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ADVISORY SERVICES

Akfen GT Appraisal Report

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DISCLAIMER

This appraisal report ("Report") has been issued for information purposes only with regards to the value of **Akfen Gayrimenkul Ticaret ve İnşaat A.Ş. ("Akfen GT")**, as assessed by **Türkiye Sınai Kalkınma Bankası A.Ş. ("TSKB")** and includes various documents and financial tables. This Report and/or the information contained here cannot be copied, disclosed or distributed to parties other than authorities to which **Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. ("Akfen GYO")** and/or Akfen GT is required to submit a copy hereof. Although TSKB has made the utmost effort to eliminate any errors and omissions of the Report, TSKB hereby explicitly waives and excludes any kind of responsibility or obligation arising out of or due to any results obtained from the evaluation of the information provided from Akfen GYO, Akfen Karaköy and other sources and any of the written and / or verbal information in the Report. Unless stated otherwise, the information in this Report is up-to-date and valid as of the date of this Report.

Analysis, opinions and results presented within this report have been constituted through our personal, objective and professional appraisal, assessment and interpretation of documents and information and investment assumptions provided by Akfen GYO. The information and documents provided by Akfen GYO and the assumptions and the arguments concluded were all assumed to be true and correct in this Report.

This study was completed in accordance with the assumptions provided in the scope of information and documentation obtained from the Company, without taking detailed legal and financial examination, accounting audit and / or management presentations based on the financial statements of Akfen GT for the purpose of determining the value of the Firm.

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Introduction and Scope

SCOPE AND METHODOLOGY

Akfen Gayrimenkul Ticaret ve İnşaat A.Ş. (“Akfen GT” or “Company”) was founded in 1999 in order to operate within the real estate sector and was taken over by Akfen Group companies in 2004. In 2007, Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. (“Akfen GYO”) became a 100% subsidiary of the Company.

Akfen GYO has applied to Türkiye Sınai Kalkınma Bankası (“TSKB”) in order to obtain company appraisal consultancy services to assess and determine the value of its subsidiary Akfen GT as of 31 December 2019. This appraisal study has been carried out based on the current and future business plans of Akfen GT and no detailed legal or financial inspections, accounting audits and/or management presentations have been performed in order to assess the value of the related Company upon the request as indicated above.

The purpose of this study is to calculate the company value of Akfen GT. The main activity scope of the Company is the real estates owned by it and the real estate projects undertaken by the Company and this report has been issued by using the Equity Value method.

The value calculated by using the Equity Value expresses the “fair market value” of the Company. However, the main factor in sale-purchase transactions regarding an asset is the “price” agreed as a result of the negotiations that have taken place between a motivated buyer and a seller. However, attention should be drawn to the fact that the “price” which constitutes the ground for such sale-purchase transaction might be realized at a level different than the “fair market value”.

The data and business plan assessed during this study have been obtained from Akfen GT and Akfen GYO. Although utmost care and attention was shown to eliminate any mistakes and omissions in this study, all major items affecting the appraisal results shall be considered with the possibility of that such information may be incorrect and missing since the data has been obtained from external sources, and the same has been assumed in this study.

APPRAISAL SUMMARY

The Company

The main scope of activity of Akfen Gayrimenkul Ticaret ve İnşaat A.Ş. is to plan, develop, operate and contract others to operate real estate investments. Akfen GT, of which Akfen GYO is a 100% shareholder, currently obtains rental income from the 5-star hotel it owns in the Turkish Republic of Northern Cyprus, and from hotel and office projects in Russia.

The 5-star hotel located in the Turkish Republic of Northern Cyprus has been in operation with its casino since 2007. Further, Akfen GT has rented and obtained the allocation rights of a plot, with a surface area of 167 decares located in the Bafra region of TRNC from the Forestry Administration on behalf of the TRNC Ministry of Agriculture and Natural Resources for 49 years on 30/12/2010.

The Company carries out all of its projects in Russia through its subsidiaries founded in Netherlands, which are Hotel Development and Investments B.V. (“HDI”) of which the Company is 100% shareholder, Russian Hotel Investment B.V. (“RHI”) of which the Company is 97,72% and Russian Property Investment B.V. (“RPI”) of which the Company is 95,15% shareholder.

Out of these subsidiaries, RHI was founded by the partnership between Akfen GT and Eastern European Investment Ltd (“EEPI”) on 21 September 2007 in order to realize the hotel projects in Russia and 97,72% of the shares of the Company are owned by Akfen GT while the remaining 2,28% is owned by Cüneyt Baltaoğlu since 31 December, 2013.

RPI has been founded by the joint venture of Akfen Gayrimenkul Geliştirme ve Tic. A.Ş. and Eastern European Property Investment Ltd (“EEPI”) on 8 January 2008, again to carry out projects in Russia. The shares of Akfen Gayrimenkul Geliştirme ve Tic. A.Ş. has been transferred to Akfen GT on 5 June 2009 and 95,15% of the shares of the Company are owned by Akfen GT and the remaining 4,85% is owned by Cüneyt Baltaoğlu since 31 December, 2013.

HDI has been founded by Akfen GYO as a 100% subsidiary on 18 March 2011 to carry out hotel projects in Russia. The information provided by the Company indicated that all the shares are transferred to Akfen GT in 2017.

Hotel and office projects in Russia, number of rooms and opening dates are summarized in the table below.

Table 1: Russia Projects

Projects	# of Rooms	Commencement Date	Operation Date	Plot Area (m ²)	Total Area (m ²)
Samara IBIS	204	Jul-09	Mar-12	2.466	9.961
Yaroslavl IBIS	177	Apr-10	Sep-11	4.468	7.916
Kaliningrad IBIS	167	Aug-11	Aug-13	5.061	6.322
Moskova IBIS	317	Sep-13	Apr-15	2.010	12.143
Samara Office	-	Jul-09	Jan-12	1.048	5.933

The Company requested appraisal of its projects in Russia from Vortex Capital and its real estate in TRNC (hotel and plot) from Adım Gayrimenkul Değerleme A.Ş. The results of the related appraisal study are as indicated below.

Table 2: Property Values According to Expertise Reports (Excluding VAT)

Properties	Value (Thousand €)	Akfen Share(%)	Akfen Share Amount (Thousand €)
Kaliningrad IBIS	12.744	97,72%	12.453
Samara IBIS	12.038	97,72%	11.764
Samara Ofis	6.239	95,15%	5.936
Yaroslavl IBIS	10.022	97,72%	9.793
Moskova IBIS	36.002	100%	36.002
Merit Park Otel	73.795	100%	73.795
Karaköy Otel	58.735	71,57%	42.037
TOTAL	209.575		191.781

Appraisal Results

The Equity Value of the Company based on the balance sheet dated 31 December, 2019 has been valued as EUR 114,260,000 (TRY 759,897,000).

Table 3: Equity Value of Akfen GT (Euro)

(Thousand Euros)	2019
Cash and Cash Equivalents	1.288
Accounts Receivable	1.868
Inventory	44
Other Current Assets	1.556
Total Current Assets	4.756
Investment Properties	212.004
Other Property, Plant & Equipment	2
Goodwill	5.941
Intangible Assets	6
Long Term Financial Investments	22.293
Total Non Current Assets	240.245
TOTAL ASSETS	245.001
Financial Debt	9.461
Accounts Payable	10.732
Provision For Severance Payments	42
Other Current Liabilities	1.360
Total Current Liabilities	21.595
Financial Liabilities	84.297
Other Long Term Liabilities	24.849
Total Long Term Liabilities	109.146
Total Liabilities	130.741
Equity Value	114.260

Table 4: Equity Value of Akfen GT (TL)

(Thousand TL)	2019
Cash and Cash Equivalents	8.563
Accounts Receivable	12.425
Inventory	292
Other Current Assets	10.349
Total Current Assets	31.629
Investment Properties	1.409.952
Other Property, Plant & Equipment	11
Goodwill	39.510
Intangible Assets	37
Long Term Financial Investments	148.263
Total Non Current Assets	1.597.773
TOTAL ASSETS	1.629.402
Financial Debt	62.923
Accounts Payable	71.373
Provision For Severance Payments	277
Other Current Liabilities	9.045
Total Current Liabilities	143.618
Financial Liabilities	560.628
Other Long Term Liabilities	165.259
Total Long Term Liabilities	725.887
Total Liabilities	869.505
Equity Value	759.897

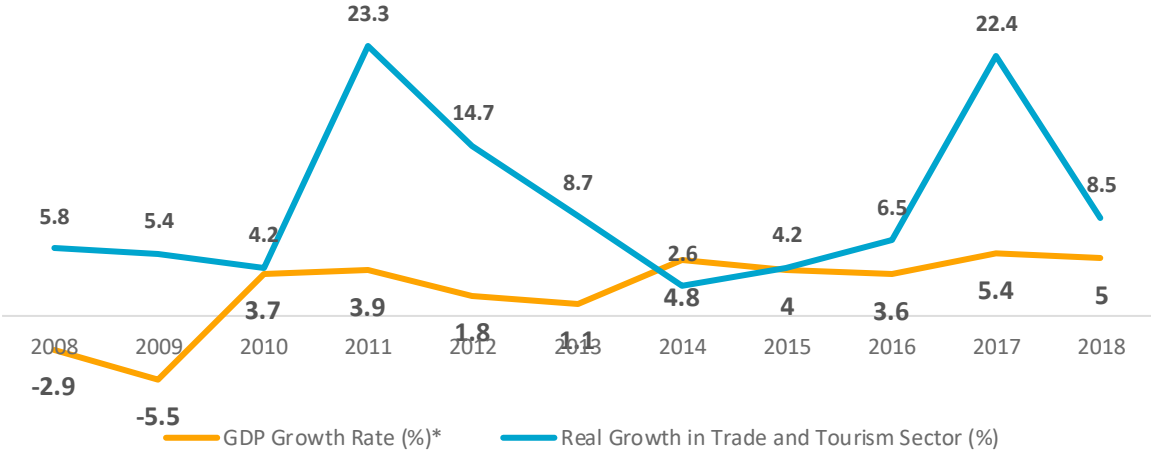
Economy

ECONOMY

TRNC Economy

The economy of the TRNC (Turkish Republic of Northern Cyprus) is showing an increasingly growing trend in line with the growth observed in the tourism sector. When the sector's position in the breakdown of GDP is analyzed, the tourism sector which constitutes 8,9% of the TRNC's economy since 2012 ranks fourth. The trade and tourism sectors consolidated share in the economy is 20,2%.

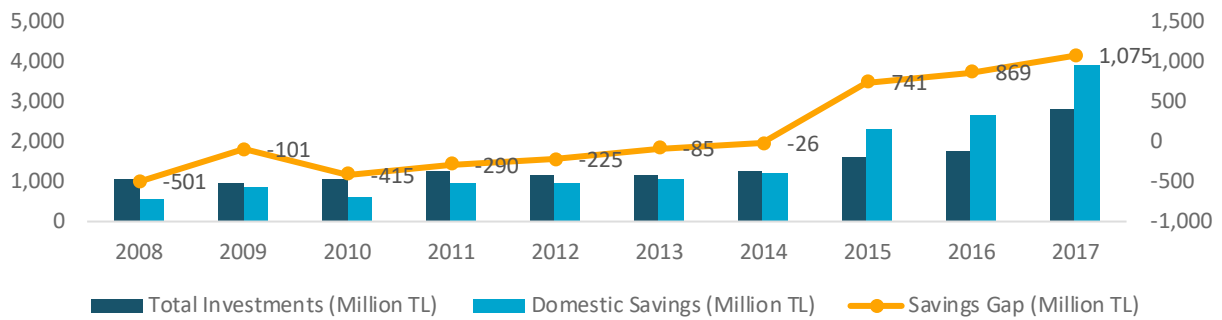
Graph 1: Real Growth Rates in GDP and Tourism Sector



Source: TRNC State Planning Organization; TSKB Advisory Services

TRNC Economy has recorded a decline of 2.9% and 5.5% respectively in 2008 and 2009 with the affect of the global crisis. In 2010 TRNC entered in recovery phase, the most important contribution to the growth in this year was the 18.3% growth in trade and tourism, and 10% growth in the agricultural sector. When the breakdown of the trade and tourism sector in 2010 are analyzed, it is observed that wholesale&retail trade sector increased by 21.5% and hotel&restaurant sector grew by 4.2%. Between 2010 and 2017, the economy grew by 3.1% annually on average and the biggest factor in this development was the trade and tourism sector with an average annual growth rate of 4.1%. When the growth rates of wholesale&retail trade and hotel&restaurant sub-sectors were examined, wholesale&retail trade grew more than the hotel&restaurant sector only in 2010 and 2014. The hostel&restaurant sub-sector, which grew by 22.4% in 2017, made the biggest contribution to the growth of the TRNC economy in 2017. TRNC grew by 5% in 2018, compensating the slowdown in the construction and tourism sectors from the growth in agriculture and industrial activities.

Graph 2: TRNC Total Investments and Domestic Savings*

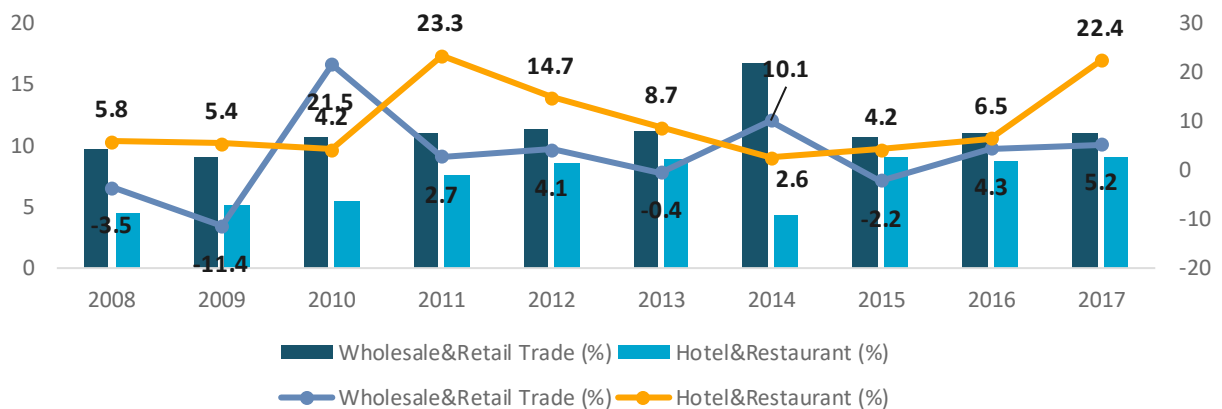


*Calculated by using current prices

Source: TRNC State Planning Organization; TSKB Advisory Services

When total investments and domestic savings are analyzed, it can be seen that the country has a savings gap in 2008-2014 period and it needs foreign financing. As of 2015, TRNC had no savings gap for its investments and started to create savings surplus.

Graph 3: Share of Tourism Subsectors in GDP and Growth Rates



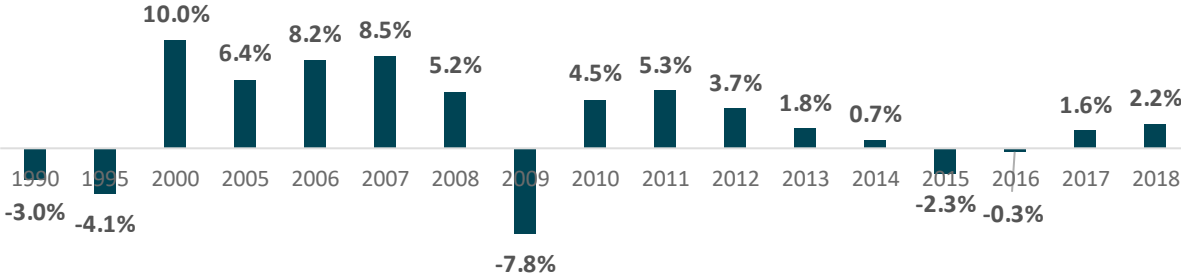
Source: TRNC State Planning Organization; TSKB Advisory Services

Between 2008 and 2017 in TRNC, while the share of the wholesale and retail trade sub-sector in GDP is higher than that of the hotel and restaurant sub-sector; the hotel&restaurant sub-sector grew by 9.8% on an annual basis, the wholesale&retail trade sub-sector grew by an average of 3% annually.

Russian Economy

Russia’s, the second largest natural gas producer and the third largest petrol producer in the world, GDP is affected from the volatility of the oil prices and political risks. According to Russian Finance Ministry, oil and gas revenues account for 46.3% of Russia’s federal budget in 2018.

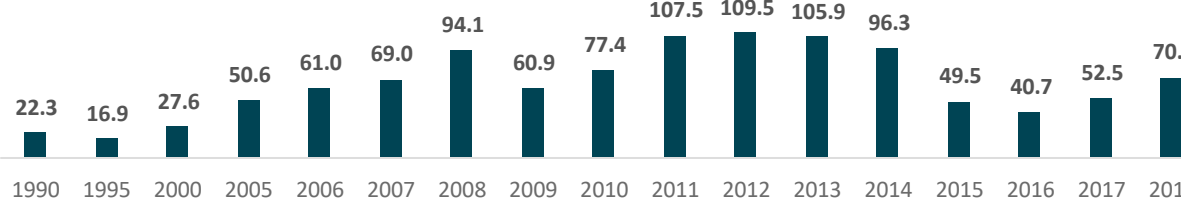
Graph 4: GDP Growth of Russian Federation Between 1990 and 2018 (Trillion USD)



Source: World Bank, TSKB Advisory Services

The Russian economy, which was affected by the global financial crisis in 2008-2009, contracted by 7.8% in 2009. Oil prices, which had the highest level in 2012, have entered a downward trend until 2016. In this period, although the Russian economy showed positive growth from 2011 to 2014, the growth rate decreased and in 2015 it contracted. As oil prices started to increase in 2016, Russian economy started to recover in 2017 and achieved a real growth rate of 1.6%. The Russian economy grew by 2.2% in 2018, with average oil prices rising to \$ 70.7 USD. According to the estimates of the World Bank, the Russian economy is expected to grow at 1.5-1.8% by 2020.

Graph 5: Average Annual OPEC Oil Prices (\$)

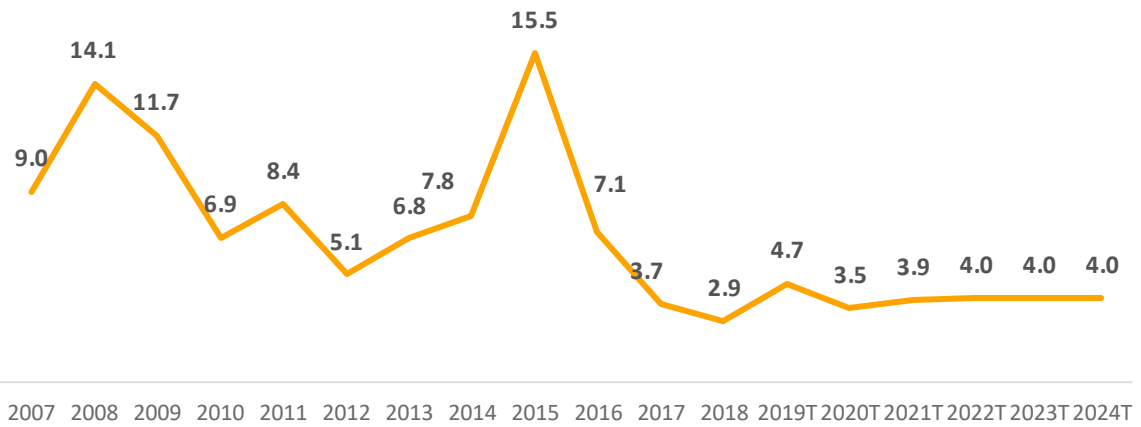


Source: Statista, TSKB Advisory Services

The Russian economy with double-digit inflation in 2008-2009 experienced the single-digit inflation rate in 2010-2015 period. Although the inflation rate increased to 15.5% in 2015, it did not stay at that level and a recovery phase followed afterwards. According to World Bank’s estimates, it is expected that inflation rate will be lower than 5% by 2022.

Inflation rate in Russia over the 2007-2024 period is presented below;

Graph 6: Inflation Rates in Russia



Source: Statista, TSKB Advisory Services

Sector

TOURISM SECTOR

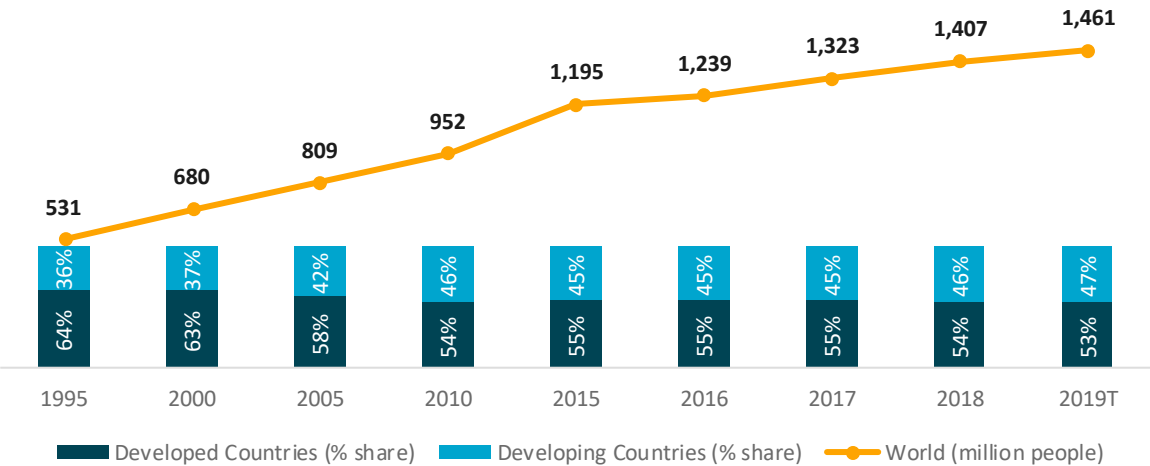
Tourism Sector in the World

Tourism, which is a rapidly growing and developing sector in the world, directly and indirectly contributes to the economy of many countries. Due to globalization, curiosity to other cultures and low transportation costs, people started to travel to long distances. The sector contributes to economic growth indirectly through the customer resources it provides to sectors such as transportation, retail and infrastructure services that benefit from these activities, both through the employment it creates, and activities such as planning, accommodation and travel organization.

According to the World Travel and Tourism Council 2019 Economic Impact report, global GDP grew by 3.2% in 2018, while the tourism sector grew by 3.9%. Tourism sector constitutes 10.4% of global GDP. In addition to the contribution of the tourism sector to GDP, it accounts for about 10% of global employment and 30% of global service exports, with a volume of about \$ 1.6 trillion.¹

The number of foreign visitors, which was 25 million people in the world in 1950, reached 1.4 billion people in 2018. In this significant increase, factors such as decrease in transportation costs, globalization, technological developments and the increase in the per capita income of countries are considered important.

Graph 7: Global Tourism Foreign Visitor Arrivals

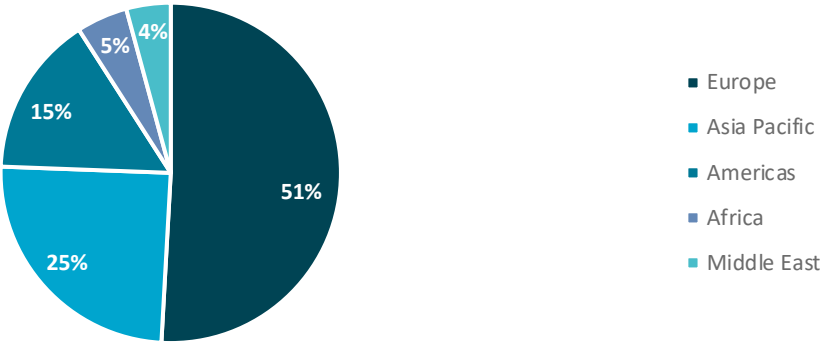


Source: UNWTO, TSKB Advisory Services

¹ World Travel & Tourism Council, Travel & Tourism Economic Impact 2019

Although the share has declined over the years, half of the foreign visitors still travel to the European region. In the last 20-year period, the largest increase was observed in the Asia-Pacific region and the largest decline was in the Americas region.

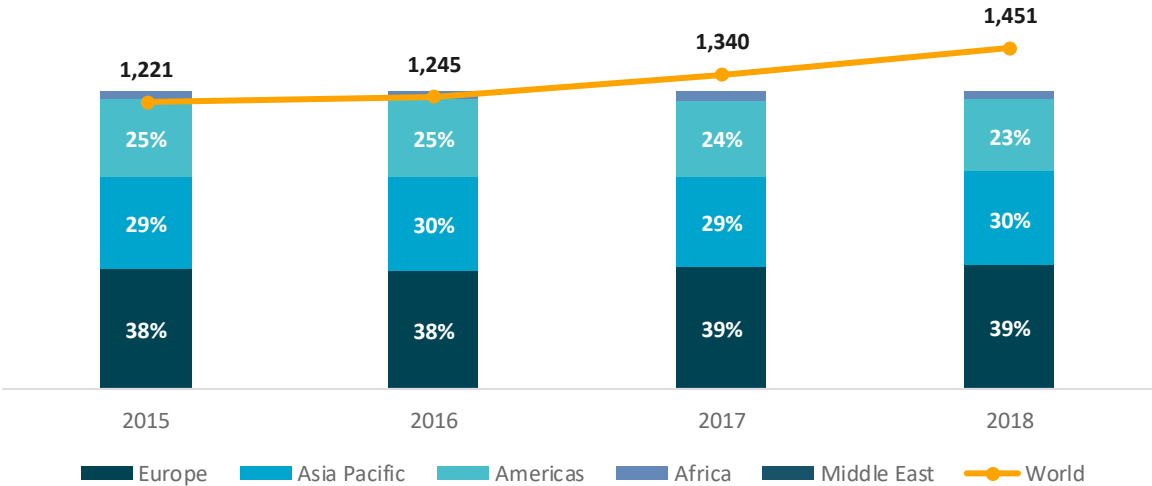
Graph 8: Breakdown of Foreign Visitor Arrivals (Million) and Shares (%) by Regions in 2018



Source: UNWTO, TSKB Advisory Services

World tourism revenues reached 1.45 trillion US dollars with an average real annual growth of 5.9% between 2015 and 2018 on a US dollar basis, but partially below the increase in the number of foreign visitors. Despite hosting half of the foreign visitor volume, Europe is observed to have only 39% of global tourism revenues and the Asia-Pacific region, which is the fastest growing in terms of volume, has 30% of global tourism revenues.

Graph 9: Breakdown of Global Tourism Revenues by Regions



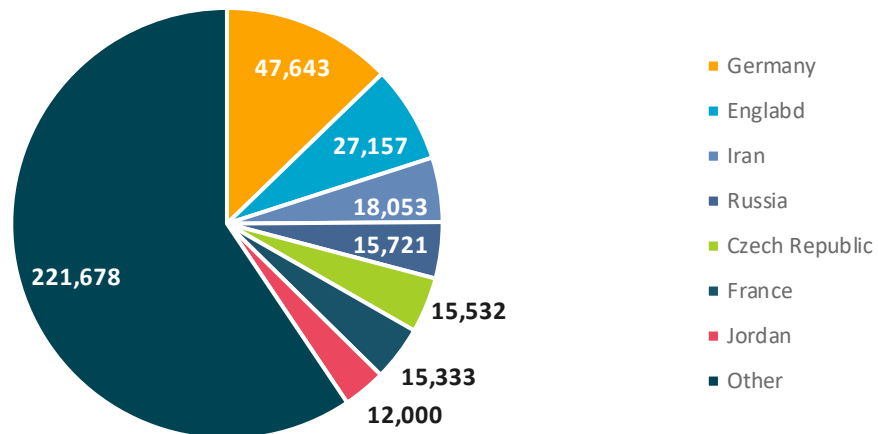
Sources: UNWTO, TSKB Advisory Services

Tourism in TRNC

Cyprus, after Sicily and Sardinia, is the 3rd largest island in the Mediterranean. In TRNC there are 5 cities Lefkoşa, Girne, Gazi Mağusa, Güzelyurt and İskele.

One of the most important sectors in the TRNC economy is the tourism sector and more and more tourists visit the region every year. The total number of visitors who entered the country between January and November of 2019 decreased by 0.8% compared to January-November 2018 period was 1.6 million people, 77% of visitors came from Turkey. Visitors from outside Turkey are most in Germany, England and come from Iran.

Graph 10: Nationality Distribution of Visitors to TRNC (2019/11, Except Turkish Citizens)



Source: TRNC Ministry of Tourism, TSKB Advisory Services

Cyprus has a special place in world tourism in terms of its geographical features and touristic values. Due to its location in the Mediterranean, where existing hotels are located, especially in Kyrenia region, better weather conditions compared to Central and Northern European countries affect tourism positively. In addition, the fact that there are casino possibilities to support tourism brings Cyprus to the fore in international tourism.

Table 5: Number of Foreign Visitor Arrivals in 2018 and 2019

Months	2018	2019	Change (%)
January	119.088	105.630	(11,3)
February	141.300	128.028	(9,4)
March	145.359	131.087	(9,8)
April	155.824	146.768	(5,8)
May	144.424	129.844	(10,1)
June	140.277	150.051	7,0
July	155.548	152.247	(2,1)
August	147.147	159.250	8,2
September	190.730	192.123	0,7
October	156.346	177.127	13,3
November	138.046	148.408	7,5
Total	1.634.089	1.620.563	(0,8)

Source: TRNC Ministry of Tourism, TSKB Advisory Services

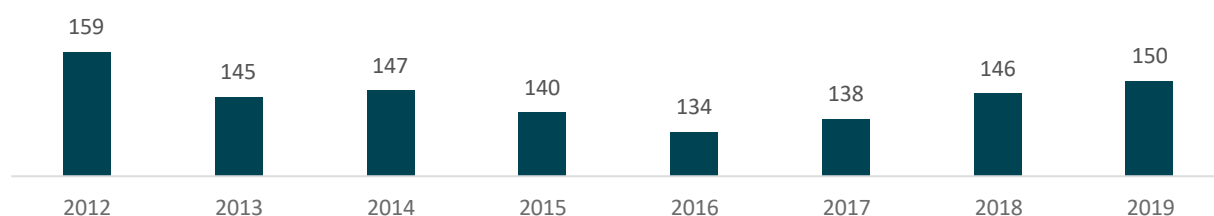
An increase of 4.8% was recorded in the total number of overnights between January-November 2019 compared to the same period of the previous year.

Table 6: Total Number of Overnight Stays in 2018 and 2019

Nationality	2018	Share (%)	2019	Share (%)	Change (%)
Turkey	2.224.705	55	2.204.879	52	(0,2)
Foreign	1.718.161	43	1.937.664	46	11,7
TRNC	98.248	2	98.257	2	(2,4)
Total	4.041.114		4.240.800		4,8

Source: TRNC Ministry of Tourism, TSKB Advisory Services

According to TRNC Ministry of Tourism data; As of November 2019, 4 new facilities were put into service compared to the end of 2018.

Graph 11: Number of Touristic Facilities in TRNC between 2012 and 2019

Source: TRNC Ministry of Tourism, TSKB Advisory Services

Considering the bed capacities, there was an increase of 1.2% in November 2019 compared to the same period of the previous year. When the occupancy rates are analyzed by months, it is observed that July-October is the busiest period. Occupancy rates increased by an average of 7.9% in the July-October period of 2019 compared to the same period of the previous year.

Table 7: Total Bed Capacity in 2018 and 2019 January-November Period

Months	2018	2019	Change (%)
January	21.885	25.241	15,3
February	21.885	25.241	15,3
March	21.885	25.241	15,3
April	23.603	25.213	6,8
May	23.687	25.213	6,4
June	25.071	25.249	0,7
July	25.071	25.249	0,7
August	25.143	25.313	0,7
September	25.101	25.409	1,2
October	25.139	25.438	1,2
November	25.139	25.438	1,2
Total	263.609	278.245	5,6%

Source: TRNC Ministry of Tourism, TSKB Advisory Services

Table 8: Monthly Occupancy Rates in January-November Period (%)

Months	2018	2019	Change (%)
January	36,7	29,1	(20,7)
February	37,7	29,2	(22,5)
March	49,7	39,6	(20,3)
April	52,1	46,9	(10,0)
May	52,2	44	(15,7)
June	51,4	57,1	11,1
July	65,2	68,7	5,4
August	69,6	74,3	6,8
September	60,5	63,5	5,0
October	54,7	62,6	14,4
November	45,8	50,8	10,9
Average	52,9	51,8	(2,1)

Source: TRNC Ministry of Tourism, TSKB Advisory Services

Considering the room occupancy rates by regions as of November 2019, it is seen that the highest occupancy is realized in the city of Famagusta with a rate of 72.7%.

Table 9: Occupancy Rates according to Cities (As of 2019/11)

Cities	Occupancy Rates (%)
Gazimağusa	72,7
Girne	52,0
İskele	42,1
Lefkoşa	35,4
Güzelyurt	16,1
Lefke	10,3

Source: TRNC Ministry of Tourism, TSKB Advisory Services

When the number of facilities is analyzed as of November 2019, Girne is in the first place with a share of 59% in TRNC with its 89 existing hotels. The same advantage can be seen when examined as the number of beds. The city of Famagusta, which has the highest occupancy rate, has a share of 9% with its 14 facilities.

Table 10: Number of Facilities and Bed Capacity According to Cities in 2019/11

Cities	# of Facilities	Share (%)	Bed Capacity	Share (%)
Girne	89	59	16.110	63
İskele	31	21	6.466	26
Gazimağusa	14	9	1.876	7
Lefkoşa	12	8	896	4
Lefke	3	2	52	0
Güzelyurt	1	1	38	0
Total	150	100	25.438	100

Source: TRNC Ministry of Tourism, TSKB Advisory Services

As of November 2019, when the existing hotels in TRNC are classified according to their characteristics, bungalow houses are in the first place in terms of number of facilities, while the 5-star hotels with the highest bed capacity meet 62% of their accommodation needs.

Table 11: Number of Hotels According to Their Qualities (2019/11)

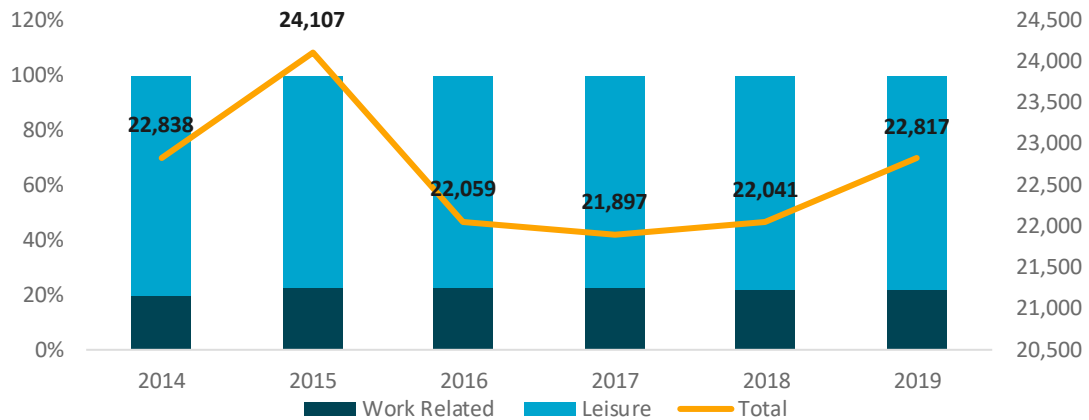
Facility Type	Room Capacity	Share (%)	Bed Capacity	Share (%)
5 Star Hotel	22	15	15.690	62
3 Star Hotel	16	11	2.502	10
Touristic Bungalow	25	17	1.550	6
4 Star Hotel	5	3	1.550	6
2 Star Hotel	21	14	1.589	6
Boutique Hotel	7	4	712	3
1 Star Hotel	13	9	477	2
Touristic Hostel	26	17	316	1
Other	12	8	610	2
Total	150	100	25.438	100

Source: TRNC Ministry of Tourism, TSKB Advisory Services

Tourism in Russia

The number of foreign visitors peaking in 2015 declined until 2017 in line with the political developments. The number of foreign visitors increased by 0.7% in 2018 mainly due to the increase in touristic travels, increased by 3.5% in 2019.

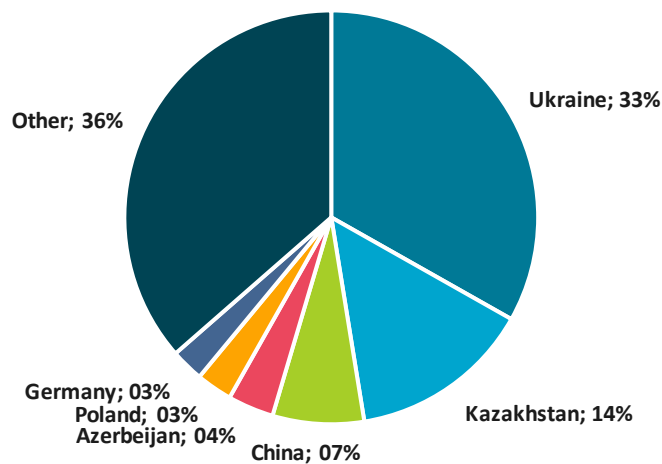
Graph 12: Foreign Visitors to Russia (Thousand People)



Source: Euromonitor, TSKB Advisory Services

Foreign visitors to Russia are mostly from Asia and Eastern European regions.

Graph 13: Distribution of Foreign Visitors Coming to Russia in 2019 by Nationalities



Source: Euromonitor, TSKB Advisory Services

Foreign visitors to Russia preferred mostly Moscow and St. Petersburg between 2014-2019.

Table 12: City Preferences of Foreign Visitors Coming to Russia

Thousand People	2014	2015	2016	2017	2018	2019
Moskova	4.531	4.444	4.571	4.800	5.460	5.504
St. Petersburg	2.739	2.940	2.840	3.600	3.996	4.157
Sochi	205	273	295	345	414	501
Kazan	176	211	249	274	341	370
Vladivostok	191	225	277	313	322	363
Other	14.995	16.014	13.827	12.566	11.508	11.921

Source: Euromonitor, TSKB Advisory Services

When the spending breakdown of foreign visitors as of 2014-2019 is analyzed, it is observed that the visitors who come to visit for holiday purposes spend higher amounts. It is seen that foreign visitors coming to Russia mostly spend on shopping and eating and drinking activities.

Thousand Ruble	2014	2015	2016	2017	2018	2019
Work Related	162	167	205	221	326	346
Leisure Related	157	202	265	247	395	419
Total	319	370	469	468	721	765

Source: Euromonitor, TSKB Advisory Services

Thousand Ruble	2014	2015	2016	2017	2018	2019
Shopping	75	96	126	124	219	249
Food&Beverage	79	95	128	124	195	201
Transportaion	42	47	61	59	96	103
Accomodation	77	77	75	88	96	99
Leisure	28	32	42	43	76	79
Other	18	23	37	32	39	36
Total	319	370	469	468	721	765

Source: Euromonitor, TSKB Advisory Services

General Overview of the Future for the Sector

According to the 2019 Economic Impact Report published by the World Travel and Tourism Council, the travel and tourism sector constitutes 10.4% of the global GDP with a volume of 8.8 trillion USD created in 2018. The sector is projected to grow by an average of 3.7% annually, reaching USD 13.1 trillion in 2029. The sector constitutes 6.4% of global exports with tourism exports of 1.6 trillion US dollars produced in 2018 and it is projected that by 2029, exports will grow by an average of 3.8% annually and reach 2.5 trillion US dollars.

The number of foreign visitors, which is expected to be 1.5 billion in 2019, is expected to increase to 2.2 billion by 2029. In the sector, which invested 941 billion USD in 2018, this amount is expected to increase to 1.5 trillion USD annually by 2029.

Table 13: Top 10 Countries by Number of Foreign Visitors

Ranking	Country	2017	2018
1	France	86.918	89.400
2	Spain	81.869	82.773
3	USA	76.941	79.618
4	China	60.740	62.900
5	Italy	58.253	62.146
6	Turkey	37.601	45.768
7	Mexico	39.291	41.447
8	Germany	37.452	38.881
9	Thailand	35.483	38.277
10	United Kingdom	37.651	36.316

Source: UNWTO, TSKB Advisory Services

Table 14: Top 10 Countries by Tourism Income

Ranking	Country	2017	2018
1	USA	210.747	214.468
2	Spain	68.114	73.765
3	France	60.681	67.370
4	Thailand	56.938	63.042
5	United Kingdom	49.049	51.882
6	Italy	44.233	49.262
7	Australia	41.732	45.035
8	Germany	39.823	42.977
9	Japon	34.054	41.115
10	China	38.559	40.386
18	Turkey	22.478	25.220

Source: UNWTO, TSKB Advisory Services

In 2018, the total revenues in the tourism sector amounted to \$ 1,451 billion, with the highest share reaching the European Continent with 39%.

According to the World Tourism Organization report, the number of international tourists worldwide is expected to grow by 3.8% in 2020.

Firm

GENERAL INFORMATION

Incorporation and Current Status

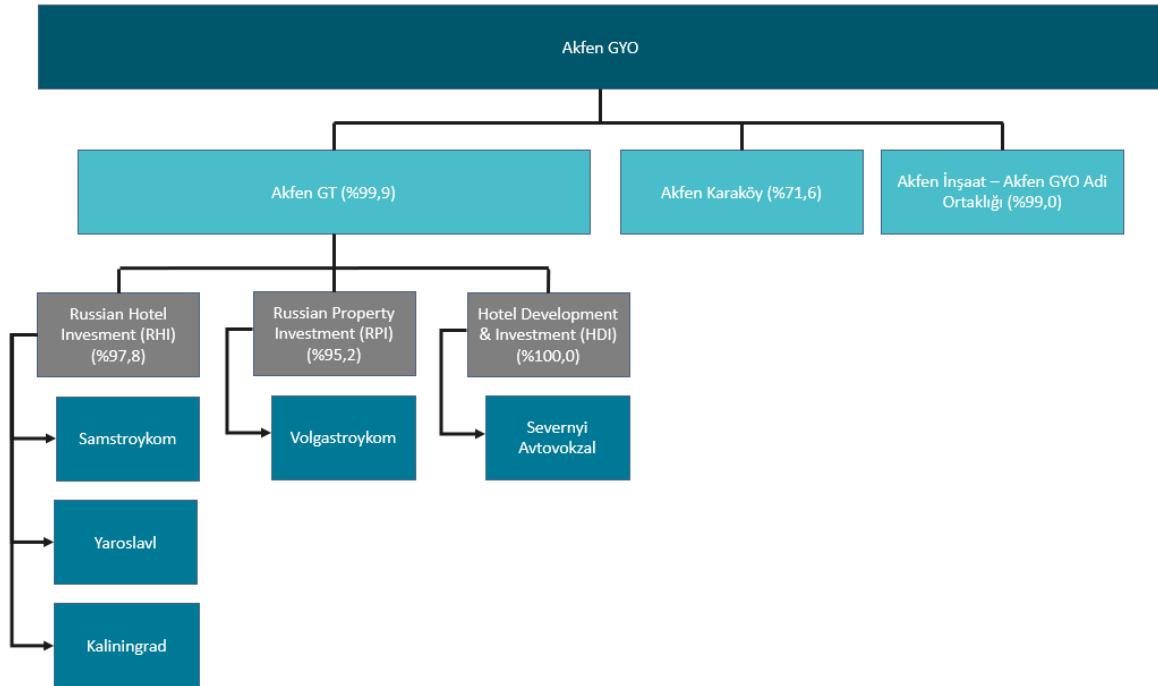
Akfen GT's main activities include carrying out, developing, operating and contracting others to operate real estate investments. The Company, which was founded under the name T-T Turizm İnşaat Tarım Besicilik Sanayi ve Ticaret A.Ş. on 04 August 1999 changed its commercial title to Akfen Gayrimenkul Ticaret ve İnşaat A.Ş. on 27 September 2006. 99.9% of the shares of the Company belonging to Akfen Holding A.Ş. and Akfen İnşaat Turizm ve Ticaret A.Ş. were transferred to Akfen GYO on 21 February 2007.

Currently, Akfen GT obtains rental income from the 5-star Hotel and Casino it owns in Turkish Republic of North Cyprus and from hotel and office projects in Russia.

The 5-star hotel located in Turkish Republic of Northern Cyprus has been in operation with its casino since 2007. Further, Akfen GT has rented and obtained the allocation rights of a plot, with an area of 167 decares located in the Bafra region of TRNC from the Forestry Administration on behalf of the TRNC Ministry of Agriculture and Natural Resources for 49 years on 30/12/2010. The Company carries out all of its projects in Russia through its subsidiaries Russian Hotel Investment B.V. ("RHI"), and Russian Property Investment B.V. ("RPI"), founded in the Netherlands and of which it is a 95.15% shareholder.

The shareholder structure of Akfen GT with the Group companies has been summarized in the table below.

Table 15: Subsidiaries of Akfen GYO as of 31 December 2019



Subsidiaries

Akfen GT has three subsidiaries founded in the Netherlands. These subsidiaries are Russian Hotel Investment B.V. (“RHI”), Hotel Development and Investments B.V. (“HDI”) and Russian Property Investment B.V. (“RPI”).

From these subsidiaries, RHI was founded under an equal 50 to 50% partnership structure between Akfen GT and Eastern European Investment Ltd (“EEPI”) on 21 September 2007 in order to realize hotel projects in Russia. EEPI transferred 45% of its shares in RHI to Kasa Investments B.V. and 5% to Cüneyt Baltaoğlu on 28 December 2010 and Kasa Investments B.V. transferred its 45% share to Akfen GT on 29 July 2011 and Akfen GT’s shares in RHI has increased to 97,72% and 2,28% of RHI is still owned by Cüneyt Baltaoğlu.

Due to the legal requirements in Russia under the current regulations, a new company is required to be founded for a hotel project and therefore, all these companies established for realizing hotel projects in Russia are situated under the umbrella of RHI.

RPI was founded by the joint venture of Akfen Gayrimenkul Geliştirme ve Tic. A.Ş. and Eastern European Property Investment Ltd (“EEPI”) on 3 January 2008, to carry out office projects in Russia and all companies founded on project basis are gathered under the umbrella of RPI. Akfen GT took over the share of Akfen Gayrimenkul Geliştirme ve Tic. A.Ş. on 5 June 2009. Besides the Samara Office

project which is still ongoing, all companies under the structure of RPI are currently inactive. Eastern European Property Investment Ltd. (EEPI), respectively transferred 45% of its shares in RPI to Kasa Investments B.V. and 5% of its shares to Cüneyt Baltaoğlu on 21 December 2010 and then, Kasa Investments B.V. transferred its 45% share to Akfen GT on 29 July 2011 and Akfen GT's shares in RHI has increased to 95.15% and 4.85% of RHI is still owned by Cüneyt Baltaoğlu.

HDI was founded by Akfen GYO as a 100% subsidiary to develop hotel projects in Russia in 18 March 2011. All shares of HDI are transferred to Akfen GT in 2017.

Activities

Akfen GT, whose headquarters are located in Ankara, has positioned its operations in two bases; in TRNC and Russia.

The Russian based projects are carried out by the subsidiaries of Akfen GT; HDI, RHI and RPI and the TRNC activities are carried out by Akfen GT itself, as it is registered under its own title in the TRNC Overseas Company Register.

TRNC

The Company's main source of income is generated via rental income from the 5-star hotel and casino located in the city of Girne in TRNC, which was completed on December 2006 owned 100% by the Company.

Akfen GT has been renting out both the hotel and the casino since 2008. The hotel and casino which have been constructed on the plot allocated from State Real Estate and Provision Administration of Ministry of Finance in TRNC and rented for 49 years as of 01.08.2003, has been rented out to Serenas Turizm Kongre ve Organizasyon Hizmetleri Ltd. Şti. between 01/01/2008 – 31/12/2012. The hotel has been built on 40.654 square meters and has 286 rooms. Rental income has been obtained for the casino situated on 2.981 square meters closed area and the casino part has been rented out to and operated by Voyager Kıbrıs Ltd Şti. during this period. Following the expiry of the agreement signed with Serenas Turizm Kongre ve Organizasyon Hizmetleri Ltd. Şti; by another agreement signed between Akfen Gayrimenkul Ticareti ve İnşaat A.Ş. and Voyager Kıbrıs Ltd. Şti. on 15.05.2012, the whole of the 5-star hotel, including the Casino has been rented by Voyager Kıbrıs Ltd. Şti. for 20 years starting from the beginning of the rental period. It was noted that the name of the hotel was changed as "Merit Park Otel ve Casino" from the start of the new rental period. After the change of the tenant at the beginning of 2013, the hotel went through a renovation process. Hotel rooms and common areas, such as SPA and restaurants, were renovated and the hotel gained a better outlook as part of renovation process.

According to Merit Park Otel’s architectural project, the number of rooms, which were 299 before the renovation process, decreased to 286 as 13 rooms merged by pulling down intermediary walls.

The tenant Voyager Kibris Limited will pay an annual rent of EUR 4.750.0000 to Akfen GT for the hotel and the casino in 2018-2024 period. Based on the contract, the annual rent is assumed to increase by 1% annually after 2024.

Russia

The other part of Akfen GT’s activities consists of hotel and office investment projects in Russia. As indicated above, the Company realizes its operations related with the hotel and office projects in Russia through its subsidiaries; HDI, RHI and RPI. The hotel and office projects are as indicated in the table below.

Table 16: Russia Projects

Hotel and Office Projects	# of Rooms	Commencement Date	Operation Date	Plot Area (m ²)	Total Area (m ²)
Samara IBIS	204	07/2009	03/2012	2.466	9.961
Yaroslavl IBIS	177	04/2010	09/2011	4.468	7.916
Kaliningrad IBIS	167	08/2011	08/2013	5.061	6.322
Moskova IBIS	317	09/2013	04/2015	2.010	12.143
Samara Office	-	07/2009	01/2012	1.048	5.933

Source: Akfen GT, TSKB Advisory Services

As of 8 September 2011, Yaroslavl IBIS Hotel has been in operation. Samara IBIS Hotel commenced its activities in March 2012 and Kaliningrad Ibis Hotel started operating in August 2013. Construction of Samara Office was completed in January 2012. 1.562 m² was rented to OAO Bank VTB based on the contract signed in March, 1, 2013; 1.869 m² was rented to Rosneft Oil Company for 24 months based on the contract signed in December, 2, 2013; 746 m² was rented to Samarasnabpodshipnik, a subsidiary of Samara Podshibnik, the biggest bearing manufacturers of Russia, as a sales office, based on the contract signed on February, 19, 2014.

Financial Analysis

The consolidated condensed, unaudited financial tables of Akfen GT for the years 2016, 2017, 2018 and 2019 year-end are as indicated below. The financial data of Akfen GT and its subsidiaries HDI, RHI and RPI have been consolidated by the Company in accordance with the international financial reporting standards by the method of proportional consolidation.

Table 17: Consolidated Balance Sheet of Akfen Gayrimenkul Ticaret ve İnşaat A.Ş.

Thousand EUR	2016	2017	2018	2019
Cash and Cash Equivalents	16.823	1.040	1.089	1.288
Accounts Receivables (net)	4.937	1.820	1.744	1.868
Receivable from Related Parties	221	20.767	-	-
Inventory	-	-	47	44
Other Receivables	37	7	43	13
Other Current Assets	353	613	708	1.543
Total Current Assets	22.372	24.247	3.632	4.756
Plant, Property and Equipment (Net)	122.467	151.672	201.390	212.005
<i>Investment Properties</i>	<i>122.467</i>	<i>151.672</i>	<i>201.390</i>	<i>212.005</i>
Intangible Assets (net)	1	8.758	6.561	5.946
<i>Goodwill</i>	<i>1</i>	<i>8.758</i>	<i>6.561</i>	<i>5.946</i>
Other Non Current Assets	24.329	21.211	22.937	22.293
Total Non Current Assets	146.796	181.640	230.887	240.245
TOTAL ASSETS	169.168	205.887	234.519	245.001
Current Portion of Long Term Debt	2.946	5.658	8.654	9.461
Accounts Payable	984	12.104	12.644	10.732
Due From Related Parties	-	1.324	1.024	-
Other Current Liabilities	249	2.485	3.024	1.402
Total Current Liabilities	4.179	21.570	25.346	21.595
Financial Debt	59.799	81.901	89.105	84.297
Provision for Severance Pay	6	32	24	42
Other Non Current Liabilities	13.307	15.929	24.813	24.807
Total Non Current Liabilities	73.112	97.862	113.942	109.146
Paid-in Capital	32.615	26.797	20.073	25.825
Capital Adjustments	(68)	-	-	-
Retained Earnings	41.030	43.529	54.844	77.939
Net Income	18.300	16.130	20.314	10.497
Total Equity	91.877	86.456	95.231	114.260
TOTAL LIABILITIES AND EQUITY	169.168	205.887	234.519	245.001

The balance sheet of the Company has been converted to EUR by using the term end foreign exchange purchase rates of Central Bank of Turkey as indicated in the table below:

Table 18: Central Bank of Turkey Term-end Foreign Exchange Rates

	2016	2017	2018	2019
EURO/TRY (Term end Exchange Rates)	3,7099	4,5155	6,0280	6,6506

Source: CBOT, TSKB Advisory Services

The income statement of the Company has been converted to EUR by using the average foreign exchange purchase rates of Central Bank of Turkey as indicated in the table below:

Table 19: Central Bank of Turkey Average Foreign Exchange Rates

	2016	2017	2018	2019
EURO/TRY (Ortalama Kur)	3,3398	4,1164	5,6627	6,3481

Source: CBOT, TSKB Advisory Services

The investment properties account consists of the 5-star hotel located in the city of Girne in TRNC, which undergoes assessment of the subsidiaries of the company Karaköy, HDI, RHI and RPI and the projects on yearly basis.

All long term loans of the Company are loans borrowed in Euro currency. Long-term Russian loans used for Samara Ibis, Yaroslavl Ibis and Kaliningrad Ibis are all Euro currency loans obtained from Credit Europe Bank. The maturity date of loans for the Russian assets are 28 July 2025. The Company has borrowed 29.5 million Euro from Fibabanka on 6 November 2015 and 500 thousand Euro from Credit Europe Bank regarding TRNC operations. The maturity date is 30 July 2025.

Table 20: Consolidated Income Statement of Akfen GT

<i>Thousand EUR</i>	2016	2017	2018	2019
Net Sales	8.292	8.865	12.039	11.724
Cost of Sales	(432)	(754)	(1.488)	(845)
Depreciation	(422)	(341)	(249)	(236)
General Adm. Expenses	(231)	(341)	(532)	(585)
EBIT	7.208	7.429	9.769	10.058
EBITDA	7.630	7.770	10.018	10.294
Financial Expenses (Net)	5.359	(8.230)	(22.999)	(2.938)
<i>Interest Expense</i>	<i>(4.127)</i>	<i>(12.884)</i>	<i>(6.485)</i>	<i>(7.199)</i>
<i>Exchange Gain/Loss</i>	-	-	<i>(22.961)</i>	<i>(4.635)</i>
<i>Interest Income</i>	<i>9.486</i>	<i>4.654</i>	<i>6.447</i>	<i>8.897</i>
Other Income	13.828	26.205	47.360	12.379
Other Expense	(6.068)	(3.094)	(12.227)	(8.047)
Term Profit	20.328	22.310	21.902	11.452
Tax Expense	-	(4.616)	(278)	(455)
Net Income	20.328	17.694	21.624	10.997

The main income of the Company for the years examined consists of the rental income obtained from the hotel and the casino, and from the appraisal surplus of the investment properties which does not generate any cash inflow or outflow.

Appraisal

APPRAISAL RESULT

The Equity Value of the Company based on the balance sheet dated 31 December, 2019 has been valued as EUR 114,260,000 (TRY 759,897,000).

Table 21: Equity Value of Akfen GT (Euro)

(Thousand Euros)	2019
Cash and Cash Equivalents	1.288
Accounts Receivable	1.868
Inventory	44
Other Current Assets	1.556
Total Current Assets	4.756
Investment Properties	212.004
Other Property, Plant & Equipment	2
Goodwill	5.941
Intangible Assets	6
Long Term Financial Investments	22.293
Total Non Current Assets	240.245
TOTAL ASSETS	245.001
Financial Debt	9.461
Accounts Payable	10.732
Provision For Severence Payments	42
Other Current Liabilities	1.360
Total Current Liabilities	21.595
Financial Liabilities	84.297
Other Long Term Liabilities	24.849
Total Long Term Liabilities	109.146
Total Liabilities	130.741
Equity Value	114.260

Table 22: Equity Value of Akfen GT (TL)

(Thousand TL)	2019
Cash and Cash Equivalents	8.563
Accounts Receivable	12.425
Inventory	292
Other Current Assets	10.349
Total Current Assets	31.629
Investment Properties	1.409.952
Other Property, Plant & Equipment	11
Goodwill	39.510
Intangible Assets	37
Long Term Financial Investments	148.263
Total Non Current Assets	1.597.773
TOTAL ASSETS	1.629.402
Financial Debt	62.923
Accounts Payable	71.373
Provision For Severance Payments	277
Other Current Liabilities	9.045
Total Current Liabilities	143.618
Financial Liabilities	560.628
Other Long Term Liabilities	165.259
Total Long Term Liabilities	725.887
Total Liabilities	869.505
Equity Value	759.897