross 31.231 m <sup>2</sup> (Total area of all structures on the parcel according to the project)
<b>Age</b>	12
<b>Electricity</b>	Available
<b>Transformer</b>	2 Pieces Available
<b>Generator</b>	2 Pieces Available
<b>Water</b>	The purification system and wastewater treatment plants established to make sea water purified and usable are available and active.
<b>Water Tank</b>	Available (700 tons capacity)
<b>Drainage</b>	Biological Drainage System
<b>Heating / Cooling / Ventilation System</b>	Solar panels and LPG fired heat boilers-Chiller Group-Central System
<b>Elevator</b>	4 Pieces for Customer, 4 Piece For Personnel
<b>Fire Escape</b>	Available
<b>Fire Warning System and Extinguishing Installation</b>	There are smoke and heat sensitive detectors, fire cabinets, scuba extinguishers and hydrants, sprinkler system.
<b>Car Park</b>	Available

### Findings in the Neighborhood of the Real Estate

Valuation of real estate, according to Turkey Field Measurement Unit which was established 40.654,37 m<sup>2</sup> of land on 286 rooms, indoor and outdoor pools, restaurants, a private beach, tennis courts, amphitheater, fitness center, spa center and with a casino and MERIT PARK HOTEL is a 5 star hotel operating under the name.

The hotel was designed inspired by Girne Castle and is architecturally in the form of a castle. According to its architectural project, it consists of 3 blocks called A-B-C. A Block has 7 floors, B and C Block have 6 floors. Unlike other blocks, there is a 2nd basement floor in Block A and it is used as a Casino.

Floors	Gross Area (m <sup>2</sup> )	Additional Gross Area (m <sup>2</sup> )	Total Gross Area (m <sup>2</sup> )	Number of Rooms
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2.Basement Floor	2.981	235	3.216	-
1. Basement Floor	7.387	725	8.112	-
Ground Floor	5.414	85	5.499	43
Mezanine Floor	4.363	962	5.325	62
1.Normal Floor	3.667	64	3.731	68
2.Normal Floor	3.667	64	3.731	64
3.Normal Floor	3.752	1.026	4.778	62
<b>TOPLAM</b>	<b>31.231</b>	<b>3.161</b>	<b>34.392</b>	<b>299</b>

According to the architectural project of Merit Park Hotel, the number of rooms, which was 299, was replaced by the walls in 13 rooms with the renovation in 2014, the room types were changed and the number of rooms was reduced to 286. The room types and their distribution to floors according to the current situation are shown in the table below.

**NUMBER OF ROOMS ACCORDING TO THE CURRENT SITUATION AND ROOM DISTRIBUTION BY FLOORS**

ROOM TYPE	NUMBER OF ROOMS	GROUND FLOOR	MEZANINE FLOOR	1. FLOOR	2. FLOOR	3. FLOOR	TOTAL
STANDARD ROOM	253	41	62	64	48	34	253
DISABLED ROOM	6	2		2		2	6
SUİT ROOM	27	4		9	14		27
DELUX SUİT ROOM	4	2		2			4
KİNG ROOM	6	2		2		2	6

The entire 2nd basement floor is in the use of Casino. The floor can be reached from the hotel building with stairs and an elevator, as well as a separate entrance from outside the building. There is a parking lot belonging to the casino in the section where this entrance is located. The floor consists of entrance hall, cloakroom, casino, bar, floor offices, fire escapes, technical volumes, service entrance, warehouse volumes. The floors in this floor are covered with carpet, wet floors and stairs are granite in the casino sections. Walls are decorative covering, ceilings are plasterboard suspended ceilings. Doors are wooden, windows are PVC joinery. Lighting is provided with spotlights and lighting fixtures.

On the 1st basement floor, there is the main restaurant, kitchens, cold stores, meeting rooms that can be divided according to needs, foyer area, kids club, laundry, personnel dining hall, water tank, technical staff offices. On this floor, the floors are covered with carpet in meeting rooms and children's club, common areas are partially carpeted, and the restaurant section is covered with ceramics. The walls are partially decorative and partially paper covered. Ceilings are plasterboard suspended ceiling. Doors are wooden, windows are PVC joinery. Aluminum joinery in office sections. Lighting is provided with spotlights and lighting fixtures.

The ground floor is the main entrance floor of the hotel. On this floor, there are 43 rooms, including entrance hall, reception, lobby, lobby bar, restaurant, hair salon, shops, floor offices, 21 standard rooms, 20 standard twin rooms and 2 handicapped rooms, indoor swimming pool of SPA center, Turkish There is a

sauna, steam room, fitness center and changing rooms. The floors on this floor are carpeted in the corridors, granite in common areas, and ceramic in wet areas. The walls are partially decorative and partially paper covered. Ceilings are plasterboard suspended ceiling. Doors are wooden, windows are PVC joinery. Aluminum joinery in office sections. Lighting is provided with spotlights and lighting fixtures.

On Ground Floor; There are 62 rooms in total, including SPA center and massage rooms, 33 standard rooms, 23 standard twin rooms and 6 Standard Fmly rooms.

1. On the Normal Floor; It has a total of 68 rooms and floor offices, 32 standard rooms, 20 standard twin rooms, 12 standard family rooms and 4 suites.

2. On the Normal Floor; There are 19 standard rooms, 22 standard twin rooms, 7 standard family rooms, 9 suites and 2 deluxe suites, in total 59 rooms and floor offices.

3. On Normal Floor; There are 54 standard rooms and floor offices, 17 standard rooms, 15 standard twin rooms, 6 standard family rooms, 27 suites and 2 king rooms.

- The hotel has a total of 286 rooms: 122 standard rooms, 100 standard twin rooms, 2 handicapped rooms, 31 standard family rooms, 27 suites, 2 deluxe suites, 2 king rooms.

- In standard room types, room sizes vary between 23 and 36.6 m<sup>2</sup>. Bathroom sizes are 4,9 and 6,2 m<sup>2</sup> in size. The suite rooms are 43.5 m<sup>2</sup> in size, the bathroom is 9 m<sup>2</sup> and the WC is 3.2 m<sup>2</sup> in size. It has a size of 67.3 m<sup>2</sup> in deluxe suites, 14.2 m<sup>2</sup> in bathroom and 2.5 m<sup>2</sup> in WC. King flats have 150 m<sup>2</sup> room and 18.6 m<sup>2</sup> bathroom area.

- By combining the rooms, the total number of rooms has been reduced from 299 to 286, but there has been no change in floor area and room m<sup>2</sup>.

- Corridors and room floors on the ground mezzanine and normal floors are carpeted, wet floors are covered with ceramics. The walls are partially decorative and partially paper covered. Ceilings are plasterboard suspended ceiling. Doors are wooden, windows are pvc joinery. Lighting is provided with spotlights and lighting fixtures.

- There is an indoor swimming pool with a water surface of 113 m<sup>2</sup> in the hotel building, and an outdoor swimming pool with a water surface of 996 m<sup>2</sup> on the sea front where the restaurant is located. The main restaurant of the hotel has a size of 928 m<sup>2</sup>.

- Apart from the hotel building, there is a treatment facility, 2 tennis courts, amphitheater, recreation areas and prefabricated warehouse on the parcel. The usage areas of these auxiliary buildings are shown in the table below.

**Area (m<sup>2</sup>)**

Resting Locker Rooms, WC and Showers	320
Transformer + Generator Building	216
Service Courtyards	414
Amphitheater and Dressing Rooms	195
Purification Plant	392
Evaporative	9
Prefabricated Warehouse	300

Garbage Room	62
Water tank	248
<b>Total</b>	<b>2.156</b>

- The surrounding of the hotel is landscaped and well maintained.

- Hotel has beach and facilities

The land on which the facility is located is flat in places and rough in places. These height differences are used in the facility to take advantage of the view. The beach area of the facility itself constitutes the lowest level.

### 5.3 LEGAL REVIEWS OF THE REAL ESTATE:

#### 5.3.1 ANALYSIS OF TITLE DEED

##### 5.3.1.1 TITLE DEED REGISTRATION

<b>Province</b>	:	Kyrenia
<b>Town or Village</b>	:	Karaođlanođlu
<b>Location (Site)</b>	:	Kuzguncuk
<b>Plot No</b>	:	XII
<b>Map No</b>	:	10 E1 E2
<b>Parcel No</b>	:	91/5
<b>Stem No</b>	:	31
<b>Area</b>	:	30 Acres, 1 Domain, 2000 Square Feet (*)
<b>Qualifications</b>	:	Hali Land (**)
<b>Renter</b>	:	K. K. T. C. Ministry of Finance, State Real Estate and Materials Department (***)
<b>Tenant</b>	:	Akfen Real Estate Trade and Construction Inc.
<b>Rental Term</b>	:	It is 49 years from 01.08.2003 until 31.07.2052.
<b>Annual Rental Fee</b>	:	Filed in file D-294/2008.

(\*) Acres, domain and square metres are used as area measurements in TRNC.

1 acre = 1337,8037800057044 m<sup>2</sup>, 1 domain = 334,4509400013988 m<sup>2</sup>, 1 square meter = 0.09290304 m<sup>2</sup>. In addition, 1 acre = 4 domain, 1 domain = 3.600 square feet. (Total is 40654.37 sqm by Turkey Field Measurement Unit).

(\*\*) The land subject to the appraisal is defined as the "Land" in the TRNC property system.

(\*\*\*) The ownership of these lands belongs to the Ministry of Finance of the TRNC and from 01.08.2003 until 31.07.2052 the Upright belongs to Akfen Real Estate Trade and Construction Inc.

### **5.3.1.2 LIMITS ON DETAIL INFORMATION AND TRANSFER**

Examinations cannot be made over the land registry in the TRNC Land Registry and Cadastre Offices. In order to investigate encumbrances on properties, "Property Research Document" can be obtained from the relevant department only by persons authorized by the power of attorney issued by the owner or notary.

According to the "Real Estate Property Investigation Document" dated 25.12.2019 and submitted to us by the TRNC Land Registry and Cadastre Department Kyrenia Province Land Registry Office and the mortgage official bills, there are the following obstacles;

In favor of Fiba Banka A.S. dated 15.11.2015, there is a 1st degree mortgage with a price of 42.000.000 EURO.

In favor of Credit Europe Bank dated 16.11.2015, there is a 2nd degree mortgage with a price of 21.000.000 EURO.

Attachment of Land Registry and Cadastre Property Research Document and mortgage official documents dated 24 October 2015 are presented in the attachment.

#### **Changes in the Land Registry of the Real Estate in the Last Three Years**

There has been no change in the land registry records of the real estate subject to the appraisal within the last three years.

Land on which the valuation of the real property is located in Kyrenia Province Karaođlanođlu Town / Village, Kuzguncuk position, XII Plot 10 E1 Plan no, 91/5 parcel No. 30 acres, 1 workers' locker room, 2000 m<sup>2</sup> (Overall 40.654,37 m<sup>2</sup> by Turkey Field Measurement Unit) has a surface area it belongs to the TRNC Ministry of Finance.

With the first contract dated 15.07.2003 by the TRNC Ministry of Finance State Real Estate and Materials Department, it was leased to Akfen Real Estate Trade and Construction Inc. for 49 years from 01.08.2003 until 31.07.2052. Industry and Trade Joint Stock Company ", the name was changed on 21.09.2006 and the tenant was approved as " Akfen Real Estate Trading and Construction Joint Stock Company ".

In the first lease agreement dated 15.07.2003 between the TRNC Ministry of Finance State Real Estate and Materials Department and TT Turizm İnSaat Tarım Besacılık Sanayi ve Ticaret Anonim Sirketi, Akfen Real Estate Trade and Construction dated 03.06.2008, In protocol 4 signed between the Joint Stock Company and the Directorate of State Real Estate and Materials, it has been agreed that the area of the real estate is 30 decares, 1 evlek 2000 square feet.

Akfen Real Estate Trade and Construction Inc. 5 Star hotel was built on the plot by. Following the completion of the construction, the said hotel is Akfen Gayrimenkul Ticareti ve İnSaat A.S. With the contract between 03.12.2007 signed between (the Lessor) and Serenas Tourism Congress and Organization Services Limited Company (Tenant), it was rented for 5 +5 years for the second 5 years optionally and started to operate under the name of "MERCURE OTEL".

The casino located in the basement of the hotel is Akfen Gayrimenkul Ticareti ve İnSaat A.S. With the contract between 15.03.2007 signed between the (Lessor) and the company named Voyager Kıbrıs Limited (Tenant), it was leased for 5 +5 years, again with the option of the second 5 years.

After the expiration of the first 5 years specified in the contracts made with both companies, the period extension was not made and the tenancy status of Serenas Tourism Congress and Organization Services Limited Company was terminated by terminating both contracts.

This time, Akfen Real Estate Trade and Construction Inc. With the new rental agreement dated 15.05.2012 signed between the company and Voyager Kıbrıs Limited, the entire hotel, including the casino, has been rented by Voyager Kıbrıs Limited for 20 years, and has been changed to the name "MERIT PARK HOTEL AND CASINO".

### **Opinion on whether there is an obstacle in the frame of Capital Market Legislation in the Inclusion of Real Estate Investment Trusts Portfolio in terms of Land Registry Records**

Akfen Gayrimenkul Ticareti ve İnSaat A.S., a 100% subsidiary of Akfen Gayrimenkul Yatırım Ortaklığı A.S. "Right of Construction (Construction)" in favor of 49 years in favor of Akfen Gayrimenkul Ticareti ve İnSaat A.S. 15.11. in favor of Fiba Banka A.S on the "Right of Construction". There are two mortgages with a price of 42.000.000 € in 2015 and 21.000.000 € in favor of Credit Europe Bank dated 16.11.2015.

#### **Mortgages in Real Estate Pledge Rights House;**

According to the letter received from Fibabanka, the owner of 1st Degree Mortgage, the mortgage on the real estate Akfen Gayrimenkul Ticareti ve İnSaat A.S. has been purchased for the refinancing of the existing project loan for the loan of 30.000.000 EURO which has been used within the scope of the contract dated 27.10.2015.

According to the letter received from the Credit Europe Bank, owner of the 2nd Degree Mortgage, on 30.12.2019, the mortgage located on the property is Akfen Karaköy Gayrimenkul Yatırım ve İnSaat A.S. has been received for the guarantee of the loan under the project finance amounting to EUR 15.000.000 that the company has used as of 06.11.2015.

According to the first paragraph of Article 30 of the Communiqué on Real Estate Investment Partners published in the official newspaper of the Capital Markets Board dated 28.05.2013, Real Estate Investment Partners are solely concerned with the financing of these transactions during the purchase of real estate, real estate projects and real estate-based rights. mortgages, pledges and other limited real rights can be established on assets in the portfolio for the purpose of obtaining credit for investments.

Pursuant to the relevant article of the communiqué, mortgages on the property do not constitute an obstacle to the property in the portfolio of real estate investment trusts within the framework of the capital market legislation.

### **5.3.2 MUNICIPAL REVIEW**

#### **5.3.2.1 ZONING STATUS**

Unlike the zoning system in Turkey, the TRNC description by decree instead of zoning plans construction is possible.

According to the reviews made in the Nicosia City Planning Department and the zoning case letter of the same department dated 18.11.2015; The parcel subject to the appraisal is located in the region defined as the "Coastline" in the 2nd Region Comprehensive Order of Kyrenia.

As per clause **(d) of paragraph 10 of Article 10 of Girne II Region Comprehensive Order**; Prior to the enforcement of the Municipalities (Amendment) Law No. 14/2008, the developments for the purpose of Tourism Planning for the Coastline are adjacent to the parts of the parcels and / or lands that are within the boundaries of the Municipality within the boundaries of the land that are 50 meters from the land to be measured from the point where the water can rise most from the land. In accordance with **the (a) clause of the 2nd paragraph of the 12th Article of the Girne II Regional Comprehensive Order**, which is evaluated within the scope of the "**Brown Region**", which is the rule of the region, it has a positive opinion from the Tourism Planning Office in accordance with the 2003 Hotels Regulation and / or the legal legislation to be replaced. developments, **0.60 / 1 of Construction Total Area Ratio, 20% of**



**Construction Floor Area Ratio, 4 (four) of Building Floor Number, 15.24 meters (50 feet) of Building Total Height** can be done with conditions that do not exceed.

### **5.3.2.2 BUILDING LICENCE DOCUMENTS REVIEW**

The Land Registry and Cadastre Office Rent Document, Cadastral Map Map, Zoning Status Document, Building Licenses and Building and Usage Permit Certificate, which are replaced by the real estate subject to the appraisal, were provided in the annex of the report by obtaining certified project pages and floor plans and hotel operating license.

“Girne Municipality Building, Road, Taksim, Partition License” document dated 27.02.2004; “According to approved projects and specifications, restaurants, shops, cooling tanks, pool and administrative rooms, hotel service technical rooms, social areas, 50 (fifty) bedrooms, administrative buildings, social areas, pool, 4 (four) ) on the first floor, 70 bedrooms, 1 floor office, 70 bedrooms on the second floor, 4 floor offices, 2 king flats on the third floor, 48 bedrooms, 4 floor offices construction. .

“Girne Municipality Building, Road, Graduation, Partition License” document dated 19.02.2008; “According to the approved projects and specifications, the swimming pool was canceled as shown in the site plan during the construction of the building, which was granted from the Municipality on 27/02/2004 and numbered 3095, the new swimming pool, relocation of the amphitheater, additional garbage room, treatment plant and prefabricated warehouse were made. 2 (two) basement floors, ground + first + second + third + 4th floor, 4 (four) meeting rooms, 4 (four) restaurants, rest, locker and shower Construction of a touristic hotel consisting of toilets, transformer and generator room, water tank and 299 rooms (606 beds).

According to the "Final Approval of Girne Municipality" dated 07.04.2008, permits numbered 4621, dated 27/02/04 and 19/02/2008, have been approved. This document is the equivalent of building use permit system in Turkey

In the Municipality of Girne, it is not allowed to examine the zoning archive file related to the real estate subject to the appraisal, and the license, settlement and architectural project information were provided by the customer. However, it was determined that the approval of the competent authorities is on each document.

The approved architectural project for the mentioned facility is dated 03-01-08 and numbered 03/965.

In the on-site examinations of the real estate, it was observed that there was no difference between its current and legal status. The existing building is in compliance with the “Architectural Project, Building License and Building Usage Permit Certificate”.

### **5.3.2.3 COUNCIL / COURT DECISIONS, PLAN CANCELLATIONS AND OTHER SIMILAR SUBJECTS**

There is no committee decision in the zoning file of the real estate subject to the appraisal.

### **5.3.3 CHANGES FROM THE LEGAL SITUATION IN THE LAST 3 YEARS**

The right to zoning was changed with the amendment dated 23.05.2013 in the brown regions where the real estate subject to the appraisal is also included. Accordingly, the construction total area rate was 0.60 / 1 when it was 0.50 / 1, while the construction floor area ratio was 20% when it was 15%, and the Building Total Height was 15.24 meters (50 feet) when it was 16.20 meters (53 feet).

Akfen Real Estate Trade and Construction Inc. and Serenas Tourism Convention and Organization Services Ltd. Sti. The lease contract dated 03.12.2007, which was signed between the two companies, was terminated after the expiration date of Akfen Gayrimenkul Ticareti ve İnSaat A.S. With the new lease

agreement signed between the company and Voyager Kıbrıs Limited on 15.05.2012, the entire 5-star hotel, including Casino, has been rented by the company Voyager Kıbrıs Limited for 20 years, starting from the date of rent. The hotel name has changed as “Merit Park Hotel and Casino” with the new rental period.

### **Opinion on whether there is an obstacle in the framework of Capital Market Legislation in the Inclusion of Real Estate Investment Trusts Portfolio in Terms of Zoning Information**

The right to zoning was changed with the amendment dated 23.05.2013 in the brown regions where the real estate subject to the appraisal is located. Accordingly, the construction total area ratio was 0.60 / 1 when it was 0.50 / 1, while the construction floor area ratio was 20% when it was 15%, and the Building Total Height was 15.24 meters (50 feet) when it was 16.20 meters (53 feet). This change is considered as a (positive) change in favor of the parcel in terms of zoning rights.

As all permits and documents required to be obtained in accordance with the legislation of the existing facilities on the parcel have been received in full and flawlessly, there is no objection to the Real Estate Investment Trust portfolio within the framework of the Capital Market Legislation.

## **6 VALUATION STUDIES**

### **6.1 FACTORS AFFECTING THE REAL ESTATE'S VALUE AND VALUE DETERMINATION OF THE REAL ESTATE**

As valuation technique, there are 3 basic methods used in Turkey and international platform. These are Cost Approach, Sales Comparison Approach and Income Capitalisation Approach.

**COST APPROACH:** In this method, the cost of reconstruction of an existing building under today's economic conditions is considered the basis for the valuation of the real estate. In this sense, the main principle of the cost approach can be explained by the usage value. The value of use is defined as "The property has a real value even if nobody wants it or knows its value".

In this method, real estate is considered to have an important remaining economic life expectancy. For this reason, it is assumed that the value of the real estate will decrease over time due to its physical and functional and economically obsolete. In other words, it is assumed that the building value of an existing real estate can never be more than the cost of reconstruction.

**SALES COMPARISON APPROACH:** The most reliable and realistic approach to real estate valuation in the business type is the market value approach. In this valuation method, comparable examples with common basic properties and the real estate to be valued in the region are examined. The peer comparison approach is based on the following assumptions.

- The existence of an existing market is accepted in advance in relation to the type of real estate analyzed.
- It is accepted that buyers and sellers in this market have a good level of knowledge about real estate and therefore time is not an important factor.
- The real estate is considered to remain in the market for a reasonable time with a reasonable sales price.
- Selected comparable samples are considered to have the basic characteristics common to the appraised real estate.
- Today's socio-economic conditions are accepted to be valid in making price corrections of the data of selected comparable samples.

**INCOME APPROACH:** If the value of the assets can only be determined according to the income they will bring - for example, in rental houses or workplaces - it is the rule to apply the income method to find the version fees. The criteria is the net income that can be obtained in determining the value of a real estate

that has a structure with the income method. This net income; the building consists of other structural facilities and landshares related to the building. Despite the possibility of using the land continuously, the period of using a building is limited. Therefore, in determining the monetary value of the net income, the values of the land, structure and other structural facilities related to the structure are determined in separate sections.

Net income is found by deducting income and operating expenses from the annual operating gross income of the income-generating real estate and the real estate being empty. Net income consists of building income and land income. Land income refers to the income that the land value will bring at the real estate interest rate valid in the real estate market in the region. Building income is the sum of the income generated by the building in the real estate rate of the real estate in the region throughout the remaining usage period and the annual depreciation amount to be allocated based on the remaining usage period of the building.

## **6.2 THE FACTORS AFFECTING THE VALUATION PROCESS**

There are no factors that negatively affect the valuation process.

## **6.3 THE FACTORS AFFECTING THE VALUE OF THE REAL PROPERTY**

### **FACTORS AFFECTING THE POSITIVE DIRECTION**

- The existing hotel land is the property of the TRNC Ministry of Finance, Directorate of State Real Estate and Materials, and has been rented for 49 years with a super-right agreement.
- It was built on a plot larger than 40.000 m<sup>2</sup> and facing the sea.
- The construction of the hotel subject to the appraisal started in 2004 and was put into service in 2007. The materials and workmanship quality used in its construction are high.
- After the change of the hotel tenant at the beginning of 2013, a renovation was made throughout the hotel. Construction materials were renewed in common areas such as hotel rooms and SPA restaurants, and the hotel gained a new view.
- The majority of the hotel rooms have sea views.
- It has a casino. The hotel and casino business is the same company and has a long term rental contract of 20 years. In this sense, it is a 5-star tourist facility with high commercial returns.
- Garden and landscape arrangements are well maintained. Recreation areas have been created.
- The purification system and wastewater treatment plants established to make sea water purified and usable are available and active.
- It is easy to reach Kyrenia, Nicosia centers and Ercan Airport.
- TRNC's tourism region is Kyrenia. The region where the real estate is located has a high attraction ability due to its proximity to the center of Kyrenia and the region of the hotels.

### **FACTORS AFFECTING THE NEGATIVE DIRECTION**

- Ercan Airport is not an international airport. For this reason, the number of incoming tourists is limited.

## **6.4 ASSUMPTIONS, VALUATION METHODS USED IN THE EVALUATION PROCESS AND THE REASONS FOR USING THESE METHODS**

In this appraisal study, the Income Approach and Cost Approach methods were used because the real estate subject to the appraisal is a commercial property that generates qualified income. The "Land value" used in the Cost Approach Method has been determined according to the Direct Comparison Method.

## 6.5 MARKET RESEARCH AND INDICATIONS FOR VALUE DETERMINATION RENT PRECEDENTS:

Precedent	Location	Features	Decar Area (TRNC)	Price (£)	Unit Decar Price (£)	Reference
<b>Precedent 1</b>	Within the borders of Lower Girne District	Villa Zoned Land in a remote location	24 acres (According to TRNC Measure)	7.000.000	290.000	For sale from owner 0 (533) 830 47 63
<b>Precedent 2</b>	Girne-Alsancak	Residential land in a location far from the beach	5 acres (According to TRNC Measure)	1.230.000	246.000	For sale from owner 0 (531) 512 05 769
<b>Precedent 3</b>	Kyrenia-Karsiyaka	Commercially plotted land with a central front to the beach	1 acres (According to TRNC Measure)	2.900.000	290.000	For sale from owner 0 (545) 923 46 81
<b>Precedent 4</b>	Kyrenia-Esentepe	Commercially Zoned Land Near to the Sea	2 acres (According to TRNC Measure)	500.000	250.000	I Q Global Property 0542 866 06 06
<b>Precedent 5</b>	The parcel with Karaođlanođlu Eski Bungalov houses. The subject of the appraisal is very close to the parcel.	Close to the property, sea view, tourism zoned	3 acres (According to TRNC Measure)	750.000	200.000	Cypomax Property 0533 882 31 87

(\*) Acres, domain and square metres are used as area measurements in TRNC.

1 acre = 1337,8037800057044 m<sup>2</sup>, 1 domain = 334,4509400013988 m<sup>2</sup>, 1 square meter = 0.09290304

M<sup>2</sup>. In addition, 1 acre = 4 domain, 1 domain = 3.600 square feet.

Total Area Measurement Unit is 40.654,37 sqm by Turkey.)

LAND PRECEDENT EVALUATION TABLE										
	Precedent 1		Precedent 2		Precedent 3		Precedent 4		Precedent 5	
Area (TRNC Term)	24	TRNC Decars	5	TRNC Decars	1	TRNC Decars	2	TRNC Decars	3	TRNC Decars
Asking Price (£ / TRNC Acre)	290.000		246.000		290.000		250.000		200.000	
Negotiated Price (£ / TRNC Term)	261.000		233.700		261.000		235.000		180.000	
Position Correction (+ -%)	0%		0%		0%		-20%		-5%	
Area Correction (+ -%)	-20%		-10%		-10%		-5%		-10%	
Zoning Status Correction (+ -%)	10%		15%		10%		5%		00%	
Adjusted Unit Price	229.680	(£/TRNC Decars)	241.879	(£/TRNC Decars)	258.390	(£/TRNC Decars)	187.350	(£/TRNC Decars)	155.000	(£/TRNC Decars)
Precedent Average	<b>214.459</b>									(£/TRNC Decars)

-Turkish Central Bank, 1 EURO Buying Rate: TL 6,6506.- was used in the study.

- The parcel subject to the appraisal has been sold in the immediate vicinity and the plots of tourism and trade zoning and residential zoning are currently on sale.

- Possible bargaining shares, purchase and sale expenses and real estate commissions on the sale prices of the properties on sale are taken into consideration.
- All of the peers in the table are private lands and they can be bought and sold in the free market.
- As a result of the researches, it has been learned that the land stock of “Tourism Facility Zoning” is quite limited in the region where the real estate subject to the appraisal is located.
- As a result of the researches and interviews conducted at the site, it has been concluded that the full property value of the land of the plot subject to the appraisal may be 215.000 EURO / TRNC acres.
- 1/3 of the unit square meter land value is bare (dry) property and 2/3 is considered as the upper right value.
- By turning the remaining 49 years of total right over the period of preparation of the report to the total duration, the current unit acre value of the land right has been reached.

Land Remaining Superficies (Upper Right) Value (EURO)*	96.530
Plot (Land) Size (TRNC Decars)	30,39
<b>Total Land Value (EURO)</b>	<b>2.933.546</b>
<b>Total Land Value (TL)</b>	<b>18.686.688</b>
Unit Land Value (EURO / TRNC Decars)	215.000
Superficies Value Ratio	2/3
Remaining Time of the superficies (YEAR)	33

\*: While finding the remaining time value obtained from the upper right of the plot, 2/3 of the plot was taken as the upper right value. After calculating the time remaining from the upper right of 49 years, the current land plot value of the upper right was found.

Superficies Remaining Time Unit Land Value	= (Unit Land Value x 49-year coefficient of superficies x Time remaining from the superficies)
Superficies Remaining Time Unit Land Value	= (215.000 € x 2/3 x 33 /49)

### Professional Appreciation of the Appraiser:

Considering the location, location, parcel area, tourism facility zoning, having a 5-star prestigious hotel on the parcel subject to the appraisal, the style of its surroundings, the fact that all legal permissions have been taken, taking into account the real estate precedent values obtained from the environment, According to the measurement units, **1 Decar land value was appreciated as 215.000 EUR** and the land value of the remaining period of 49 years (superficies) of the rental period was calculated **over EURO and TURKISH LIRA.**

### 6.6 COST APPROACH

In this analysis, the building cost value of the real estate was evaluated by considering the cost approach and the technical properties of the buildings, the materials used in the buildings, the construction costs of the buildings built with the same properties in the market and the costs calculated based on our past experience. Depreciation in buildings is appreciated by taking into account the visible physical condition of the building based on the experience of the appraiser.

## COST TABLE (LAND+BUILDING)

	TOTAL CONSTRUCTION AREA	UNIT CONSTRUCTION COST EURO/m <sup>2</sup>	TOTAL COST / EURO	TOTAL COST AFTER DEPRECIATION /EURO
2.BASEMENT FLOOR	31.241	1.320	41.238.120	37.939.070
1.BASEMENT FLOOR				
GROUND FLOOR				
1.FLOOR				
2.FLOOR				
3.FLOOR				
4.FLOOR				
ADDITIONAL FACILITIES	2.156	275	592.900	545.468
SWIMMING POOL	996	650	647.400	595.608
ENVIRONMENTAL ORDER				1.200.000
TOTAL	34.383		42.478.420	40.280.146
LAND VALUE				<b>2.933.546</b>
TOTAL VALUE				<b>43.213.692</b>

Total construction cost value has been calculated by examining the construction costs information obtained from Akfen GYO A.S. and our sector experiences related to similar hotel costs together.

The completion date of the construction of the real estate subject to the appraisal is 07.04.2008 according to the "Kyrenia Municipality Approval Certificate (Final Approval)". (This document is the equivalent of building use permit system in Turkey), the age and physical condition of real estate on Valuation and refurbishment and renovation carried out in 2013 was appreciated considering.

Landscape arrangements are approximately appreciated for the arrangement of beach and recreation areas, field concrete and asphaltting, wire fences on the concrete wall surrounding the parcel, arrangement of an open car park area, etc.

### 6.1.1 VALUATION WITH INCOME APPROACH

Given that the real estate subject to the appraisal is an active hotel, a valuation was made using the "Discounted Cash Flow" method.

#### Assumptions Used in the Valuation Process (Hotel Income Projection)

- The hotel consists of 286 rooms.
- It has been assumed that the average occupancy rate of the hotel will be 77% in 2020 and will reach 93% in 2024 and 20% in 2024, and will be operated with 93% occupancy in the following years.
- The hotel is assumed to be open 365 days.
- Hotel prices are foreseen to be in the bed-breakfast system. Considering the performance of the facility in the past years, the examinations in the tourism sector and the region, it is assumed that the average room price will be 98 EURO in 2020. It is assumed that the room price will increase according to the inflation rate and regional economic indicators development forecasts.

- Considering the performance of the facility, it is assumed that the room revenues will be 78% of the total revenues and 22% of the other revenues.
- Gross operating profit has been calculated by deducting the department expenses and operating expenses from the total revenues. It is assumed that the Gross Operating Profit (GOP) of the hotel will be 38% in 2020, 40% for 2021, 42% for 2022, 45% in 2023 and will continue to be stable in the following years.
- The rental contracts made in the past are based on casino revenues. In the new contract, hotel and casino rental income is not shown separately. For this reason, the casino rental income in the old contract has been increased in accordance with the increase rates in the contract and the rental income has been calculated as EUR 3,656,983 for 2020. It is foreseen that this income will remain constant until 2020 in accordance with the conditions set in the new contract, and will be increased by 2% in accordance with the increase rates in the contract.
- Property tax has been collected as 1.552.-Euro in line with the information provided by the employer. It is accepted that this value will increase by 2% over the years.
- Furniture Fixture Renovation Reserve is accepted as 2% of annual gross income.
- The annual upper right price has been calculated as 11.461.-Euro for 2020. In the following years, it is foreseen that the upper right (superficies) amount will increase by 2% annually.
- In the appraisal study, the 10-year EURO-based Eurobond bond rate of 4.8% was taken as the “Risk-Free Return Rate” (In this valuation study, the most liquid 10-year Euro-based Eurobond bond rate was selected as the risk-free rate of return.)
- The reduction rate in projection is determined as 10%.
- It is assumed that all payments are made in advance.
- By taking the mid-year factor (0.5) into account in net present value calculations, a more realistic net present value has been revealed.
- Taxes and VAT are not included in the studies within the scope of IVSC (International Valuation Standards Council).
- 10-year cash flow statement has been prepared and the present value of cash flows has been determined.

**According to the operational status of the Hotel;**

<b>MERIT PARK HOTEL KYRENIA (5 Stars)</b>	
Room Numbers	286
Number of Days Open	365
Room Capacity (Year)	104.390
Other Income Ratio (%) (Annual Income From the Sale of Room)	15%
Renovation Cost Ratio (Over Annual Income) (%)	2,00%

Merit Park Otel Cash Flow (EURO)												
YEARS	29.12.2019	29.12.2020	29.12.2021	29.12.2022	29.12.2023	29.12.2024	29.12.2025	29.12.2026	29.12.2027	29.12.2028	29.12.2029	29.12.2030
<b>Hotel Facility</b>												
Annual Room Capacity	104.390	104.390	104.390	104.390	104.390	104.390	104.390	104.390	104.390	104.390	104.390	104.390
Occupancy Rate	0%	77%	79%	81%	83%	84%	86%	88%	89%	92%	93%	93%
Number of Rooms Sold	-	80.380	82.468	84.556	86.644	87.688	89.775	91.863	92.907	96.039	97.083	97.083
Room Price (EURO)		98,00	100,94	103,97	107,09	109,23	111,41	113,64	115,91	118,23	120,60	122,41
Annual Room Sales INCOME (EURO)	-	7.877.269	8.324.330	8.791.125	9.278.435	9.578.028	10.002.198	10.439.503	10.769.297	11.354.953	11.707.944	11.883.563
Other INCOME (EURO)	-	1.181.590	1.248.650	1.318.669	1.391.765	1.436.704	1.500.330	1.565.925	1.615.395	1.703.243	1.756.192	1.782.534
<b>TOTAL HOTEL INCOME (EURO)</b>	-	<b>9.058.860</b>	<b>9.572.980</b>	<b>10.109.793</b>	<b>10.670.200</b>	<b>11.014.732</b>	<b>11.502.528</b>	<b>12.005.429</b>	<b>12.384.691</b>	<b>13.058.196</b>	<b>13.464.135</b>	<b>13.666.097</b>
GOP (%)	-	38%	40%	42%	45%	45%	45%	45%	45%	45%	45%	45%
<b>TOTAL HOTEL INCOME After Operational Expenses (EURO)</b>	-	<b>3.442.367</b>	<b>3.829.192</b>	<b>4.246.113</b>	<b>4.801.590</b>	<b>4.956.630</b>	<b>5.176.137</b>	<b>5.402.443</b>	<b>5.573.111</b>	<b>5.876.188</b>	<b>6.058.861</b>	<b>6.149.744</b>
Casino Rental Income		3.656.983	3.730.123	3.804.725	3.880.820	3.958.436	4.037.605	4.118.357	4.200.724	4.284.739	4.370.433	4.414.138
<b>TOTAL HOTEL INCOME After Operational Expenses (EURO)</b>	-	<b>7.099.350</b>	<b>7.559.315</b>	<b>8.050.838</b>	<b>8.682.410</b>	<b>8.915.066</b>	<b>9.213.742</b>	<b>9.520.800</b>	<b>9.773.835</b>	<b>10.160.927</b>	<b>10.429.294</b>	<b>10.563.881</b>
Renovation Cost (EURO)	-	254.317	266.062	278.290	291.020	299.463	310.803	322.476	331.708	346.859	356.691	361.605
Property Tax (EURO)	-	1.552	1.583	1.615	1.647	1.680	1.714	1.748	1.783	1.818	1.855	1.873
Building Insurance (EURO)	-	0	0	0	0	0	0	0	0	0	0	0
Superficies Expenses (EURO) (Annual)		11.461	11.690	11.924	12.163	12.406	12.654	12.907	13.165	13.428	13.697	13.834
<b>TOTAL EXPENSES (EURO)</b>	-	<b>267.330</b>	<b>279.335</b>	<b>291.829</b>	<b>304.830</b>	<b>313.549</b>	<b>325.170</b>	<b>337.131</b>	<b>346.656</b>	<b>362.106</b>	<b>372.243</b>	<b>377.312</b>
<b>TOTAL HOTEL NET INCOME (EURO)</b>	<b>0</b>	<b>6.832.020</b>	<b>7.279.979</b>	<b>7.759.009</b>	<b>8.377.580</b>	<b>8.601.517</b>	<b>8.888.572</b>	<b>9.183.669</b>	<b>9.427.179</b>	<b>9.798.821</b>	<b>10.057.051</b>	<b>10.186.569</b>

	29.12.2031	29.12.2032	29.12.2033	29.12.2034	29.12.2035	29.12.2036	29.12.2037	29.12.2038	29.12.2039	29.12.2040	29.12.2041	29.12.2042	29.12.2043
104.390	104.390	104.390	104.390	104.390	104.390	104.390	104.390	104.390	104.390	104.390	104.390	104.390	104.390
93%	93%	93%	93%	93%	93%	93%	93%	93%	93%	93%	93%	93%	93%
97.083	97.083	97.083	97.083	97.083	97.083	97.083	97.083	97.083	97.083	97.083	97.083	97.083	97.083
124,24	126,11	128,00	129,92	131,87	133,84	135,85	137,89	139,96	142,06	144,19	146,35	148,55	
12.061.816	12.242.744	12.426.385	12.612.780	12.801.972	12.994.002	13.188.912	13.386.745	13.587.547	13.791.360	13.998.230	14.208.204	14.421.327	
1.809.272	1.836.412	1.863.958	1.891.917	1.920.296	1.949.100	1.978.337	2.008.012	2.038.132	2.068.704	2.099.735	2.131.231	2.163.199	
<b>13.871.089</b>	<b>14.079.155</b>	<b>14.290.342</b>	<b>14.504.698</b>	<b>14.722.268</b>	<b>14.943.102</b>	<b>15.167.249</b>	<b>15.394.757</b>	<b>15.625.679</b>	<b>15.860.064</b>	<b>16.097.965</b>	<b>16.339.434</b>	<b>16.584.526</b>	
45%	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%	
<b>6.241.990</b>	<b>6.335.620</b>	<b>6.430.654</b>	<b>6.527.114</b>	<b>6.625.021</b>	<b>6.724.396</b>	<b>6.825.262</b>	<b>6.927.641</b>	<b>7.031.555</b>	<b>7.137.029</b>	<b>7.244.084</b>	<b>7.352.745</b>	<b>7.463.037</b>	
4.458.279	4.502.862	4.547.890	4.593.369	4.639.303	4.685.696	4.732.553	4.779.879	4.827.677	4.875.954	4.924.714	4.973.961	5.023.700	
<b>10.700.269</b>	<b>10.838.482</b>	<b>10.978.545</b>	<b>11.120.483</b>	<b>11.264.324</b>	<b>11.410.092</b>	<b>11.557.815</b>	<b>11.707.519</b>	<b>11.859.233</b>	<b>12.012.983</b>	<b>12.168.798</b>	<b>12.326.706</b>	<b>12.486.737</b>	
366.587	371.640	376.765	381.961	387.231	392.576	397.996	403.493	409.067	414.720	420.454	426.268	432.165	
1.892	1.911	1.930	1.949	1.969	1.989	2.008	2.029	2.049	2.069	2.090	2.111	2.132	
0	0	0	0	0	0	0	0	0	0	0	0	0	
13.972	14.112	14.253	14.396	14.540	14.685	14.832	14.980	15.130	15.281	15.434	15.588	15.744	
<b>382.452</b>	<b>387.663</b>	<b>392.948</b>	<b>398.306</b>	<b>403.740</b>	<b>409.250</b>	<b>414.836</b>	<b>420.501</b>	<b>426.246</b>	<b>432.071</b>	<b>437.978</b>	<b>443.967</b>	<b>450.041</b>	
<b>10.317.817</b>	<b>10.450.818</b>	<b>10.585.597</b>	<b>10.722.177</b>	<b>10.860.584</b>	<b>11.000.842</b>	<b>11.142.979</b>	<b>11.287.018</b>	<b>11.432.987</b>	<b>11.580.912</b>	<b>11.730.820</b>	<b>11.882.739</b>	<b>12.036.696</b>	



29.12.2044	29.12.2045	29.12.2046	29.12.2047	29.12.2048	29.12.2049	29.12.2050	29.12.2051	29.12.2052
104.390	104.390	104.390	104.390	104.390	104.390	104.390	104.390	104.390
93%	93%	93%	93%	93%	93%	93%	93%	93%
97.083	97.083	97.083	97.083	97.083	97.083	97.083	97.083	97.083
150,78	153,04	155,33	157,66	160,03	162,43	164,86	167,34	169,85
14.637.647	14.857.211	15.080.070	15.306.271	15.535.865	15.768.903	16.005.436	16.245.518	16.489.200
2.195.647	2.228.582	2.262.010	2.295.941	2.330.380	2.365.335	2.400.815	2.436.828	2.473.380
<b>16.833.294</b>	<b>17.085.793</b>	<b>17.342.080</b>	<b>17.602.211</b>	<b>17.866.244</b>	<b>18.134.238</b>	<b>18.406.252</b>	<b>18.682.345</b>	<b>18.962.581</b>
45%	45%	45%	45%	45%	45%	45%	45%	45%
<b>7.574.982</b>	<b>7.688.607</b>	<b>7.803.936</b>	<b>7.920.995</b>	<b>8.039.810</b>	<b>8.160.407</b>	<b>8.282.813</b>	<b>8.407.055</b>	<b>8.533.161</b>
5.073.937	5.124.677	5.175.924	5.227.683	5.279.960	5.332.759	5.386.087	5.439.948	5.494.347
<b>12.648.920</b>	<b>12.813.284</b>	<b>12.979.860</b>	<b>13.148.678</b>	<b>13.319.770</b>	<b>13.493.166</b>	<b>13.668.900</b>	<b>13.847.003</b>	<b>14.027.508</b>
438.145	444.209	450.360	456.598	462.924	469.340	475.847	482.446	489.139
2.153	2.175	2.197	2.219	2.241	2.263	2.286	2.309	2.332
0	0	0	0	0	0	0	0	0
15.902	16.061	16.221	16.384	16.547	16.713	16.880	17.049	17.219
456.200	462.445	468.778	475.200	481.712	488.316	495.013	501.803	508.690
<b>12.192.720</b>	<b>12.350.839</b>	<b>12.511.081</b>	<b>12.673.478</b>	<b>12.838.057</b>	<b>13.004.850</b>	<b>13.173.887</b>	<b>13.345.200</b>	<b>13.518.819</b>

VALUATION TABLE			
Capitalisation (Discount) Ratio	9,50%	10,00%	10,50%
<b>Total Present Value (EURO)</b>	<b>94.142.287</b>	<b>89.541.615</b>	<b>85.299.607</b>
<b>Total Present Value (TL)</b>	<b>626.102.696</b>	<b>595.505.467</b>	<b>567.293.567</b>
<b>Approximately Total Present Value (EURO)</b>	<b>94.140.000</b>	<b>89.540.000</b>	<b>85.300.000</b>
<b>Approximately Total Present Value (TL)</b>	<b>626.100.000</b>	<b>595.510.000</b>	<b>567.290.000</b>

## **6.6.2. RENTAL VALUE ANALYSIS AND DATA USED**

Merit Park Hotel and Casino operator (Voyager Cyprus Limited) and Akfen Gayrimenkul Ticareti ve İnSaat A.S. In accordance with the contract signed between Akfen Real Estate Trade and Construction Inc., the rental income to be obtained from the real estate has been calculated. According to the lease method, the income of the real estate is calculated using the discounted cash flow method.

### **Rental Income Assumptions**

- Akfen Gayrimenkul Ticareti ve İnSaat A.S. and the operating company signed the contract between the years of 2019 and 2020. According to this contract, the rent to be paid by the operating company is calculated as 4.750.000 EURO. In the following years, it has been accepted that the rental fee will increase annually in accordance with the contract by Eurobor or 2% whichever is small.
- It has been learned that the building insurance will be covered by the operator in the rental model.
- In accordance with the information provided by the employer, the property tax is 1,552.- EURO. It is assumed that this value will increase by 2% over the years.
- Annual upper right price has been calculated as 11.461.-Euro for 2020. In the following years, it is foreseen that the upper right amount will increase by 3% annually.
- The renovation expense to be covered by the investor for the lease model of the hotel was taken at the rate of 5% of the renewal expense calculated in the business alternative. In the rental model, it is assumed that the renovation works of the hotel will be made by the tenant.
- Due to the lower risk in rental model in projection, the discount rate has been determined as 8%.

Building Owner Cash Flow (EURO)												
YEARS	29.12.2019	29.12.2020	29.12.2021	29.12.2022	29.12.2023	29.12.2024	29.12.2025	29.12.2026	29.12.2027	29.12.2028	29.12.2029	29.12.2030
Merit Park Rent From Hotel Income (EURO)	-	4.750.000	4.750.000	4.750.000	4.750.000	4.750.000	4.797.500	4.845.475	4.893.930	4.942.869	4.992.298	5.042.221
Superficies Fee (EURO)	-	11.461	11.690	11.924	12.163	12.406	12.654	12.907	13.165	13.428	13.697	13.834
Property Tax (EURO)	-	1.552	1.583	1.615	1.647	1.680	1.714	1.748	1.783	1.818	1.855	1.873
Renovation Cost (EURO)	-	12.716	13.303	13.915	14.551	14.973	15.540	16.124	16.585	17.343	17.835	18.080
Net Income (EURO)	-	4.724.271	4.723.424	4.722.547	4.721.639	4.720.941	4.767.592	4.814.696	4.862.396	4.910.279	4.958.911	5.008.433

29.12.2031	29.12.2032	29.12.2033	29.12.2034	29.12.2035	29.12.2036	29.12.2037	29.12.2038	29.12.2039	29.12.2040	29.12.2041	29.12.2042	29.12.2043
5.092.643	5.143.569	5.195.005	5.246.955	5.299.425	5.352.419	5.405.943	5.460.003	5.514.603	5.569.749	5.625.446	5.681.701	5.738.518
13.972	14.112	14.253	14.396	14.540	14.685	14.832	14.980	15.130	15.281	15.434	15.588	15.744
1.892	1.911	1.930	1.949	1.969	1.989	2.008	2.029	2.049	2.069	2.090	2.111	2.132
18.329	18.582	18.838	19.098	19.362	19.629	19.900	20.175	20.453	20.736	21.023	21.313	21.608
5.058.449	5.108.964	5.159.984	5.211.512	5.263.555	5.316.116	5.369.203	5.422.819	5.476.970	5.531.662	5.586.899	5.642.688	5.699.033

29.12.2044	29.12.2045	29.12.2046	29.12.2047	29.12.2048	29.12.2049	29.12.2050	29.12.2051	29.12.2052
5.795.903	5.853.862	5.912.400	5.971.524	6.031.240	6.091.552	6.152.467	6.213.992	6.276.132
15.902	16.061	16.221	16.384	16.547	16.713	16.880	17.049	17.219
2.153	2.175	2.197	2.219	2.241	2.263	2.286	2.309	2.332
21.907	22.210	22.518	22.830	23.146	23.467	23.792	24.122	24.457
5.755.940	5.813.416	5.871.464	5.930.092	5.989.305	6.049.109	6.109.509	6.170.512	6.232.124

VALUATION TABLE			
Capitalisation (Discount) Ratio	7,50%	8,00%	8,50%
Total Present Value (EURO)	61.227.985	58.053.014	55.141.445
Total Present Value (TL)	407.202.838	386.087.377	366.723.697
Approximately Total Present Value (EURO)	61.230.000	58.050.000	55.140.000
Approximately Total Present Value (TL)	407.200.000	386.090.000	366.720.000

## Rental Value Analysis and Data Used

Rental value of the upper right of the appraisal; It is calculated by taking the average of the net cash flow values of the first year according to the income discount approach and rental income into consideration. The annual lease value of the real estate was found by reducing the average 1 year net cash flows to the valuation day. According to this calculation, the annual rental value of the hotel is **5.300.000.- EURO (35.260.000 - TURKISH LIRA)**. In this calculation, the discount rate is determined as 8%.

YEARS	29.12.2018	29.12.2019
Rent Value Average Cash Flow	0	5.778.146

RENTAL VALUATION TABLE			
REDUCTION (DISCOUNT) RATIO	8,50%	9,00%	9,50%
TOTAL PRESENT VALUE (EURO)	5.325.480	5.301.051	5.276.845

TOTAL PRESENT VALUE (EURO)	5.301.051
TOTAL PRESENT VALUE (TL)	35.255.169

TOTAL PRESENT VALUE (EURO)	5.300.000
TOTAL PRESENT VALUE (TL)	35.260.000

### 6.7 ANALYSIS OF THE LEGAL SITUATION OF REAL ESTATE AND RELATED RIGHTS

Studies regarding the real estate have been made in the relevant Municipality and Land Registry Directorate, and there is no legal restriction.

### 6.8 HIGHEST AND BEST USE ANALYSIS

It is evaluated that the current (as a hotel) usage of the real estate subject to the appraisal is compatible with the zoning status and the construction conditions, it is the most effective and efficient use.

### 6.9 APPRAISAL ANALYSIS OF THE COMMON OR PARTITIONED SECTIONS

While the Hotel and Casino sections of the real estate subject to the report were operated by two different companies until 2012, Akfen Gayrimenkul Ticareti ve İnSaat A.S. With the 20-year Lease Agreement between VOYAGER Kıbrıs Limited and the company, the operation of both departments was given to a single firm. As of the valuation date, Hotel and Casino sections are operated by the company named VOYAGER Kıbrıs Limited.

### 6.10 PRECEDENT SHARE RATIOS IN PROJECTS THAT WILL BE DONE BY THE INCOME SHARING OR THE FLAT FORWARD METHOD

There is no income sharing or floor allowance method.

## 7 EVALUATION OF ANALYSIS RESULTS

### 7.1 HARMONIZATION OF DIFFERENT VALUATION METHODS AND ANALYSIS RESULTS AND EXPLANATION OF THE METHOD AND REASONS FOLLOWED FOR THIS PURPOSE

In this appraisal study, the Income Approach Method and the Cost Approach were used because the real estate subject to the appraisal is a commercial property that generates qualified income. In the Cost Approach Method, "Land Value" has been determined according to the Direct Comparison Method.

According to the cost method including land, the value has been calculated as **43.213.692 EURO (275.271.218 TL)**.

The net present value of OTEL, calculated as a result of the reduction of the potential revenues to be incurred during the remaining period of the 49-year lease agreement signed on the parcel according to the income discounting approach, has been calculated as **89.540.000 EURO (595.510.000 TL)**. By the operating company, Akfen Gayrimenkul Ticareti ve İnSaat A.S. The value of the rental income to be paid according to the discount method is **EUR 58.050.000 (386.090.000 TL)**. The final value of the hotel has been calculated as **73.795.000 EURO (490.800.000 TL)**, which is the approximate arithmetic average of the value calculated by both methods.

As of 31.12.2020, the rental value of the real estate is; It is calculated by taking the average of the net cash flow values of the first year according to the income discount approach and rental income into consideration. The annual lease value of the real estate has been found by reducing the average net cash flows of the first year to the valuation day. According to this calculation, the annual rental value of the hotel is **5.300.000.- EURO (35.260.000 - TURKISH LIRA)**.

In the study, the appraisal was made by applying income discount approach and cost approach according to income capitalization and rental income. The real estate subject to the appraisal is an income generating property, and the values calculated by the income approach and rental value analysis in such properties give a healthier result. Therefore, the value calculated by the cost method is ignored in the final appraisal.

In the income discounting method, gross operating income and net operating income are calculated over the total income to be obtained by the real estate.

In the discount model according to rental income, rental income was evaluated and calculations were made on these values. Different discount rates are used in both models. Since there is a guaranteed rental income in the rental income analysis, the risk premium was taken lower. While determining the value of the property in accordance with the income reduction approach, the income to be obtained according to the operation of the property without a brand in the first model and the lease by a brand in the second model was calculated. Both models are methods used in the market and the final value is determined by taking the average of these values.

### 7.2 REASONS FOR WHAT NOT INCLUDED IN THE REPORT FROM LEAST INFORMATION

There is no information that is not given from minimum information in the report.

### **7.3 OPINION ABOUT WHETHER LEGAL REQUIREMENTS HAVE BEEN FULFILLED AND WHETHER THE PERMITS AND DOCUMENTS REQUIRED TO BE OBTAINED COMPLETELY IN ACCORDANCE WITH THE LEGISLATION**

Regarding the real estate subject to the appraisal, the Land Registry and Cadastre Office Rent Certificate, Zoning Status Document, Building Licenses and Building and Usage Permit Certificate are replaced by Girne Municipality Approval Certificate, Chance Game Hall License Certificate and all permits and documents required to be obtained in accordance with the legislation are complete.

### **7.4 OPINION ON WHETHER THERE IS AN OBSTACLE IN THE FRAMEWORK OF THE CAPITAL MARKET LEGISLATION IN THE REAL ESTATE INVESTMENT OF THE PROPERTY**

The “right of ownership” of the real estate subject to the appraisal for 49 years is Akfen Gayrimenkul Ticareti ve İnSaat A.S. and Akfen Gayrimenkul Yatırım Ortaklığı A.S. has a 99986% subsidiary to Akfen Gayrimenkul Ticacılık ve İnSaat A.S. (The Ordinary General Assembly Meeting dated 31.03.2013 is presented in the Appendix of the Attendance Sheet Report). The remaining 0% On December 10, 2014, Akfen Gayrimenkul Yatırım Ortaklığı A.S. It is learned that Akfen Gayrimenkul Yatırım Ortaklığı A.S. has 100% shares of Akfen Gayrimenkul Ticacılık ve İnSaat A.S. The PDP notification regarding this is presented in the report annex.

According to the “d” clause of the Article 28 of the Communiqué on Principles Regarding Real Estate Investment Trusts of the Capital Markets Board;

Real Estate Investment Trusts value of real estate or real estate-based rights, contained in the financial statements of the subsidiary companies is to create at least 75% of its total assets or participate in companies established in Turkey

According to the "1" and "n" clauses of article 22 of the said communiqué, real estate investment trusts cannot hold more than 5% of the capital or voting rights in any company. The total investments of the partnership within this scope cannot exceed 10% of the total assets. Except for mutual funds shares, they cannot invest in capital market instruments that are not traded in stock markets or out-of-market organized markets.

However, according to the 2nd paragraph of the 28th article of the same communiqué; Paragraphs (1) and (n) of the first paragraph of Article 22 of this Communiqué are not applied for investments to be made to affiliates within the scope of this article.

According to this; The companies, which are not traded in subsidiaries, stock exchanges or off-market organized markets, have been given the opportunity to invest in affiliates under Article 28 of the Communiqué, and have been given the opportunity to exceed 5% of their capital and voting rights and 10% of their total assets.

Therefore, within the framework of the Capital Markets Board legislation, there is no objection for Akfen Gayrimenkul Yatırım Ortaklığı A.S. to be included in the portfolio of the Real Estate Investment Trust with its 100% subsidiary in Akfen Gayrimenkul Ticareti ve İnSaat A.S.

However, no study has been conducted on compliance with this provision, since the issue of “the value of real estate or real estate-based rights constitutes at least 75% of the total assets included in the financial statements of the company to be participated” is out of the scope of real estate valuation studies.

## 8 CONCLUSION

### 8.1 CONCLUSION OF RESPONSIBLE REAL ESTATE APPRAISER

I agree with the analysis made by the appraisers on the subject and the conclusions they reached.

### 8.2 FINAL EVALUATION

The location of the real estate property may affect its value such as the style of its surroundings, infrastructure and transportation facilities, its facade to the street and street, its area and location, the building's layout, system, age, workmanship and material quality, installation status, weather - light - landscape status. all features were taken into consideration and detailed market research was conducted in the location.

MARKET VALUE OF THE PROPERTY	
Report Date	31.12.2019
Valuation Date	25.12.2019
Market Value (VAT Exc.)	490.800.000.-TL
Market Value (VAT Inc.)	579.144.000.-TL
Market Value (VAT Exc.)	73.795.000.-EURO
Market Value (VAT Inc.)	87.078.100.-EURO
Rental Value (VAT Exc.)	35.260.000.-TL
Rental Value (VAT Inc.)	41.606.800.-TL
Rental Value (VAT Exc.)	5.300.000.-EURO
Rental Value (VAT Inc.)	6.254.000.-EURO

#### NOTES:

- Determined final value is the up-to-date market value for cash sales.
- VAT rate is accepted as 18%.
- It was accepted as 1.-EURO = 6,6506 TL in the report.
- This report has been prepared in accordance with the provisions of the relevant Capital Market Legislation.

#### ASSIGNED REAL ESTATE APPRAISAL

Ulvi Barkın SENSES

CMB License No: 405898

#### RESPONSIBLE REAL ESTATE APPRAISAL

Seref EMEN

CMB License No: 401584