

**AKFEN REAL ESTATE INVESTMENT TRUST INC.**

**CITY OF ISTANBUL, DISTRICT OF ZEYTİNBURNU**

**BUILDING BLOCK NO. 774, PLOT NO. 55**

**NOVOTEL and IBIS HOTEL**

**Report No: 2015-020-GYO-013**

**Appraisal Date: 31.12.2015**

**Date of Report: 08.01.2016**



**REAL ESTATE CONSULTANCY AND APPRAISAL INC.**



## APPRAISAL REPORT SUMMARY

<b>Person/Entity Requesting the Appraisal</b>	:	Akfen Real Estate Investment Trust Inc.
<b>Institution Preparing the Report</b>	:	Epos Real Estate Consultancy and Appraisal Inc.
<b>Date of Report</b>	:	08. 01. 2016
<b>Report No</b>	:	2015-020-GYO-013
<b>Appraisal Date</b>	:	01.10.2015 - 31.12.2015
<b>Information Concerning the Property Subject to the Appraisal</b>	:	“Ground Floor + 12 Regular Floors Hotel Room and Ground Floor + 7 Regular Floors Hotel Building and Their Land” quality real estate in the city of Istanbul, district of Zeytinburnu, Block no: 774, Plot No: 55
<b>Subject of Study</b>	:	Appraisal of the current value of the construction and annual lease value of the real estate
<b>Land Area of the Real Estate Subject to the Appraisal</b>	:	11.720,00 m <sup>2</sup>
<b>Land Area of Closed Spaces of the Real Estate Subject to the Appraisal</b>	:	Novotel: 10.901 m <sup>2</sup> Ibis Hotel: 6.461 m <sup>2</sup> Total: 17.362 m <sup>2</sup> (According to the Project and the Current Status)
<b>Zoning Status of the Real Estate Subject to the Appraisal</b>	:	Tourism Facility Area

### As of 31.12.2015

	<b>Market Value of the Remaining Construction of the Real Estate (EURO)</b>	<b>Market Value of the Remaining Construction of the Real Estate (TL)</b>
<b>VAT Excluded</b>	73.328.000	226.575.000
<b>VAT Included</b>	86.527.000	267.359.000

	<b>Annual Lease Value of the Real Estate (EURO)</b>	<b>Annual Lease Value of the Real Estate (TL)</b>
<b>VAT Excluded</b>	3.947.000	12.195.000
<b>VAT Included</b>	4.657.000	14.390.000

- 1- ) The appraised value is the current value regarding the cash sale price.
- 2- ) The VAT ratio has been established at 18%.
- 3- ) The currency rates have been established at 1 EUR = 3,0898 TL, 1,-USD = 2,8035 TL
- 4- ) This report has been prepared within the scope of the related Capital Market Legislation.



Names of the persons participating in the report

<b>Certified Appraiser</b>	:	Taner DÜNER
<b>Certified Appraiser</b>	:	Dilek YILMAZ AYDIN
<b>Responsible Appraiser</b>	:	Neşecan ÇEKİCİ



### **Declaration of Conformity**

- The findings hereby presented in this report are correct, within the scope of the information that the Appraisers had at their disposal.
- The analysis and their respective results are limited only according to the specified assumptions and conditions.
- The appraisers have no connection whatsoever to the property subject to the appraisal nor will they ever have.
- The appraisers are not biased in relation to the real estate and the related parties.
- The appraisal cost does not depend on any single part, analysis opinion or the results of the report.
- The appraisers have carried out the appraisal pursuant to the moral principles and performance standards.
- The appraisers meet the necessary professional education terms and possess the sufficient experience.
- The analysis, opinions and resulting values have been prepared in accordance with the International Valuation Standards (IVS - UDES).

### **Assumptions**

- The value stated within this report is the value specified on the date of its preparation. The appraisers cannot be held responsible for the economic and/or physical changes that might affect the value herein stated, occurring after the date of this report.
- No comments in this report (even though the matters in question are discussed in the continuation of the report) have been made with the purpose of clarifying legal affairs, matters that might require special research and specialty or other issues that are beyond the scope of the area of expertise of the appraisers.
- No changes have been made to the information pertaining to the property. The authorities that provide the information related to the property and legal descriptions are generally accepted to be trustworthy; however, no guarantees are given with regard to their truthfulness.
- Documents and corresponding related information are found in the report as they have been procured from public institutions.
- The photographs, maps, images and diagrams have been used for illustrative purposes only, in the interest of further comprehending the matters mentioned in the report; thus, they cannot be used as a reliable reference for any other purpose.



- The projections subject to this appraisal have been performed in order to help the appraisal process by taking into account a stable economic process, in the case of a demand during the current market conditions. The projections depend on the variable market conditions, which the appraisers cannot accurately discern; moreover, it is possible that the value might be affected from these variable conditions.
- The appraisers do not possess the necessary qualifications to determine the dangerous or health threatening materials found within or in the proximity of the property. Throughout the value appraisal, it is assumed that such materials that might decrease the value are considered to be inexistent. No responsibility is accepted concerning this matter.
- Predictions and projections or business estimates included in this appraisal report depend on the current market conditions and short term supply, together with demand factors and a stable economy; consequently, these may present changes to plausible future conditions. No responsibility is accepted in the event that the opinions and results presented in the report are affected due to economic changes that might occur after its herein date.
- Unless stated otherwise, underground resources have not been taken into consideration.
- It is not possible for the appraisers to carry out a soil contamination investigation, in the matter of the property in question. For this reason, to the extent that it can be seen, it has been determined that there is no cause for concern in regard to soil contamination.
- On account of the area in question being an established earthquake zone, the subject of ground stability cannot be clarified without the performance of detailed geological surveys. For this reason, in behalf of the appraisal studies, it has been assumed that there are no negative issues presently concerning the ground.
- Soil investigation and soil contamination studies in real estate fall within the scope of the “Environmental Geophysics” field. Our company does not employ such a specialization, thus did not perform a detailed investigation regarding the aforementioned matter. However, in accordance with the observations carried at the locale, it has been established that the real estate poses no threat to the environment. For this reason, this appraisal has been carried out taking into consideration that there have not been any negative effects against the environment.



## i. TABLE OF CONTENTS

1	REPORT INFORMATION .....	1
1.1	The Date, Number and Type of the Appraisal Report .....	1
1.2	Information Regarding the Responsible Appraiser that Prepared the Appraisal Report .....	1
1.3	Date of Appraisal.....	1
1.4	Reference Agreement.....	1
1.5	Statement Whether the Report Has Been Prepared Within the Scope of the Board Arrangements for the Purpose of the Appraisal.....	1
2	INTRODUCTORY INFORMATION CONCERNING THE COMPANY AND THE CLIENT .....	2
2.1	Introductory Information Concerning the Appraisal Company .....	2
2.2	Introductory Information Concerning the Client.....	2
2.3	The Scope of the Client’s Demand and the Applied Limitations, If Any .....	2
3	VALUE DEFINITIONS DESCRIPTION OF APPRAISAL METHODS .....	3
3.1	Exemplary Comparison Approach (Market Approach).....	3
3.2	Cost Approach.....	3
3.3	Revenue Discount Approach.....	4
4	ECONOMIC STATUS, REAL ESTATE SECTOR DATA AND ANALYSIS OF THE REGION WHERE THE REAL ESTATE IS LOCATED .....	5
4.1	General and Socio-economic Data.....	5
4.1.1	Global Economic Overview.....	7
4.1.2	Turkey Economic Outlook.....	10
<b>4.2</b>	<b>General Status of the Real Estate Industry .....</b>	<b>12</b>
4.3	Information Regarding the Tourism Industry .....	14
4.4	Analysis of the Region Where the Real Estate is Situated .....	15
4.4.1	The City of Istanbul.....	15
4.4.2	District of Zeytinburnu.....	16
4.4.3	Information Regarding the Tourism Industry in Istanbul and the Hotel Market .....	17
4.4.4	Information with Regard to the Hotel Market in Zeytinburnu.....	20



5	INFORMATION IN REGARD TO THE REAL ESTATE SUBJECT TO THE APPRAISAL .....	22
5.1	Information in Regard to the Location, Site and Environment of the Real Estate .....	22
5.2	Information with Regard to the Land Registry of the Real Estate .....	23
5.2.1	Investigation of the Land Registry of the Real Estate.....	24
5.2.2	Changes that Have Occurred in the Land Registry of the Real Estate within the Last Three Years .....	25
5.2.3	Opinion Whether There Is an Obstacle In Including the Investment Trust Portfolio in Terms of Land Title Records to the Real Estate Within the Scope of the Capital Market Legislation.....	25
5.3	Inspection of the Zoning Information of the Real Estate.....	26
5.3.1	Plan, License, Diagram and Similar Documents with Regard to the Real Estate .....	26
5.3.2	Building Inspection Institution and Maintenance .....	27
5.3.3	Changes that Have Occurred in the Legal Status (Changes in the Zoning Plan, Nationalization, etc.) of the Real Estate within the Last Three Years .....	27
5.3.4	Opinion Whether the Necessary Permit and Documents Pursuant to the Legislation are Accurate and Complete .....	27
5.3.5	Opinion Whether There Is an Obstacle in Including the Investment Trust Portfolio in Terms of Zoning Information to the Real Estate within the Scope of the Capital Market Legislation.....	27
5.3.6	Statement that the Detailed Information, along with the Value in Question Regarding the Project, are Completely in Connection with the Project and that, in the case of Executing a Different Project, the Resulting Value Might Vary .....	27
5.4	Physical Characteristics of the Real Estate .....	28
5.4.1	Structural Construction Characteristics of the Real Estate .....	28
5.4.2	Inspections Performed Within the Premises of the Real Estate .....	32
6	FACTORS AFFECTING AND DETERMINING THE VALUE OF THE REAL ESTATE .....	34
6.1	Factors that Limit or Negatively Affect the Appraisal Process.....	34
6.2	Swot Analysis .....	34
6.3	Exemplary Share Rate in the Projects that Will Be Performed According to the Revenue Sharing and Flat for Land Methods.....	35



6.4	Methods and Eligibility Motives Employed in the Appraisal of the Real Estate .....	35
6.4.1	Exemplary Approach.....	35
6.4.1.1	Definitions and Sale Value of the Similar Sales Examples that Has Been Based Upon During the Appraisal and the Reasons Why They Have Been Employed .....	35
6.4.2	Cost Approach .....	38
6.4.3	Cost Discount / Development Approach .....	39
6.4.4	Value of the Real Estate with Regard to the Lease Revenue .....	45
6.4.5	Lease Value Analysis of the Data Employed.....	48
6.4.6	Empty Land and Project Values of the Terrain Where the Project is Being Developed..	48
6.4.7	Most Effective and Most Productive Use Analysis .....	48
6.4.8	Appraisal Analysis of Common or Divided Parts .....	48
7	FACTORS AFFECTING VALUE OF REAL ESTATE AND APPRAISAL OF REAL ESTATE .....	49
7.1	Alignment of Different Appraisal Methods and Analysis Results, together with the Explanation of the Method and the Reasons Used for this Purpose.....	49
7.2	Explanation of the Motives Pursuant to the Minimum Information for Not Including Certain Aspects in the Report .....	50
7.3	Information Concerning the Last Three Appraisal of the Real Estate Carried Out by the Company .....	50
7.4	Opinion Whether There is Any Obstacle in Including the Real Estate, the Real Estate Project and the Rights and Benefits With Regard to the Real Estate in the Real Estate Investment Trusts Portfolio within the Scope of the Capital Market Legislation .....	50
8	OUTCOME.....	51
8.1	The Concluding Sentence of the Appraiser.....	51
8.2	Final Appraisal.....	51
9	APPENDIX.....	52





## 1 REPORT INFORMATION

### 1.1 The Date, Number and Type of the Appraisal Report

**Date of Report** : 08.01.2016

**Report Number** : 2015-020-GYO-013

**Type of Report** : Appraisal report relative to the "Ground Floor + 12 Regular Floors and Ground Floor + 7 Regular Floors Building and Their Land" quality real estate with a surface area of 11.720,00 m<sup>2</sup>, situated in the city of Istanbul, district of Zeytinburnu, Block no. 774, Plot no. 55, for the purpose of determining the current market value of the remaining construction right and the current lease of the real estate value in Turkish Lira currency.

### 1.2 Information Regarding the Responsible Appraiser that Prepared the Appraisal Report

**Report issued by** : Certified Appraiser, Taner DÜNER

**Report controlled by** : Certified Appraiser, Dilek YILMAZ AYDIN

**Responsible Appraiser** : Responsible Appraiser Neşecan ÇEKİCİ

**Capital Market Board Coverage** : Yes

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

### 1.3 Date of Appraisal

On the date of 01.10.2015, the necessary procedures have been initiated for this appraisal report. Subsequently, the report has been concluded on the date of 08.01.2016

### 1.4 Reference Agreement

This Appraisal Report has been prepared pursuant to the provisions of the Reference Agreement executed between our company and Akfen Real Estate Investment Trust Inc. on the date of 19.08.2015 .

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

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



## 2 INTRODUCTORY INFORMATION CONCERNING THE COMPANY AND THE CLIENT

### 2.1 Introductory Information Concerning the Appraisal Company

**Company Title** : EPOS Gayrimenkul Danışmanlık ve Değerleme A.Ş.

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

### 2.2 Introductory Information Concerning the Client

**Client Title** : Akfen GYO A.Ş.

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

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

The Appraisal report relative to the "Ground Floor + 12 Regular Floors and Ground Floor + 7 Regular Floors Building and Their Land" quality real estate with a surface area of 11.720,00 m<sup>2</sup>, situated in the city of Istanbul, district of Zeytinburnu, Block no. 774, Plot no. 55, has been prepared for the purpose of determining its sale and lease value.

With reference to the 19.08.2015 dated request by Akfen Real Estate Investment Trust Inc., the property subject to this appraisal report belongs to the Treasury and has been allocated with a lease agreement, with the starting date of 04.12.2003, for the duration of 49 years, on behalf of Akfen Real Estate Investment Trust Inc.. The potential revenue, in regards to its use or leasing, has been evaluated; moreover, there are no restrictive constraints in force exercised by the client. During the appraisal studies, the market research, the onsite surveys and the existing lease agreements that Akfen Real Estate Investment Trust Inc. has made with the Treasury and the Accor Group have all been taken into account.



### **3 VALUE DEFINITIONS DESCRIPTION OF APPRAISAL METHODS**

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

#### **3.1 Exemplary Comparison Approach (Market Approach)**

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

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

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

The Market Value Approach depends on the following assumptions:

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

#### **3.2 Cost Approach**

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

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



value of the real estate will decrease in time due to physical wear and become out of date in terms of functionality and economic status. In other words, this method concedes that the current value of a real estate can never be more than the cost of its reconstruction.

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

### **3.3 Revenue Discount Approach**

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

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

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

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

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

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

##### 4.1 General and Socio-economic Data

According to the result of the Address Based Population Registration System (ADNKS) for the year of 2014, from the date of 31.12.2014, the population of Turkey is established to be 77.695.904. 50,17% of this number (corresponding approximately to 38.984.302) represents men and 49,83% (corresponding approximately to 38.711.602) represents women.

One of the most significant characteristics of the Turkish population is the fact that it is comprised of a young population, with the 0-14 year group constituting approximately 24.3% of the population. However, this number has been in continuous decline since the year of 1965 and the population of Turkey is gradually getting older. While the 0-14 age group constituted 41,9% of the population in the year of 1965, it represented 24,3% in the year of 2014.

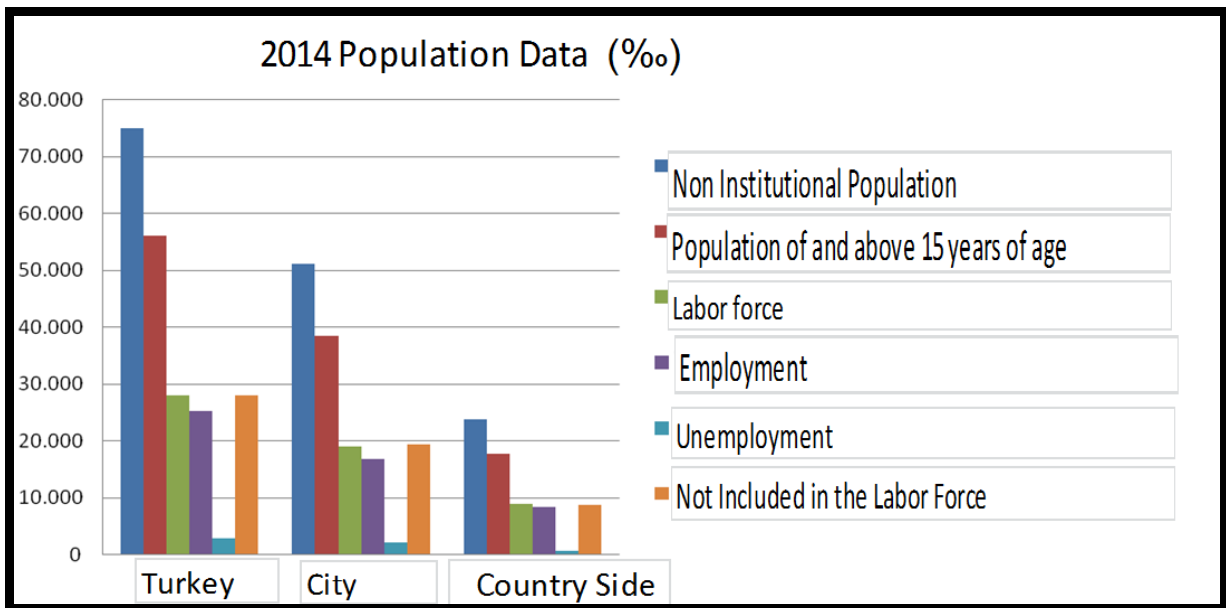
The annual population growth rate in Turkey is 13,4th of a thousand. 91,8% of the population resides in cities and districts. The average age in Turkey is 30,7. According to the data obtained, 96,1% of the Turkish population is literate. The 15-64 age group, which corresponds to the working age group, makes up 67,7% of the population (corresponding approximately to 52.640.512 people). When the ramifications of the employment into industries is observed, it is concluded that 51% represents services, 21,1% agriculture, 20,5% industry and 7,4% construction.

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

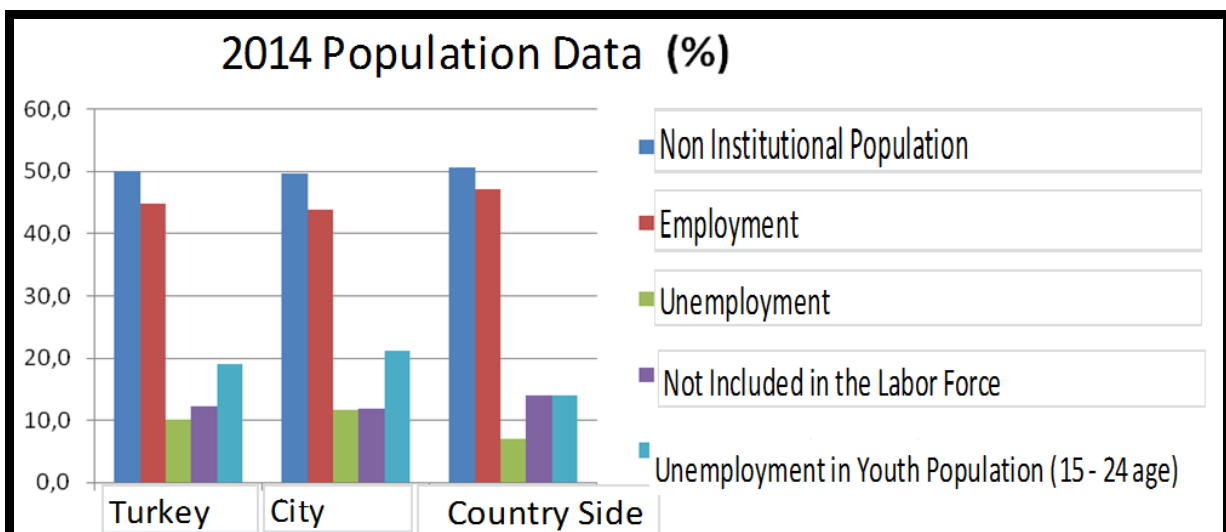
	TURKEY		CITY		COUNTRY	
	2013	2014	2013	2014	2013	2014
<b>Non institutional Population (000)</b>	74.033	74.947	50.675	51.129	23.358	23.818
<b>Population of and above 15 years of age (000)</b>	55.169	56.084	37.916	38.372	17.253	17.712
<b>Labor force (000)</b>	27.323	28.036	18.418	19.056	8.905	8.980
<b>Employment (000)</b>	24.433	25.194	16.196	16.849	8.237	8.346
<b>Unemployment (000)</b>	2.890	2.841	2.223	2.207	668	634
<b>Not Included in the Labor Force (000)</b>	27.846	28.048	19.498	19.316	8.348	8.733
<b>Participation in the Labor Force Rate (%)</b>	49,5	50,0	48,6	49,7	51,6	50,7
<b>Employment Rate (%)</b>	44,3	44,9	42,7	43,9	47,7	47,1
<b>Unemployment Rate (%)</b>	10,6	10,1	12,1	11,6	7,5	7,1
<b>Indescribable Unemployment Rate (%)</b>	12,9	12,3	12,3	11,9	15,5	14,1
<b>Unemployment Rate in Young Population (15-24 age group) (%)</b>	20,7	19,0	22,3	21,2	17,0	14,0

*Population Data for the years of 2013 and 2014 (Source: Turkish Statistical Institute – TUIK)*

When the data relative to the years of 2013 and 2014 is evaluated, it can be observed that the population, labor force and employment are on the rise for Turkey in general, as well as the cities and the country. Nonetheless, unemployment has also increased. While those that are not included in the labor force are in decline in the city, this number has been noted to rise in the country side. In addition, the increase in participation in the labor force and the employment rates in the city, with regard to the overall rates, has drawn attention. The unemployment rate has been verified to increase in all of the three groups. Meanwhile, the unemployment rate among the young population in Turkey in general, together with the cities, is another important topic to consider.



Furthermore, a second comparison is made based in Turkey in general, the city and the country side, with regard to the population data for the year of 2014 provided in the table. It is remarkable that graphs of Turkey in general and city graphs are similar in terms of distribution.





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

#### **4.1.1 Global Economic Overview**

Following all developments became necessary as a result of globalism and increasing economic links of countries.

Primary problem in global economic crisis is deflationist (decrease of general price level) process and correspondingly recession (stability-negative growth). For developing countries, on the other hand, there are inflationist (general increase in prices) problems and low growth. Related situations have different characteristics and reasons for every country; therefore, there is no standard prescription for solution.

After global crisis, most important implementers of economy politics were central banks. Decisions taken by big and efficient central banks in the world were crucial for not only their own country but also became a guide for international fund mobility. Developing countries were influenced most by its both positive and negative effects.

Right after the crisis, USA central bank Fed immediately started to use tools of 'expansionary monetary policy'. For this purpose, many methods were implemented like interest discount, bond intake, property intake and funding of financial system, and activating credit mechanisms. Through this kind of monetary policy, financial stabilization, and by stimulating consumption and investment, growth was aimed as a final goal to get rid of crisis.

Policies followed by Fed to get rid of crisis were extraordinary and with its differences in implementation it revealed necessary pathway for other world banks. Fed, who immediately responded to crisis and performed decision-making mechanisms, was followed by ECB (European Central Bank) even if it was late. In the Far East, Japan central bank followed similar policies to get rid of deflation and recession, which are primary problems of its economy. In parallel with relative recovering of USA economy, Fed decreased bond retrieval amount on the date of December 2013 in order to withdraw monetary expansion policy. Process initiated ahead of time expected in developing countries (like Turkey, Brazil, Argentina, Indonesia, India) and this caused decrease in local currencies and then partly outgoing of funds, which are short-term investment oriented. On October 2014, USA central bank finished 'cash flow by taking bonds'. However, transition to increasing 'interest' phase, which will end actual monetary expansion, expected by the end of 2015.

In Fed meeting on September 2015, it was stated that (except for one member) concerns regarding China and other developing countries increased value of dollar and decreased value commodities, and by taking into consideration economic outlook, labor force market, inflation and risks about



them, there is no need to interest rate hike, although USA economy is strengthening and unutilized capacity in labor force is decreasing.

Following inferences were deduced according to “World Economic Outlook” issue of October 2015 report, which is prepared by IMF twice a year:

- Global growth rate in 2015 was expected as 3,10 %. This rate fell 0,30 % of year 2014. It is also 0,20 % under of rate 3,30 %, which was stated in World Economic Outlook (WEO) report January 2015. Expectancy of decrease was revised compare to previous report.
- Expectancies of main countries and regions stayed indeterminate and unbalanced. Recovering of developed countries compare to recent years, and for developing economics and markets recession is foreseen again like previous 5 years. Some increasing market economies and growth of countries exported petrol represent weak hopes.
- Decreasing commodity price, reduced share capital increase negative risks of developing economies, pressure on market and financial market instability, and therefore Fed tightens financial conditions regarding developing countries considering expected increasing interest and worsening global economic outlook.
- Developed and developing countries have an important role as middle or long term alliances one of which has decrease in growth rate and one of which has modest recovering.
- Crisis leaved high rate of private and public deficit, financial sector weakness, low rate of investments for some developed countries having low growth rate. For developing countries, on the other hand, demographic transitions, investment explosions, revised growth in China, decrease in commodity price and reregulation of the market is required.
- Volatility was related with Greece dept meetings of Chinese authorities on June-July, sharp drop of Chinese stock market and policy incentives.
- Increasing policy interests of USA and worsening global outlook tightened more financial situation of developing countries since last spring. Dollar, bond and long-term local currency bond interests increased nearly 50-60 basis point and stock prices decreased, exchange rate devalorized or pressured.
- As a result of nuclear agreement with Iran and low global demand, petrol prices decreased. Falling production activity in China, investment explosion in mining sector decreased metal prices.
- Countries implemented flexible exchange regime and exported commodities lost large amount of money.





- Developing economies experienced more sharp loss. Major developed economy currencies experienced modest mobility.
- This global factors and country specific developments indicate relatively weaker revival compare to predicted amounts for 2015 and 2016 modest increase in growth expected for developed economies increase chance of loss for the next year. Developments of this year reflect a modest recovering of euro and returning of Japan to a positive growth, and additionally falling in petrol prices and devaluation of money for some conditions.
- Developments in developed economies, exporters –especially Norway and Canada- and in Asia excluding Japan (especially Korea and Taiwan region of China) unemployment decreases related to degrowth. However, growth in productivity is still weak even in USA where recovering is stronger.
- In 2016, some level of growth is expected in especially North America, however; expectations are still low considering falling investments, negative demography and weak productivity growth. Recently, decrease in petrol and other commodity prices must support demand of developed economies, which are exporters of net commodities. On the other hand, slowness in rising markets will indicate weaker importations.
- Revised fall in commodity prices will pressure inflation in developed economies in next months, and while revival is happening, expected development in core inflation will delay.
- Although core inflation stayed more stable, it is still under targeted amount of central bank. It is seen that inflation will be low towards falling unemployment and medium term weak growth.
- Growth expectancies are very different depending on regions and countries but outlook became weak generally considering consecutive 5 years that decrease was foreseen. This reflects a combination of factors.
- For the most developing market economies external conditions became harder. While money devaluation helps net exportation, depending on weak recovering and medium level expectancies for medium level growth, it is expected that future drawal of developed economies will be more modest than prospected.
- Capital flows slowed down in rising markets in last quarters and rising USA currency politics from zero lower limit related with tightness of external financial conditions.
- Decelaration of growth in China is parallel to expectancies until now, however reflections in cross border are bigger than prospected. This reflected as lower imports to China and lower prices of commodities (especially metal). Devaluation of Greece by China, volatilities

related to weakness in currencies of developing economies and increasing global risks caused sharp decreases in property prices throughout world.

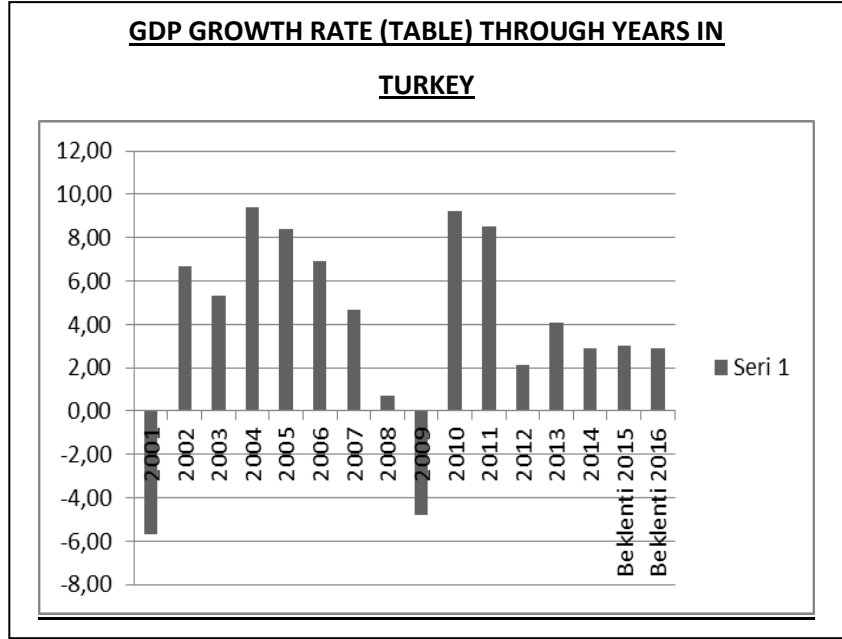
- Rebound is expected for growth of rising markets and developing economies 2016.
- This reflects lower recession and relative normalization in 2015 for countries having economic trouble (Brazil, Russia, some countries in Latin America and in Middle East), and spill-over effect depending on stronger recovering in economic activities of developed economies and facilitating of sanctions for Islamic Republic of Iran.
- Decreasing growth is expected for China even if it is gradually. Weakness in commodity prices, slower global growth than expected and possibility of tighter global financial conditions become a burden to low-income countries. While Chinese authorities implement reforms towards decreasing financial infirmity strengthening role of market powers in economy, they confront tradeoffs in their projection of transition to growth depending on consumption without deceleration of activity.
- Some countries, especially the ones with rich sources, have wide current account deficit due to foreign direct investment. Correspondingly they are more vulnerable towards foreign financial shock.
- Risk balance is still downward. Low level of petrol and other commodities can constitute an upward demand for commodity importers in some level. However, this complicates the demand for commodity importers so some of them already confront with nervous initiation conditions.
- Vulnerability of rising markets in terms of continuing fall in commodity prices and sharp rise in American Dollar is still proceeding and this may force balance sheet of companies in some countries further.

#### **4.1.2 Turkey Economic Outlook**

Discipline constructed after 2001 crisis in Turkey economy succeed in issues like public dept, banking rates, budget balance and until 2008 growth rate continuously increased. Economies developed in between 2008-2012 influenced by global crisis at least. In this process, increase in yearly growth rate relieved world economy. Countries like Turkey had brilliant performance after crisis. Recovering abilities of developing countries are more rapid than developed economies. However, the main problem of these economies is that they cannot keep gaining and stability. Turkey has problems like lack of savings, unemployment, problems regarding general level of prices, added values of import and export items, balance of exchange, middle-income trick, current deficit, demand failure,

technology deficiency, political and geographical risks. Average growth rate of Turkey is 4,8% for 92 years period. Briefly, potential growth rate in full employment level is 6-7%.

TURKEY GROWTH RATES (%)	
2001	-5,70
2002	6,70
2003	5,30
2004	9,40
2005	8,40
2006	6,90
2007	4,70
2008	0,70
2009	-4,80
2010	9,20
2011	8,50
2012	2,10
2013	4,10
2014	2,90
Expectation 2015	3,00
Expectation 2016	2,90
Source:TCBM and IMF REPORT	



IMF argued that political uncertainty will decrease domestic demand and revised growth expectancies downwardly in its evaluation regarding Turkey economy in World Economic Outlook Report.

According to this, growth expectancy is 3% for this year and 2,9% for the next year for Turkey. These rates were stated as 3.1% and 3.6% in previous report.

Inflation expectation of IMF for Turkey increased from 6,6% to 7.40% for 2015 and 6,50% to 7.00% for 2016.

Current deficit balance (current deficit/gross national product) expectations of IMF is -4-5% for 2015 and -4,7% for 2016. These rates were -4,2% and -4,8% in previous report.

IMF projected unemployment rate as 10,8% for this year and 11,6% for next year, which was 9,9% for last year.

TL decreased in value towards especially USA dollar and Euro significantly as a result of global instability and political, economic and other risks in Turkey. Since exchanges increased significantly, fixed exchange rate approach was seen in especially real estate sales. Exchange rates for 01.10.2015 dated and 20.11.2015 dated appraisal reports were investigated. Exchange rate was instable in this



period and this instability continued after political elections of 2015. In this period average dollar exchange was 2.91 TL, and average euro exchange was 3.22 TL. Fixed exchange rate is preferred in especially real estate sector because of above-mentioned reasons. Preferred exchange rate is below the value in period of 01.10.2015 and 20.11.2015. For this reason, in the appraisal report, exchange rate on the date of 02.11.2015 in accordance with central bank data since it is nearest value to the current exchange value in the market.

Foreign market value is determined through selling rate of exchange was used, and for determining TL value buying rate of exchange was used.

On the date of 02.11.2015, buying rate of exchange was 1 USD=2,8035 TL, and 1 EURO=3,0898 TL.

On the date of 02.11.2015, selling rate of exchange was 1 USD=2,8085 TL, and 1 EURO=3,0954 TL.

#### **4.2 General Status of the Real Estate Industry**

Real estate sector became a growing sector contrary to service, industry and rural sector recently. Although insufficient capital source makes hard to invest to rural and industry sector, small scale capital stock may be sufficient to invest in real estate sector. For this reason, real estate sector of Turkey depends relatively on national capital. It is defined as leading sector since it mobilizes other sectors and as sponge sector since it may absorb unqualified workers. Almost all production of real estate sector counts as investment good. Real estate sector in Turkey develops through these investments.

Construction sector, which was initiated with public investments, large scaled infrastructure projects in early republic period, has influences of private sector through liberal economy effects in 1950s especially in public expenditures. After the year of 1950, construction sector developed through barrage, hydroelectric power stations, highways and housing investments. After 1980 in neo-liberal period, on the other hand, housing investments became prominent as a result of increasing migration. In liberal period after 2002, shopping mall, residence and housing investments gained importance through influence of TOKİ.

In sectoral distribution of long term external debt in period of 2002-2014, construction-real estate sector has impressive intensity.

Recently, it is seen that legal regulations concentrated in real estate sector. Moreover, sales of the lands legally actualized in 2012 within the scope of the law "sale of the agricultural estate belonging to Treasury, support for development of forest villagers and assessment of outside of the forest borders on behalf of Treasury", which is known in public opinion as "2B law". However, these sales



became less than expected and did not influence building sector sufficiently. Advantages of urban renewal law increased growth of real estate sector in 2013.

Decision directed to removal of restrictions over possessing real estate of foreigners through the law “Law Organizing Property Sale to Foreigners” provided rising attractions of investors in especially Russia, Middle East, and Asia. Purchasing real estate of foreigners started to increase gradually.

Additionally, following reasons have influence on development of real estate sector:

- Attraction of investors from different countries for Istanbul as a brand city, and laying the foundations of Istanbul to be a financial center,
- Infrastructure projects that attract attentions (3<sup>rd</sup> bosphorus bridge, all tunnel projects in bosphorus, 3<sup>rd</sup> airport, metro projects in metropolitans etc.)
- Increasing transportation opportunities, widening metropolitan borders and growing living spaces,
- Urban renewal and related regulations,
- Continuing rural to urban migration,
- Effect of natural demand as a result of having young population,
- Changing nuclear family concept,
- Precautions for housing purchase and saving incentives to keep sector alive,

Tendency of procrastination of demand for housing and automotive, which is generally seen before elections, was not influenced this year, on the contrary, these two sectors was quite alive. This may be thought as a kind of protection method of customers related to expectation of increasing demand.

It is evaluated that stabile development of real estate sector in Turkey in 2016 depends on political and economic stability, interest of foreign investor and growth rate of economy. It is expected that residence sale to foreigners will be stable because of stagnancy in other developing countries.

### 4.3 Information Regarding the Tourism Industry

The Tourism industry in Turkey has closed the year of 2013 with 34.910.098 tourists, on the other hand, this number increased to 36.837.900 at the end of 2014 with 5,5% rate of increase.

Antalya became the first city in regards to foreign tourists visiting touristic centers, with a number of 11.9 million tourists. On the other hand, Istanbul has achieved a growth rate of 13% roughly. In Muğla, the number recorded is approximately of 2,8%. For Izmir, on the other hand, there is 5% decrease in numbers.

Number of Visitors in Touristic Centers				
	2012	2013	2014	Değişim
Antalya	10.299.366	11.535.762	11 941 954	3,5
İstanbul	9.381.670	10.474.867	11.842.983	13,1
Muğla	3.009.342	3.222.315	3.302.688	2,5
İzmir	1.368.929	1.943.253	1.847.567	- 4,9
Total of 4 Cities	24.061.319	25.232.944	28.935.192	10,9
Turkey	31.782.832	34.910.098	36.837.900	5,5

Source: Turkish Hoteliers Federation (TUOFED) Tourism Report 2014-Report 9

The revenue obtained in the Tourism industry, from the domestic and foreign tourists in the year of 2014, has increased 6.2%, thus reaching 34,3 billion dollars.

The revenue obtained from foreign tourists is 81,5% and from Turkish citizens living abroad and visiting the country is 18,5%. Furthermore, revenues of 2014 includes 2.950.000 dollars for personal expenditures and 8.302.954.000 dollars for tour package expenditures (Source: Turkish Hoteliers Federation (TUOFED) Tourism Report 2014-Report 9).

While Turkey has managed to be one of the 20 biggest economies in the world (G20), it is ranked at number 6 among the 10 touristic destinations with 37,8 million tourists according to data of UNWTO (World Tourism Organization).

According to the real estate report for the year of 2014, which Deloitte has prepared for Turkey, one interesting topic is the Tourism Strategy of the Ministry of Culture and Tourism for the year of 2023.

The target visitor number is set for 63 million and the total planned revenue (from foreign visitors) is 86 billion dollars. The aim is to enter the top 5.

#### 4.4 Analysis of the Region Where the Real Estate is Situated

##### 4.4.1 The City of Istanbul

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

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



The innumerable studies conducted in the city have shown that its history goes back as far as 6500 B.C. Istanbul is an intercontinental city; namely, a part of it is located in the European continent, called European Side or Rumeli Side, while the other part is located in the Asian continent, called Anatolian Side. The first recorded city of Istanbul was founded on a peninsula surrounded with the Marmara Sea, the Bosphorus and the River of Haliç, with the city walls marking its western borders. During the process of development and expansion, the city walls were further extended into the west, in a constant manner, making up a total of 4 times; the city is composed of 40 districts.

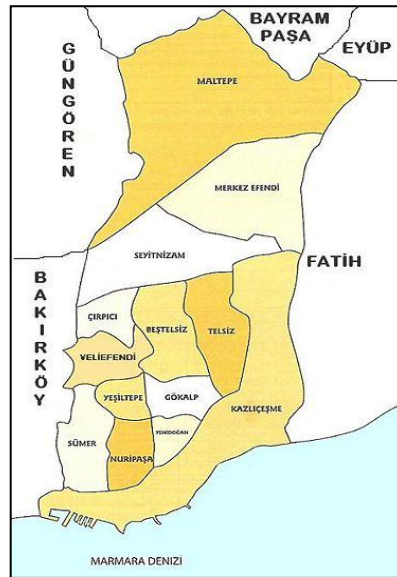
According to the Address-Based Population Registration System (ANDKS) developed by the Turkish Statistical Institution (TUIK) in the year of 2013, the Total Population of Istanbul has been determined to be 14.160.437.

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

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

#### 4.4.2 District of Zeytinburnu

Zeytinburnu İlçesi, havalimanına 15-20 dakikalık mesafede bulunmaktadır. İlçenin toprakları 29 derece doğu boylamı ve 41 derece kuzey enlemi üzerinde bulunmaktadır. Bu enlem ve boylam dereceleri üzerinde yaklaşık olarak bir dikdörtgene benzeyen şekliyle 11.16 km<sup>2</sup>'lik yer kaplar. Mahalle sayısı 13, cadde sayısı 58, sokak sayısı da 970'dir. İlçe topraklarının güneyden kuzeye uzunluğu 5.5 km., doğu-batı doğrultusundaki genişliği 2.5 km.'yi bulmaktadır. Doğusunda Fatih, batısında Bakırköy ve Güngören, kuzeyinde Bayrampaşa ve Eyüp, güneyinde Marmara Denizi bulunmaktadır. Bu yüzden ilçenin ikliminde nem etkili rol oynar. İlçe topraklarının denizden ortalama yüksekliği 30-35 metredir. Deniz kıyısından içerilere doğru hiçbir engele rastlanmaz. İlçenin doğu kesimi Marmara Denizi'nden kuzeye doğru az bir meyille yükselir. Bu yükseklik Maltepe Mahallesi'nde 51 metreyi bulur. Sirkeci-Florya sahil yolu ilçenin güneyinden, Avrupa ve Asya kıtasını bağlayan uluslararası E-5 Karayolu da ilçe sınırları içerisinde geçmektedir. Devlet Karayolu uzunluğu 5 km., İl Yolu uzunluğu 3 km.'dir. Uluslararası yol uzunluğu ise 3 km.'dir.





The district is composed of 13 neighborhoods: Beşelsiz, Çırpıcı, Gökalp, Kazlıçeşme, Maltepe, Merkez Efendi, Nuri Paşa, Seyit Nizam, Sümer, Telsiz, Veli Efendi, Yenidoğan and Yeşiltepe.

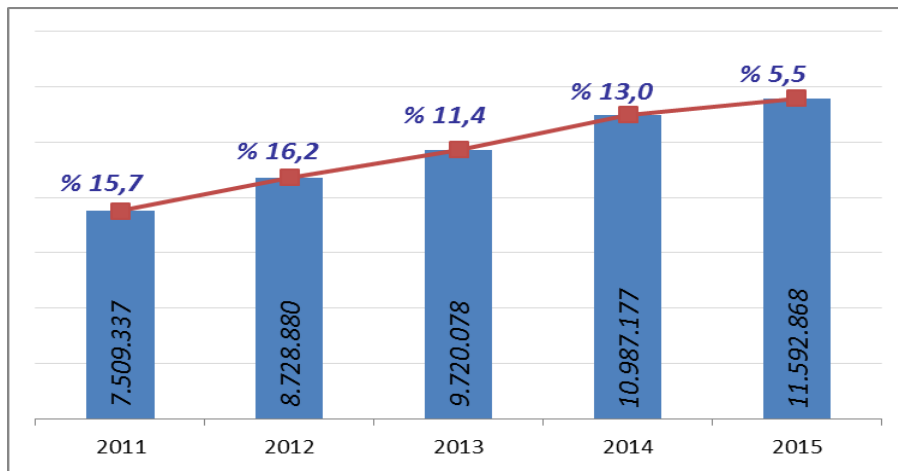
According to the Address based Population Registration System, as of the end of the year of 2014, the district has reached the population of 287.223. When neighborhood population development is analyzed, it is seen that Sümer, Telsiz, Veliefendi and Çırpıcı have the highest amounts.

#### 4.4.3 Information Regarding the Tourism Industry in Istanbul and the Hotel Market

According to the data obtained from the Istanbul Provincial Directorate of Culture and Tourism for the year of 2015, the number of visitors has increased 6% in period of January-November of 2015, compared to the same time period of the year of 2014.

When tourist numbers are analyzed in years, it can be seen that ever year there is rise in numbers but this rise rate decrease gradually.

FOREIGN TOURIST NUMBERS OF LAST 5 YEARS IN BETWEEN JANUARY-NOVEMBER



(Source: İstanbul Provincial Directorate of Tourism-December 2015)

When 11 months were evaluated it is seen that ever year there is rise in numbers but this rise rate decrease gradually.

FOREIGN TOURIST NUMBERS COMING TO ISTANBUL

	TURKEY		İSTANBUL		Change Rate Compare to 2014 (Monthly)	Change Rate Compare to 2014 (Cumulative)
	2014	2015	2014	2015		
<b>OCAK</b>	1.146.815	1.250.941	635.283	691.496	8,8	8,8
<b>ŞUBAT</b>	1.352.184	1.383.343	696.054	732.202	5,2	6,9
<b>MART</b>	1.851.980	1.895.940	866.985	944.931	9,0	7,7
<b>NİSAN</b>	2.652.071	2.437.263	1.014.662	1.037.506	2,3	6,0
<b>MAYIS</b>	3.900.096	3.804.158	1.079.598	1.182.906	9,6	6,9
<b>HAZİRAN</b>	4.335.075	4.123.109	1.090.284	1.091.357	0,1	5,5
<b>TEMMUZ</b>	5.214.519	5.480.502	1.155.407	1.400.183	21,2	8,3
<b>AĞUSTOS</b>	5.283.333	5.130.967	1.290.218	1.333.515	3,4	7,5
<b>EYLÜL</b>	4.352.429	4.251.870	1.181.742	1.205.089	2,0	6,8
<b>EKİM</b>	3.439.554	3.301.194	1.132.655	1.125.263	- 0,7	5,9
<b>KASIM</b>	1.729.803	?	844.289	848.420	0,5	5,5
			10.987.177	11.592.868		

(Source: İstanbul Provincial Directorate of Tourism-December 2015)

LOCATION	Europe	Anatolia	Facility Numver	Europe	Anatolia	Europe	Anatolia	Bed Number
TÜRÜ	Facility Numver		TOTAL	Oda Sayısı		Yatak Sayısı		TOTAL
Private Facility	104	9	113	3845	359	10211	719	10930
Boutique Hotel	13	2	15	639	42	1356	84	1440
5 Star Hotel	70	18	88	18044	4701	36603	9400	46003
4 Star Hotel	96	10	106	11197	927	22426	1833	24259
3 Star Hotel	93	14	107	5433	725	10628	1386	12014
2 Star Hotel	38	5	43	1329	170	2529	342	2871
1 Star Hotel	7	1	8	222	19	417	38	455
Apartment Hotel	2	1	3	58	36	154	72	226
Golf Facilities	3	1	4	26	9	52	18	70
Boarding House	1	-	1	32	-	64	-	64
Motel	1	-	1	123	-	166	-	166
<b>TOTAL</b>	<b>428</b>	<b>61</b>	<b>489</b>	<b>40948</b>	<b>6988</b>	<b>84606</b>	<b>13892</b>	<b>98498</b>



*Accommodation Facilities with “Tourism License” granted by the Ministry of Culture and Tourism - December 2015)*

The total bedding capacity of the 428 facilities, defined in the European and Asian sides all together, is of **98.498**. In addition, there are accommodation facilities in Istanbul with municipality permits; the estimated bedding capacity of these facilities is around 70.000.

LOCATION	Europe	Anatolia	Facility Number	Europe	Anatolia	Europe	Anatolia	Bed Number
TÜRÜ	Tesis Sayısı		TOTAL	Oda Sayısı		Yatak Sayısı		TOTAL
Private Facility	19	-	19	949	-	1379	-	1379
Boutique Hotel	17	-	17	648	-	1302	-	1302
5 Star Hotel	33	6	39	9830	1245	19295	2620	21915
4 Star Hotel	52	12	64	5749	1819	11364	3670	15034
3 Star Hotel	49	10	59	2639	1108	5264	2172	7436
2 Star Hotel	6	1	7	116	20	221	40	261
1 Star Hotel	1	-	1	10	-	20	-	20
Apartment Hotel	1	-	1	30	-	60	-	60
Golf Facilities	178	29	207	19971	4192	38905	8502	47407

*Accommodation Facilities with "Tourism License" granted by the Ministry of Culture and Tourism - December 2015)*

207 hotels and accommodation facilities having a bedding capacity of 49.420 still under construction in Istanbul

#### 4.4.4 Information with Regard to the Hotel Market in Zeytinburnu

The district of Zeytinburnu, where the Novotel and the Ibis Hotel, subject to this appraisal, are located, stands out on account of significant hotel investments. A market research has been conducted in relation to the hotels that are in a rival position for Novotel and Ibis Hotel, by taking into account factors such as area, customer group, products on offer and pricing.

The area is a competition ground, especially in terms of hotels situated close to the airport. Moreover, with the Zeyport investment materializing, an expansion in the customer group of the hotel in is question.

Company prices with regard to the hotels in the district of Zeytinburnu have been provided in the table below.

<b>NAME OF THE HOTEL</b>	<b>TOTAL NUMBER OF ROOMS</b>
<b>Wow Otel (*****)</b>	275
<b>Radisson Sefaköy (*****)</b>	326
<b>Courtyard Marriott(*****)</b>	264
<b>Holiday Inn Airport(*****)</b>	330
<b>Ataköy Marina (****)</b>	170

\* It has been noted that the special prices given for companies vary between 60 – 300 Euros, breakfast included.

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

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

The real estate subject to the appraisal is situated at the open address of Neighborhood of Kazlıçeşme, Kennedy Avenue, No: 56 Zeytinburnu, Istanbul. It is registered at the land registry with the Block No: 774, Plot no: 55, district of Zeytinburnu, city of Istanbul. The plot contains two operating hotels, the 4 Stars Novotel and the 3 Stars Ibis Hotel.

The district where the real estate subject to this appraisal study is located is a developing district of Istanbul, with residential and tourism facilities. The area where the real estate is located is dense with commercial and residential buildings. Moreover, it constitutes a significant tourism area. Various tourism investments, which have been realized and will be realized in the vicinity of the real estate, prove that the region is an important area for the tourism industry.



*Satellite Images of the Vicinity of Novotel and Ibis Hotel*

The real estates are accessed from the Kennedy Avenue (Bakırköy – Eminönü Coastal Road). The area is easily accessible due to its localization. Furthermore, it is possible to access the area by sea and land with public transportation such as bus, minibüs and the Marmaray. In addition, with the completion of the partially operating Marmaray line and the Eurasia tunnel, it will become even easier to reach the region.

The real estate subject to the appraisal are at a distance of approximately 18 km to the Bosphorus Bridge, 24 km to the Fatih Sultan Mehmet Bridge, 10 km to the Atatürk Airport and 55 km to the



Sabiha Gökçen Airport. To reach the real estate, one follows the coastal road from Eminönü and continues towards the Yenikapı Sea Bus Docks without detour. The real estate in question is situated on the right side of the avenue, before Bakırköy and after roughly 7,5 km from Sirkeci. The Ibis Hotel is located at the east façade of the plot, while the Novotel is located at the western façade; both of the hotels have a panoramic view to the sea. It is easy to access the area by private vehicle and public transportation.

The Toyota Derindere Authorized Service building, The Yenikapı Sea Bus Docks, the World Trade Center, the Istanbul Atatürk Airport, the Galleria Shopping Mall, the Zeytinburnu Port, the Ataköy Marina, the Veliefendi Hippodrome, the Bakırköy Sea Bus Dock, along with commercial and residential based buildings, are all situated in the vicinity of the real estate subject to the appraisal. The real estate is located at a distance of approximately 6,5 km to the Istanbul Yeşilköy Atatürk Airport, 2,7 km to the D-100 (E-5) Highway and 7,5 km to Eminönü. The fact that the hotels in question are situated close to the airport, together with the fact that they have a panoramic view to the sea, as well as a façade directly to the coastal road, all constitute noteworthy advantages.

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

		Main Real Estate	Right of Construction
City	:	İstanbul	İstanbul
District	:	Zeytinburnu	Zeytinburnu
Neighborhood	:	Zeytinburnu	Zeytinburnu
Section No	:	85/1	85/1
Block No	:	774	774
Plot No	:	55	55
Surface Area	:	11.720,00 m <sup>2</sup>	-
Owner	:	Treasury	Akfen Real Estate Investment Trust Inc.
Type	:	Ground Floor + 12 Regular Floors Hotel Building and Ground Floor + 7 Regular Floors Hotel Building and Their Land	Construction Right" on the plot with Block no: 774 and Plot no: 55 for the duration of 49 years, registered on the page no: 604
Land Title Date	:	31.01.2003	02.09.2008
Roll No	:	690	11020
Volume No	:	7	7
Page No	:	<b>604</b>	<b>610</b>



The real estate subject to the appraisal is registered at the Land Registry of Zeytinburnu, at the **Neighborhood of Zeytinburnu, volume no: 7, page 610**, it consists of a “Ground Floor + 12 Regular Floors Hotel Building and Ground Floor + 7 Regular Floors Hotel Building and Their Lands” nature and its owner is the “Treasury”.

The real estate has been allocated an independent and permanent construction for the duration of 49 years, on behalf of Akfen Real Estate Investment Trust Inc.. and has been annotated accordingly in the same land registry book (**Neighborhood of Zeytinburnu, volume no: 7**) page no: **610**. The land registry information on both pages has been provided at the table above.

### **5.2.1 Investigation of the Land Registry of the Real Estate**

According to the inspections performed at the Land Registry Office, on the date of 01.12.2015, land titles with regard to the real estate subject to the appraisal have been provided below. The document has been enclosed herewith.

#### **Appurtenance Rights Section (Neighborhood of Zeytinburnu, volume no: 7, page no: 604)**

- *The “right of construction” that has been allocated independently and permanently on behalf of Akfen Real Estate Investment Trust Inc. for the duration of 49 years has been recorded on the page 610. Dated 04.12.2003 and Roll No: 6650.*

#### **Annotations Section Volume no. 7, page no. 604**

- *As it can be observed in the 03.09.2008 dated agreement table with the number 11096, there has been an official deed change with regard to the construction right (Dated 03.09.2008 and Roll no. 11096)*

#### **Appurtenance Rights Section (Neighborhood of Zeytinburnu, volume no: 7, page no: 610)**

- *The “right of construction” has been allocated independently and permanently. Surface area of 11.720,00 m<sup>2</sup>, Starting Date: 04.12.2003, Duration: 49 Years, Owner/Lessor: Akfen Real Estate Investment Trust Inc. Dated 04.12.2003 and Roll No: 6650.*

#### **Annotations Section Volume no. 7, page no. 610**

- *As it can be observed in the 03.09.2008 dated agreement table with the number 11096, there has been an official deed change with regard to the construction right (Dated 03.09.2008 and Roll no. 11096)*

#### **Pledges Section (Neighborhood of Zeytinburnu, volume no: 7, page no: 610)**

- *C-I: Existence of a 1<sup>st</sup> degree mortgage, dated 28.01.2015, roll no. 3407 on behalf of Credit Europe Bank N.V with an amount of 173.052.185,00 EURO, at an interest rate of 7,2%.*

**Considerations:** This mortgage is in joint with DMH over *Osmangazi Tapu Md. Altinova Quarter* Block No. 3198, Plot No: 67, DMH over *Kocasinan Tapu Md. Pervane Quarter* Block No: 2420, Plot No: 9, DMH over *Zeytinburnu Tapu Md. Zeytinburnu Quarter* Block no: 774





*Plot no: 55, DMH over Şehitkâmil Tapu Md. Yaprak Quarter Block no: 5020 Plot no:2, DMH over Esenyurt Tapu Md. Yakuplu Mahallesi 404 ada 39 parsel, Yomra Tapu Md. Kaşüstü/Cumhuriyet Quarter Block no: 209 Plot no: 12, independent unit no. 1 with Block no: 585 Plot no: 2 in Çınarlı Quarter, , independent unit no. 2 with Block no: 585 Plot no: 2.*

The land title registry samples relative to the real estate subject to the appraisal have been enclosed herewith.

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

There are no buying or selling activities with regard to the real estate, within the last three years.

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

C-I: There is 1<sup>st</sup> degree mortgage, dated 28.01.2015, roll no. 3407 on behalf of Credit Europe Bank N.V with an amount of 173.052.185,00 EURO, at an interest rate of 7,2%.

In the document of Land Registry and Cadastre Information System (TAKBIS), it is written that above mentioned mortgage is 1<sup>st</sup>, 2<sup>nd</sup>, and 3<sup>rd</sup> degree. In the mortgage document, on the other hand, it was seen that it is 1<sup>st</sup> degree mortgage. In this regard, directorate of land registry informed that it is because of systematic error.

With reference to the letter from the mortgage owner, Credit Europe Bank N.V. on the date of 07.12.2015; the mortgages in question, in accordance with the agreement between Akfen Real Estate Investment Trust Inc. and Accor SA., the project consisted as warrant of financing syndicated loan provided in 2015, on the purpose of investment financing regarding 1 hotel under construction with brand of "IBIS", and 8 hotels, which have been operating with brands of "IBIS" and "NOVOTEL". The related letter from the credit Bank Europe has been enclosed herewith.

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

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



### 5.3 Inspection of the Zoning Information of the Real Estate

According to the inspections carried out at the Municipality of Zeytinburnu Zoning and Urbanism Directorate, on the date of 01.12.2015, and to the zoning plan section that is enclosed, the zoning status of the real estate has been provided below:

The real estate subject to the appraisal, within the scope of the “Implementary Development Plan of Ataköy” approved on the date of 15.06.2007 by the Ministry of Culture and Tourism, with a scale of 1/1000, is included under the “Preferential Area of Use”. The structuring conditions provided in the Plan:

\* Construction Example 2,50 (For the Tourism Facilities),

\* Hmax (Max Height) = cannot exceed 70m.

\* “Applied according to the concept project and approved by the Metropolitan Municipality” statement is included.

\* Pursuant to the information obtained from the Municipality of Zeytinburnu Zoning Directorate, the following change has been made in the plan notes of the real estate’s legend on the date of 28.02.2012.

“In the case of being found suitable with the detailed geotechnical reports, approved by the General Directorate of Disaster Affairs that Studies the Relation between Construction Condition Elevation, Ground – Structure, Structure – Earthquake in the TK Areas, Hmax = 70m (Roof – Chimney included) cannot be exceeded.”

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

Approved Architectural Project: There is a 06.01.2005 dated approved architectural project.

Construction Permit: 06.01.2005 dated “Construction Permit” with the number 2004/6254 granted for the purpose of “Hotel” covering an area of 26.372 m2.

Occupancy Permit: 23.02.2007 dated “Occupancy Permit” with the number 2007/1544 granted for the purpose of “Hotel” covering an area of 26.372 m2. The documents in question have been enclosed herewith.

*Conforming to the inspections carried out on site, there are no differences to be found between the ongoing situation and the legal situation. The current building is effectively in accordance with the 23.02.2007 dated “Occupancy Permit” with the number 2007/1544.X*



### **5.3.2 Building Inspection Institution and Maintenance**

The structural maintenance of the real estate subject to the appraisal has been performed by Birikim Yapı Denetim Ltd Şti, operating at the address of İncirli Avenue, Toprak Apt. No: 37, Kat.2 Bakırköy / İstanbul.

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

There is not any change within the last three years.

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

All of the necessary permits and licenses, such as the Zoning Status Document, the Approved Architectural Project, the Construction Permit and Occupancy Permit required by the Turkish Law, have been obtained in full, with regard to the hotel real estate subject to the appraisal.

### **5.3.5 Opinion Whether There Is an Obstacle in Including the Investment Trust Portfolio in Terms of Zoning Information to the Real Estate within the Scope of the Capital Market Legislation**

There are no changes in the structuring conditions and the current zoning status of the plot where the real estate subject to this appraisal is located. (The change “Hmax = 70m (roof and chimney included) cannot be exceeded” that has been applied on the plans with the date of 28.02.2012 does not affect the real estate) The buildings presently found on the plot have the required approved architectural project, construction permit and occupancy permit; therefore, there are no obstacles that prevent the real estate from being included in the Real Estate Investment Trust portfolio in terms of zoning information, within the scope of the Capital Market Board regulations.

### **5.3.6 Statement that the Detailed Information, along with the Value in Question Regarding the Project, are Completely in Connection with the Project and that, in the case of Executing a Different Project, the Resulting Value Might Vary**

The appraisal study in question is not carried out within the scope of the “project evaluation”.

## 5.4 Physical Characteristics of the Real Estate

### 5.4.1 Structural Construction Characteristics of the Real Estate

The real estate subject to this appraisal study consists of “Ground Floor + 12 Regular Floors Hotel Building and Ground Floor + 7 Regular Floors Hotel Building and Their Land”, located in the city of Istanbul, district of Zeytinburnu, Neighborhood of Zeytinburnu, Block no: 774, Plot no: 5, with a surface area of 11.720,00 m<sup>2</sup>.

There is a building on the plot, constructed in two blocks in reinforced concrete; these are currently being used as the NOVOTEL and the IBIS Hotel. The block constituting the NOVOTEL is comprised of 2 basement floors + ground floor + 12 regular floors, whereas the block constituting the IBIS hotel is comprised of 2 basement floors + ground floor + 7 regular floors.

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

The construction permit obtained for the real estate subject to the appraisal is for the surface area of 26.372,00 m<sup>2</sup> and, considering that the building has been constructed in accordance with the approved architectural project, the appraisal report has been based on the enclosed surface area.

The total construction area is of 26.372,00 m<sup>2</sup>. The NOVOTEL construction area has 16.649 m<sup>2</sup>, while the IBIS Hotel construction area has 9.723 m<sup>2</sup>. There are 208 rooms at the Novotel, while there are 228 at the Ibis Hotel.

According to the approved architectural project and the onsite inspection performed, the **basement floor** of the block used as the NOVOTEL is comprised of facilities such as closed car park, management offices, laundry, staff dining hall, technical and fixture volumes, the water pressure room and W.C.’s. These areas are common spaces for both the NOVOTEL and the IBIS Hotel.

The ground floor of the NOVOTEL is comprised of the reception area, lobby, restaurant, bar, foyer area, conference rooms, kitchen, W.C.’s, administrative offices and the 20m<sup>2</sup> office leased by Tamaris Turizm A.Ş. **On the 1<sup>st</sup> Floor**, there is the fitness center, sauna, steam rooms, rest rooms and massage rooms. On the 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup>, 5<sup>th</sup>, 6<sup>th</sup>, 7<sup>th</sup>, 8<sup>th</sup>, 9<sup>th</sup>, 10<sup>th</sup>, 11<sup>th</sup> and 12<sup>th</sup> regular floors are the hotel rooms. Although the rooms in the NOVOTEL may have different characteristics, in reality there are three types of rooms. Of the 208 rooms of the hotel, 6 of them are suites, 25 of them are executive rooms and 177 of them are standard rooms. On the 2<sup>nd</sup> floor of the hotel, there are 14 rooms, on the 3<sup>rd</sup>, 4<sup>th</sup>, 5<sup>th</sup> and 6<sup>th</sup> floors there are 20 rooms and on the 7<sup>th</sup>, 8<sup>th</sup>, 9<sup>th</sup>, 10<sup>th</sup>, 11<sup>th</sup> and 12<sup>th</sup> floors there are 19 rooms.

On the ground floor of the IBIS Hotel, there is the reception area, lobby, restaurant, bar, W.C.’s and 11 rooms; on the 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup>, 5<sup>th</sup>, 6<sup>th</sup>, 7<sup>th</sup> floors are the rooms, 31 on each. The rooms in Ibis Hotel are standard rooms.



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

Floors			
<b>2nd Basement Floor</b>	1.468		Closed Car Park and Storage Areas
<b>1st Basement Floor</b>	3.474	322	Closed Car Park, administrative offices, laundry, mess hall, technical and fixture volumes, automation, technical material room, technical storage, electricity central, personnel entrance, personnel registry and accounting, machine room, shelter, locker rooms, W.C's and storage rooms
<b>Ground Floor</b>	2.197	2.051	Lobby, restaurant, conference rooms, foyer areas, kitchen, business center, bar, office leased by Tamaris Turizm A.Ş.
<b>1st Regular Floor</b>	1.018	927	Fitness center, sauna, steam room, resting room, 4 massage rooms
<b>2<sup>nd</sup> Regular Floor</b>	772	691	Bedroom Story (14 rooms)
<b>3<sup>rd</sup> Regular Floor</b>	772	691	Bedroom Story (20 rooms)
<b>4<sup>th</sup> Regular Floor</b>	772	691	Bedroom Story (20 rooms)
<b>5<sup>th</sup> Regular Floor</b>	772	691	Bedroom Story (20 rooms)
<b>6<sup>th</sup> Regular Floor</b>	772	691	Bedroom Story (20 rooms)
<b>7<sup>th</sup> Regular Floor</b>	772	691	Bedroom Story (19 rooms)
<b>8<sup>th</sup> Regular Floor</b>	772	691	Bedroom Story (19 rooms)
<b>9<sup>th</sup> Regular Floor</b>	772	691	Bedroom Story (19 rooms)
<b>10<sup>th</sup> Regular Floor</b>	772	691	Bedroom Story (19 rooms)
<b>11<sup>th</sup> Regular Floor</b>	772	691	Bedroom Story (19 rooms)
<b>12<sup>th</sup> Regular Floor</b>	772	691	Bedroom Story (19 rooms)
<b>Total Hotel Block Area</b>	<b>16.649</b>	<b>10.901</b>	

<b>Ibis Hotel Architectural Project Floor Areas and Functions</b>			
<b>Floors</b>	<b>Gross Construction Area (m2)</b>	<b>Construction Area Included in the Example (m2)</b>	<b>Usage Status</b>
<b>2nd Basement Floor</b>	734		Closed Car Park
<b>1st Basement Floor</b>	1.816		Closed Car Park, technical and fixture volumes
<b>Ground Floor</b>	1.245	1.162	Lobby, restaurant, kitchen and room volumes (11 rooms)
<b>1st Regular Floor</b>	858	781	Bedroom Story (31 rooms)
<b>2<sup>nd</sup> Regular Floor</b>	845	753	Bedroom Story (31 rooms)
<b>3<sup>rd</sup> Regular Floor</b>	845	752	Bedroom Story (31 rooms)
<b>4<sup>th</sup> Regular Floor</b>	845	753	Bedroom Story (31 rooms)
<b>5<sup>th</sup> Regular Floor</b>	845	753	Bedroom Story (31 rooms)
<b>6<sup>th</sup> Regular Floor</b>	845	753	Bedroom Story (31 rooms)
<b>7<sup>th</sup> Regular Floor</b>	845	753	Bedroom Story (31 rooms)
<b>Total Hotel Block Area</b>	9.723	6.461	

The hotel surface area, including the construction area, is of 17.361,32 m<sup>2</sup>; according to the zoning status, 1,48 of the 2,50 comparable right has been used. According to the current zoning status, there is an area of 11.938,68 m<sup>2</sup> construction right included in the comparable, on the plot that has an area of 29.300 m<sup>2</sup> that is included in the construction right.

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

<b>Structural and Interior Construction Characteristics of the Novotel and the Ibis Hotel</b>	
<b>Total Construction Area</b>	26.372,00 m <sup>2</sup>
<b>Age</b>	7 years
<b>Construction Type</b>	Reinforced Concrete
<b>Roof System</b>	Terrace Roof
<b>Manner</b>	Attached Manner
<b>Number of Floors</b>	<u>Novotel</u> : 15 Story (2 Basement Floors + Ground Floor + 12 Regular Floors) <u>Ibis Hotel</u> : 10 Story (2 Basement Floors + Ground Floor + 7 Regular Floors)
<b>Exterior Façade</b>	Partially granite and partially glass clad
<b>Electricity</b>	Grid Connection
<b>Heating System</b>	Central
<b>Water</b>	Grid Connection
<b>Sewage</b>	Central
<b>Elevator</b>	Available (6 in Novotel and 4 in Ibis Hotel)
<b>Ventilation System</b>	Available
<b>Fire Escape</b>	Available
<b>Fire Extinguisher System</b>	Available
<b>Car Park</b>	Available (Closed)
<b>Flooring</b>	Wall to wall carpet, ceramic an granite
<b>Walls</b>	Satin paint, ceramic tile, laminate and wall paper
<b>Joineries</b>	Exterior joineries are made of aluminum, while
<b>Ceilings</b>	Suspended Ceiling
<b>Illumination</b>	Front and back façades are partially glass, partially sinterflex and the remaining areas are a special

## Hotel Volume Details

### Conference Rooms:

There is a total of 4 multi-functional and dividable conference rooms; these have high ceilings and the necessary acoustic precautions have been taken; in addition, they possess a shared secretary area. The conference rooms have a common exit to the foyer area with 166 m<sup>2</sup>. The rooms support technical equipment (Barco vision, sound scheme and regular illumination system).

### Rooms:

**Novotel** consists of 208 rooms; there are 14 rooms on the second floor, 20 rooms each on the floors between 3 and 6, 19 rooms each on the floors between 7 and 12. 38 of these rooms are



communication rooms, 4 of them are disabled rooms, 6 of them suites and 160 of them are standard rooms. The room floors, each having an area of 772 m<sup>2</sup>, constitute an enclosed area of 8.492 m<sup>2</sup> in total. In the **Ibis Hotel**, there are 11 rooms on the ground floor and 31 on each of the remaining floors, making a total of 228 rooms. 18 of these rooms are sofa bed rooms, 42 of them are desk bed rooms, 45 of them are twin rooms, 6 of them are VIP rooms, 2 of them disabled and 115 of them are standard rooms. The first floor having an enclosed area of 858 m<sup>2</sup> and 845 m<sup>2</sup> on the rest of the remaining floors, making a total of 5.928 m<sup>2</sup> of enclosed area. In Ibis Hotel, the ground floor, together with the 3<sup>rd</sup>, 5<sup>th</sup> and 7<sup>th</sup> floors are smoking floors, as is the case with Novotel on the 4<sup>th</sup>, 5<sup>th</sup>, 6<sup>th</sup> and 12<sup>th</sup> floors. The rooms have access to air conditioning, minibar, internet connection, satellite television channels, direct telephone line, mini fridge, kettle, tea-coffee set up, hairdryer, fire extinguisher system, sound - announcement system, electronic door lock, private safe, 24 hours rooms service and dry cleaning services. Furthermore, Novotel provides fitness center, sauna, massage rooms and 1 outdoor pool to its customers.

All the rooms in Novotel have a complete or partial view to the sea; where as in Ibis Hotel, 132 rooms have a view the sea. 92 rooms in Novotel have a view to the pool.

#### **5.4.2 Inspections Performed Within the Premises of the Real Estate**

- Novotel and Ibis Hotel is a building block that has been constructed in an attached manner; these two operate as two separate hotels.
- Novotel consists of 2 basement floors + ground floor + 12 regular floors and has a total of 15 floors, while Ibis hotel consists of 2 basement floors + ground floor + 7 regular floors and has a total of 10 floors.



Floor Surface	Novotel	Ibis Hotel
2 <sup>nd</sup> Basement	1.468	734
1 <sup>st</sup> Basement	3.474	1.816
Ground Floor	2.197	1.245
1 <sup>st</sup> Regular Floor	1.018	858
2 <sup>nd</sup> Regular Floor	772	845
3 <sup>rd</sup> Regular Floor	772	845
4 <sup>th</sup> Regular Floor	772	845
5 <sup>th</sup> Regular Floor	772	845
6 <sup>th</sup> Regular Floor	772	845
7 <sup>th</sup> Regular Floor	772	845
8 <sup>th</sup> Regular Floor	772	
9 <sup>th</sup> Regular Floor	772	
10 <sup>th</sup> Regular	772	
11 <sup>th</sup> Regular	772	
12 <sup>th</sup> Regular	772	
	<b>16.649</b>	<b>9.723</b>

- The entrance to the Hotel is made from the coastal road.
- The Hotels are closely situated to major arterial roads and easily accessed.
- There are customer and service elevators, fire alarm and extinguisher systems, ventilation, air conditioning and heating systems available in the hotels.
- The hotel has a closed car park.
- The empty areas of the plot that are not within the building are covered in asphalt; there are partially green spaces. There is a pool in front of the Hotel.
- Other items of note, which have been included in the appraisal report, that have been detected in the area, are the substation building, concrete spaces, landscape works, concrete wall encompassing the plot, sentry box and ornamental pool. The cost of external and miscellaneous works has been included as additional cost to the calculations made according to the cost approach.
- The visitor entries to the facilities are made on the ground floor from different entrances.



## 6 FACTORS AFFECTING AND DETERMINING THE VALUE OF THE REAL ESTATE

### 6.1 Factors that Limit or Negatively Affect the Appraisal Process

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

### 6.2 Swot Analysis

#### Strengths

- The Hotels have high visibility and marketing capabilities due to their location.
- Opportunities are ample in terms of accessibility of the hotels.
- The hotels have a car park with sufficient capacity.
- The hotels are close to the E-5 Land Road and the Tem Highway, as well as to the coastal road.
- Significant tourism investments in the area are of notice.
- The hotels are located in considerable closed proximity to the Atatürk Airport.
- The real estate have a panoramic view to the sea.

#### Weaknesses

- The roads towards the front and back façades of the hotels cannot support the increasing transit in the area; therefore, traffic jams are becoming frequent.

#### Opportunities

- The tourism industry is a prominent industry in the area.
- Tourism investments in the area further reinforce the fact that this functionality of the region will continue to increase.

#### Threats

- Domestic and international economical fluctuations are directly affecting the real estate industry. This constitutes a probability of delaying the planned investments in the area.

### 6.3 Exemplary Share Rate in the Projects that Will Be Performed According to the Revenue Sharing and Flat for Land Methods

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

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

Since the real estate subject to this appraisal study is a revenue generating Hotel, the Revenue Approach and Cost Approach Methods have been employed. In the Cost Approach Method, the “Land value” has been determined according to the Exemplary Approach.

#### 6.4.1 Exemplary Approach

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

The exemplary lands with similar characteristics in the area that have been sold and are still for sale have been provided in the chart below.

No	Area	Price (TL)	Price (USD)	Price (Euro)	Explanation	Land Unit Price (TL/m <sup>2</sup> )	Land Unit Price t (USD/m <sup>2</sup> )	Land Unit Price (Euro/m <sup>2</sup> )
Example 1	500	9.812.250	3.500.000	3.175.691	Commercial, KAKS - (Kazlıçeşme Neighborhood nearby Kenedy Street)	19.625	7.000	6.351
Example 2	207	2.900.000	1.034.421	938.572	Residence + Commercial, KAKS 2 (Sümer Neighborhood)	5.800	2.069	1.877
Example 3	1700	25.231.500	9.000.000	8.166.063	Residence + Commercial, KAKS 2,5 (Nuripaşa Neighborhood)	50.463	18.000	16.332
Example 4	221	2.250.000	802.568	728.202	Combined zoning status, KAKS- (Kazlıçeşme Neighborhood, Very close to immovable)	4.500	1.605	1.456
Example 5	1600	28.035.000	10.000.000	9.073.403	Residence + Commercial, KAKS - (Kazlıçeşme Neighborhood, Near to Yedikule Hospital)	56.070	20.000	18.147

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

- No examples with similar characteristics and size compared to the real estate have been found; an estimate has been made for unit price per m<sup>2</sup> of the properties that are for sale from owners. However, the investments (Zeyport Project, Marmaray, etc.) made in recent times in the area caused the lands even with lower unit price per m<sup>2</sup> to rise to astronomical amounts.
- As a result of researches and interviews at the related area, by considering examples above, sales values of lands, which are similar with subjected immovable in terms of construction, were predicted:

	Emsal 1	Emsal 2	Emsal 3	Emsal 4	Emsal 5
Demanded Price	9.812.250 TL	2.900.000 TL	25.231.500 TL	2.250.000 TL	28.035.000 TL
Room for Negotiation	20%	10%	20%	10%	15%
Value after bargaining	7.849.800 TL	2.610.000 TL	20.185.200 TL	2.025.000 TL	23.829.750 TL
Size (m <sup>2</sup> )	500	207	1.700	221	1.600
Unit m <sup>2</sup> Sales Value	15.699,60	12.608,70	11.873,65	9.162,90	14.893,59
Location Correction	0%	5%	5%	0%	0%
Surface Area Correction	10%	10%	5%	10%	5%
Zoning Status Correction	10%	10%	0%	10%	10%
Total Correction Coefficient	120%	125%	110%	120%	115%
Corrected Price per Unit (USD)	18.840	15.761	13.061	10.995	17.128
Average	<b>15.157 TL</b>				

#### Değerleme Uzmanının Profesyonel Takdiri:

Taking into account the factors relative to the real estate subject to the appraisal, such as its location, the area of the plot, zoning status with tourism facility, formation of its vicinity, existence of two hotel buildings on the plot that are operational and bring in revenue, possessing all the required legal permits and classifications, legal status and the prices of the surrounding real estate examples, the land unit sale value has been estimated to be **15.000 TL/m<sup>2</sup>**.

- Full property value for land value of parcel subjected to appraisal was estimated as 15.000 TL/m<sup>2</sup> (4.905 €/m<sup>2</sup>).
- 1/3 of unit m<sup>2</sup> land value was accepted as bare ownership and 2/3 of it was accepted as right of construction value.

Unit m<sup>2</sup> value of construction right of the land at for today was calculated by dividing the remaining time from the right of construction to total time.

Price per Unit Land Value of the Remaining Time for the Right of Construction *	7.122 TL
Size of the Land	11.720,0 m <sup>2</sup>
Total Land Value (TL)	83.475.102 TL
Total Land Value (Euro)	27.016.345 €

Unit Land Value	15.000 TL
Right of Construction Value Rate	2/3
Remaining Time for Right of Construction (YEARS)	34,6
Price per Unit Land Value of the Remaining Time for the Right of Construction *	7.122 TL

\*: When the remaining time value resulting from the right of construction of the land is calculated, for the right of construction value of the land, it has been employed as 2/3 at the first step. Afterwards, the remaining time from the right of construction for 49 years is calculated in order to determine the current unit value of the land for the right of construction.

Unit Land Value of the Remaining Time for the Right of Construction	=( Unit Land Value x The coefficient of the right of construction for 49 years x The remaining time from the right of construction)
Unit Land Value of the Remaining Time for the Right of Construction	=(15.000 TL x 2/3 x 34,6 /49)

#### 6.4.2 Cost Approach

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

#### COST TABLE (LAND + BUILDING)

	ENCLOSED AREAS			UNIT COSTS (EURO)(*)			AMORTIZED COST (€) (**)
	NOVOTEL	IBIS HOTEL		NOVOTEL	IBIS HOTEL		NOVOTEL
2 <sup>ND</sup> Basement Floor	1.468	734	<b>2.202</b>	500	500	<b>1.101.000</b>	<b>990.900</b>
1 <sup>ST</sup> Basement Floor	3.474	1.861	<b>5.335</b>	500	500	<b>2.667.500</b>	<b>2.400.750</b>
Ground Floor	2.197	1.245	<b>3.442</b>	1.200	1.100	<b>4.005.900</b>	<b>3.605.310</b>
1 <sup>ST</sup> Regular Floor	1.018	858	<b>1.876</b>	1.200	1.100	<b>2.165.400</b>	<b>1.948.860</b>
2 <sup>ND</sup> Regular Floor	772	845	<b>1.617</b>	1.200	1.100	<b>1.855.900</b>	<b>1.670.310</b>
3 <sup>RD</sup> Regular Floor	772	845	<b>1.617</b>	1.200	1.100	<b>1.855.900</b>	<b>1.670.310</b>
4 <sup>TH</sup> Regular Floor	772	845	<b>1.617</b>	1.200	1.100	<b>1.855.900</b>	<b>1.670.310</b>
5 <sup>TH</sup> Regular Floor	772	845	<b>1.617</b>	1.200	1.100	<b>1.855.900</b>	<b>1.670.310</b>
6 <sup>TH</sup> Regular Floor	772	845	<b>1.617</b>	1.200	1.100	<b>1.855.900</b>	<b>1.670.310</b>
7 <sup>TH</sup> Regular Floor	772	845	<b>1.617</b>	1.200	1.100	<b>1.855.900</b>	<b>1.670.310</b>
8 <sup>TH</sup> Regular Floor	772		<b>772</b>	1.200		<b>926.400</b>	<b>833.760</b>
9 <sup>TH</sup> Regular Floor	772		<b>772</b>	1.200		<b>926.400</b>	<b>833.760</b>
10 <sup>TH</sup> Regular Floor	772		<b>772</b>	1.200		<b>926.400</b>	<b>833.760</b>
11 <sup>TH</sup> Regular Floor	772		<b>772</b>	1.200		<b>926.400</b>	<b>833.760</b>
12 <sup>TH</sup> Regular Floor	772		<b>772</b>	1.200		<b>926.400</b>	<b>833.760</b>
<b>TOTAL CONSTRUCTION COST</b>							<b>23.136.480</b>
External Miscellaneous Works (***) (€)							<b>650.000</b>
<b>TOTAL STRUCTURE VALUE (€)</b>							<b>23.786.480</b>
<b>LAND VALUE (€)</b>							<b>27.016.345</b>
<b>TOTAL VALUE (€)</b>							<b>50.803.000</b>

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

(\*\*) The date of completion of the construction of the real estate subject to the appraisal is 2007. The appraisal has been conducted by taking into consideration the age and physical status of the real estate.

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



### **6.4.3 Cost Discount / Development Approach**

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

#### **NOVOTEL PROJECTION:**

- The NOVOTEL consists of 208 rooms.
- It has been estimated that the occupancy rate of the hotel in the year of 2016 will be of 73% and that this rate will increase until the year of 2021, which will then reach 85%, thus continuing in this manner, in the following years.
- It has been assumed that the hotel will be operating for 365 days a year.
- The hotel prices have been calculated based on the room-breakfast system. Taking into account the performance of the hotel in the previous year, along with the surveys performed in regards to the tourism industry in the area, it has been estimated that the average price for a room will be 75 EUR, in the year of 2016. Moreover, it has been anticipated that this price will increase annually based on the inflation rate in the Euro Zone (2,5%).
- Considering the performance of the facility, it has been assumed that the room revenues will constitute 74% of the total revenue, whereas the total department revenues will be around 26%.
- The gross operating profit has been calculated by subtracting the department and operating expenses from the total revenues. It has been determined that the Gross Operating Profit (GOP) in the hotel will be of 49% in the year of 2016.
- It has been acknowledged that the office Tamaris Turizm A.Ş. has been leased inside of the NOVOTEL, thus generating a lease revenue of 8.610 Euro for the year of 2016; furthermore, this amount will be directly transferred to Akfen Real Estate Investment Trust Inc.
- It has been acknowledged that the lease value of the office leased by Tamaris Turizm will increase at a rate of 2,5% annually.

#### **IBIS HOTEL PROJECTION:**

- The hotel subject to the appraisal consists of 228 rooms.
- It has been estimated that the occupancy rate of the hotel will be of 75% in the year of 2016 and of 83% in the year of 2021, thus continuing in this manner, in the following years.
- It has been assumed that the hotel will be operating for 365 days a year.
- The hotel prices have been calculated based on the room-breakfast system. Taking into account the performance of the hotel in the previous year, along with the surveys performed in regards to the tourism industry in the area, it has been estimated that the average price



for a room will be 71 EUR, in the year of 2016. Moreover, it has been anticipated that this price will increase 2,5% and 5% until 2021, and after 2021 annually based on the inflation rate in the Euro Zone (2,5%).

- Considering the performance of the facility, it has been assumed that the room revenues will constitute 86,5% of the total revenue, whereas the total department revenues will be around 13,5%.
- The gross operating profit has been calculated by subtracting the department and operating expenses from the total revenues. It has been determined that the Gross Operating Profit (GOP) in the hotel will be of 58% in the year of 2016 and that it will remain stable in the following years.

#### **General Acceptances (For NOVOTEL and IBIS HOTEL)**

- Both of the hotels are exempt from real estate taxes.
- According to the information obtained from Akfen Real Estate Investment Trust Inc., it has been acknowledged that the insurance value for the year of 2016 will be of 66.479 Euro and that it will remain Therefore, on account of the estimation made that there will not be any increases in the insurance premium by Akfen Real Estate Investment Trust Inc. in the following years.
- Furniture Fixture Renovation Reserve has been acknowledged to be 1,5% of the annual gross revenue.
- The annually paid “Right of Construction” value has been accepted in accordance with the lease agreement signed between Akfen Real Estate Investment Trust Inc. and the Treasury.
- It has been agreed upon in accordance with the lease agreement between Akfen Real Estate Investment Trust Inc. and the Treasury that the annual “Right of Construction” value to be paid for the year of 2016 is 134.225 and that it will increase 3% annually.
- With the completion of the 49 years’ time period, the construction right will terminate and the land together with the facilities found within will be transferred to the Treasury in operable condition.
- In the appraisal study, the 10 year Eurobond interest rate of 4,80% has been employed as the “Risk Free Revenue Rate”. (In this appraisal study, the most ready 10 year EURO base Eurobond revenue rate has been employed as the risk free revenue rate.)
- Uncertainty in investments is related with the concept of risk. Height of risk is explained as possibility of law gained revenue than expected. There are two types of risks: systematic risk and unsystematic risk. Systematic risks are classified as interest rate, purchase power risk (inflation), market risk, political risk, exchange risk. Unsystematic risks are classified as





business and sector risk, liquidity risk, management risk, risk of cannot fulfill responsibilities, taxation and revenue differences risk. Additional warrant to meet mentioned risk is risk prim. It can be calculated as difference in expected revenues of a risked property and less risked property. In 2006, rebound of economic growth is expected for rising markets and developing economies. Risks balance is still downwards.

- Invested money for immovable is founder element of capital rate. It is defined also as expected average revenue rate or interest rate. Average expected rate from immovable investments must not be less than revenue of safe lending. Accordingly, reduction ratio is determined as 9,5% for “operating model cash flow”.



## Novotel Cash Flow

DISCOUNTED CASH FLOW TABLE																					
Name of the Hotel	ZEYTINBURNU NOVOTEL																				
Land Area (m2)	11.720,00																				
Total Construction Area (m2)	16.649,00																				
Year	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17			
Date	31.12.2015	31.12.2016	31.12.2017	31.12.2018	31.12.2019	31.12.2020	31.12.2021	31.12.2022	31.12.2023	31.12.2024	31.12.2025	31.12.2026	31.12.2027	31.12.2028	31.12.2029	31.12.2030	31.12.2031	31.12.2032			
Agreement Duration																					
<b>REVENUES</b>																					
<b>ROOM REVENUES</b>																					
Annual Average Occupancy, %		73%	74%	77%	77%	81%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%			
Average Room Price, EUR		75	77	81	83	87	91	96	98	101	103	106	108	111	114	117	120	123			
<b>Total Room Revenues</b>		4.156.620	4.345.746	4.746.879	4.865.551	5.372.646	5.918.286	6.214.201	6.369.556	6.528.795	6.692.015	6.859.315	7.030.798	7.206.568	7.386.732	7.571.400	7.760.685	7.954.702			
<b>DEPARTMENT REVENUES</b>																					
<b>Total Department Revenues</b>		1.460.434	1.526.884	1.679.168	1.709.518	1.887.686	2.079.398	2.183.368	2.237.952	2.293.901	2.351.248	2.410.030	2.470.280	2.532.037	2.595.338	2.660.222	2.726.727	2.794.895			
<b>TOTAL REVENUES</b>		5.617.054	5.872.630	6.426.046	6.575.068	7.260.332	7.997.684	8.397.569	8.607.508	8.822.695	9.043.263	9.269.344	9.501.078	9.738.605	9.982.070	10.231.622	10.487.412	10.749.598			
<b>EXPENSES</b>																					
<b>DEPARTMENT EXPENSES</b>																					
<b>Total Department Expenses</b>		1.976.501	2.066.432	2.262.517	2.313.602	2.554.729	2.814.185	2.954.894	3.028.767	3.104.486	3.182.098	3.261.651	3.343.192	3.426.772	3.512.441	3.600.252	3.690.258	3.782.515			
<b>Net Department Expenses</b>		3.640.553	3.806.198	4.163.529	4.261.466	4.705.603	5.183.499	5.442.674	5.578.741	5.718.210	5.861.165	6.007.694	6.157.886	6.311.833	6.469.629	6.631.370	6.797.154	6.967.083			
<b>OPERATION EXPENSES</b>																					
<b>Total Operation Expenses</b>		870.643	910.258	996.037	1.019.136	1.125.351	1.239.641	1.301.623	1.334.164	1.367.518	1.401.706	1.436.748	1.472.667	1.509.484	1.547.221	1.585.901	1.625.549	1.666.188			
<b>Gross Operation Income</b>		2.769.910	2.895.941	3.167.492	3.242.331	3.580.251	3.943.858	4.141.051	4.244.577	4.350.692	4.459.459	4.570.945	4.685.219	4.802.350	4.922.408	5.045.469	5.171.605	5.300.895			
<b>Akfen 3. Party Revenue</b>		8.610	8.825	9.046	9.272	9.504	9.741	9.985	10.235	10.490	10.753	11.022	11.297	11.579	11.869	12.166	12.470	12.782			
<b>Year 18-36</b>																					
Year	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36		
Date	31.12.2033	31.12.2034	31.12.2035	31.12.2036	31.12.2037	31.12.2038	31.12.2039	31.12.2040	31.12.2041	31.12.2042	31.12.2043	31.12.2044	31.12.2045	31.12.2046	31.12.2047	31.12.2048	31.12.2049	31.12.2050	18.11.2051		
Agreement Duration																					
<b>REVENUES</b>																					
<b>ROOM REVENUES</b>																					
Annual Average Occupancy, %		85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%		
Average Room Price, EUR		126	129	132	135	139	142	146	149	153	157	161	165	169	173	178	182	187	191	196	
<b>Total Room Revenues</b>		74%	8.153.570	8.357.409	8.566.344	8.780.503	9.000.016	9.225.016	9.455.641	9.692.032	9.934.333	10.182.691	10.437.259	10.698.190	10.965.645	11.239.786	11.520.781	11.808.800	12.104.020	12.406.621	11.657.054
<b>DEPARTMENT REVENUES</b>																					
<b>Total Department Revenues</b>		26%	2.864.768	2.936.387	3.009.797	3.085.042	3.162.168	3.241.222	3.322.252	3.405.309	3.490.441	3.577.702	3.667.145	3.758.824	3.852.794	3.949.114	4.047.842	4.149.038	4.252.764	4.359.083	4.095.722
<b>TOTAL REVENUES</b>		100%	11.018.338	11.293.796	11.576.141	11.865.545	12.162.183	12.466.238	12.777.894	13.097.341	13.424.775	13.760.394	14.104.404	14.457.014	14.818.439	15.188.900	15.568.623	15.957.838	16.356.784	16.765.704	15.752.776
<b>EXPENSES</b>																					
<b>DEPARTMENT EXPENSES</b>																					
<b>Total Department Expenses</b>		35%	3.877.078	3.974.005	4.073.355	4.175.188	4.279.568	4.386.557	4.496.221	4.608.627	4.723.843	4.841.939	4.962.987	5.087.062	5.214.238	5.344.594	5.478.209	5.615.164	5.755.543	5.899.432	5.543.008
<b>Net Department Expenses</b>		65%	7.141.260	7.319.792	7.502.786	7.690.356	7.882.615	8.079.680	8.281.672	8.488.714	8.700.932	8.918.455	9.141.417	9.369.952	9.604.201	9.844.306	10.090.414	10.342.674	10.601.241	10.866.272	10.209.768
<b>OPERATION EXPENSES</b>																					
<b>Total Operation Expenses</b>		16%	1.707.842	1.750.538	1.794.302	1.839.159	1.885.138	1.932.267	1.980.574	2.030.088	2.080.840	2.132.861	2.186.183	2.240.837	2.296.858	2.354.280	2.413.137	2.473.465	2.535.302	2.598.684	2.441.680
<b>Gross Operation Income</b>		49%	5.433.418	5.569.253	5.708.485	5.851.197	5.997.477	6.147.413	6.301.099	6.458.626	6.620.092	6.785.594	6.955.234	7.129.115	7.307.343	7.490.026	7.677.277	7.869.209	8.065.939	8.267.588	7.768.088
<b>Akfen 3. Party Revenue</b>		13.101	13.429	13.764	14.108	14.461	14.823	15.193	15.573	15.962	16.362	16.771	17.190	17.620	18.060	18.512	18.974	19.449	19.935	18.731	



## IBIS Hotel Cash Flow

Discountes Cash Flow																	
Date	31.12.2015	31.12.2016	31.12.2017	31.12.2018	31.12.2019	31.12.2020	31.12.2022	31.12.2023	31.12.2024	31.12.2025	31.12.2026	31.12.2027	31.12.2028	31.12.2029	31.12.2030	31.12.2031	31.12.2032
<b>REVENUES</b>																	
<b>ROOM REVENUES</b>																	
Annual Average Occupancy , %		75%	77%	77%	77%	80%	83%	83%	83%	83%	83%	83%	83%	83%	83%	83%	83%
Average Room Price, EUR		71	75	76	80	82	89	91	93	95	98	100	103	105	108	111	113
<b>Total Room Revenues</b>	<b>4.431.465</b>	<b>4.746.099</b>	<b>4.864.751</b>	<b>5.107.989</b>	<b>5.441.010</b>	<b>6.076.864</b>	<b>6.228.785</b>	<b>6.384.505</b>	<b>6.544.118</b>	<b>6.707.721</b>	<b>6.875.414</b>	<b>7.047.299</b>	<b>7.223.481</b>	<b>7.404.068</b>	<b>7.589.170</b>	<b>7.778.899</b>	
<b>DEPARTMENT REVENUES</b>																	
<b>Total Department Revenues</b>	<b>691.616</b>	<b>740.721</b>	<b>759.239</b>	<b>797.201</b>	<b>849.175</b>	<b>948.412</b>	<b>972.123</b>	<b>996.426</b>	<b>1.021.336</b>	<b>1.046.870</b>	<b>1.073.041</b>	<b>1.099.867</b>	<b>1.127.364</b>	<b>1.155.548</b>	<b>1.184.437</b>	<b>1.214.048</b>	
<b>TOTAL REVENUES</b>	<b>5.123.081</b>	<b>5.486.820</b>	<b>5.623.990</b>	<b>5.905.190</b>	<b>6.290.185</b>	<b>7.025.276</b>	<b>7.200.908</b>	<b>7.380.931</b>	<b>7.565.454</b>	<b>7.754.590</b>	<b>7.948.455</b>	<b>8.147.166</b>	<b>8.350.846</b>	<b>8.559.617</b>	<b>8.773.607</b>	<b>8.992.947</b>	
<b>EXPENSES</b>																	
<b>DEPARTMENT EXPENSES</b>																	
<b>Total Department Expenses</b>	<b>1.453.546</b>	<b>1.556.748</b>	<b>1.595.667</b>	<b>1.675.450</b>	<b>1.784.683</b>	<b>1.993.246</b>	<b>2.043.078</b>	<b>2.094.155</b>	<b>2.146.508</b>	<b>2.200.171</b>	<b>2.255.175</b>	<b>2.311.555</b>	<b>2.369.344</b>	<b>2.428.577</b>	<b>2.489.292</b>	<b>2.551.524</b>	
<b>Net Department Expenses</b>	<b>3.669.535</b>	<b>3.930.072</b>	<b>4.028.324</b>	<b>4.229.740</b>	<b>4.505.502</b>	<b>5.032.030</b>	<b>5.157.830</b>	<b>5.286.776</b>	<b>5.418.946</b>	<b>5.554.419</b>	<b>5.693.280</b>	<b>5.835.612</b>	<b>5.981.502</b>	<b>6.131.039</b>	<b>6.284.315</b>	<b>6.441.423</b>	
<b>OPERATION EXPENCES</b>																	
<b>Total Operation Expences</b>	<b>691.616</b>	<b>740.721</b>	<b>759.239</b>	<b>797.201</b>	<b>849.175</b>	<b>948.412</b>	<b>972.123</b>	<b>996.426</b>	<b>1.021.336</b>	<b>1.046.870</b>	<b>1.073.041</b>	<b>1.099.867</b>	<b>1.127.364</b>	<b>1.155.548</b>	<b>1.184.437</b>	<b>1.214.048</b>	
<b>Gross Operation Income</b>	<b>2.977.919</b>	<b>3.189.351</b>	<b>3.269.085</b>	<b>3.432.539</b>	<b>3.656.327</b>	<b>4.083.617</b>	<b>4.185.708</b>	<b>4.290.350</b>	<b>4.397.609</b>	<b>4.507.549</b>	<b>4.620.238</b>	<b>4.735.744</b>	<b>4.854.138</b>	<b>4.975.491</b>	<b>5.099.878</b>	<b>5.227.375</b>	
<b>REVENUES</b>																	
<b>ROOM REVENUES</b>																	
Annual Average Occupancy , %	83%	83%	83%	83%	83%	83%	83%	83%	83%	83%	83%	83%	83%	83%	83%	83%	83%
Average Room Price, EUR	116	119	122	125	128	131	135	138	141	145	149	152	156	160	164	168	172
<b>Total Room Revenues</b>	<b>7.973.372</b>	<b>8.172.706</b>	<b>8.377.024</b>	<b>8.586.449</b>	<b>8.801.111</b>	<b>9.021.138</b>	<b>9.246.667</b>	<b>9.477.834</b>	<b>9.714.779</b>	<b>9.957.649</b>	<b>10.206.590</b>	<b>10.461.755</b>	<b>10.723.299</b>	<b>10.991.381</b>	<b>11.266.166</b>	<b>11.547.820</b>	<b>11.836.515</b>
<b>DEPARTMENT REVENUES</b>																	
<b>Total Department Revenues</b>	<b>1.244.399</b>	<b>1.275.509</b>	<b>1.307.397</b>	<b>1.340.082</b>	<b>1.373.584</b>	<b>1.407.923</b>	<b>1.443.121</b>	<b>1.479.199</b>	<b>1.516.179</b>	<b>1.554.084</b>	<b>1.592.936</b>	<b>1.632.759</b>	<b>1.673.578</b>	<b>1.715.418</b>	<b>1.758.303</b>	<b>1.802.261</b>	<b>1.847.317</b>
<b>TOTAL REVENUES</b>	<b>9.217.771</b>	<b>9.448.215</b>	<b>9.684.421</b>	<b>9.926.531</b>	<b>10.174.694</b>	<b>10.429.062</b>	<b>10.689.788</b>	<b>10.957.033</b>	<b>11.230.959</b>	<b>11.511.733</b>	<b>11.799.526</b>	<b>12.094.514</b>	<b>12.396.877</b>	<b>12.706.799</b>	<b>13.024.469</b>	<b>13.350.081</b>	<b>13.683.833</b>
<b>EXPENSES</b>																	
<b>DEPARTMENT EXPENSES</b>																	
<b>Total Department Expenses</b>	<b>2.615.312</b>	<b>2.680.695</b>	<b>2.747.712</b>	<b>2.816.405</b>	<b>2.886.815</b>	<b>2.958.986</b>	<b>3.032.960</b>	<b>3.108.784</b>	<b>3.186.504</b>	<b>3.266.166</b>	<b>3.347.821</b>	<b>3.431.516</b>	<b>3.517.304</b>	<b>3.605.237</b>	<b>3.695.367</b>	<b>3.787.752</b>	<b>3.882.445</b>
<b>Net Department Expenses</b>	<b>6.602.459</b>	<b>6.767.520</b>	<b>6.936.708</b>	<b>7.110.126</b>	<b>7.287.879</b>	<b>7.470.076</b>	<b>7.656.828</b>	<b>7.848.249</b>	<b>8.044.455</b>	<b>8.245.566</b>	<b>8.451.706</b>	<b>8.662.998</b>	<b>8.879.573</b>	<b>9.101.563</b>	<b>9.329.102</b>	<b>9.562.329</b>	<b>9.801.387</b>
<b>OPERATION EXPENCES</b>																	
<b>Total Operation Expences</b>	<b>1.244.399</b>	<b>1.275.509</b>	<b>1.307.397</b>	<b>1.340.082</b>	<b>1.373.584</b>	<b>1.407.923</b>	<b>1.443.121</b>	<b>1.479.199</b>	<b>1.516.179</b>	<b>1.554.084</b>	<b>1.592.936</b>	<b>1.632.759</b>	<b>1.673.578</b>	<b>1.715.418</b>	<b>1.758.303</b>	<b>1.802.261</b>	<b>1.847.317</b>
<b>Gross Operation Income</b>	<b>5.358.060</b>	<b>5.492.011</b>	<b>5.629.312</b>	<b>5.770.044</b>	<b>5.914.296</b>	<b>6.062.153</b>	<b>6.213.707</b>	<b>6.369.049</b>	<b>6.528.276</b>	<b>6.691.483</b>	<b>6.858.770</b>	<b>7.030.239</b>	<b>7.205.995</b>	<b>7.386.145</b>	<b>7.570.798</b>	<b>7.760.068</b>	<b>7.954.070</b>



## NOVOTEL and IBIS Hotel Net Cash Flow

	5	6	7	8	9	10	11	12	13	14	15	16	17
Years	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Dates	31.12.2015	31.12.2016	31.12.2017	31.12.2018	31.12.2019	31.12.2020	31.12.2021	31.12.2022	31.12.2023	31.12.2024	31.12.2025	31.12.2026	31.12.2027
NOVOTEL TOTAL REVENUE		5.617.054	1 5.872.630	1 6.426.046	1 6.575.068	1 7.260.332	1 7.997.684	1 8.397.569	1 8.607.508	1 8.822.695	1 9.043.263	1 9.269.344	1 9.501.078
IBIS HOTEL TOTAL REVENUE	0	0 5.123.081	1 5.486.820	1 5.623.990	1 5.905.190	1 6.290.185	1 6.853.928	1 7.025.276	1 7.200.908	1 7.380.931	1 7.565.454	1 7.754.590	1 7.948.455
NOVOTEL GROSS OPERATING PROFIT (Euro)	0	0 2.769.910	2.895.941	3.167.492	3.242.331	3.580.251	3.943.858	4.141.051	4.244.577	4.350.692	4.459.459	4.570.945	4.685.219
IBIS HOTEL GROSS OPERATING PROFIT (Euro)	0	0 2.977.919	3.189.351	3.269.085	3.432.539	3.656.327	3.984.017	4.083.617	4.185.708	4.290.350	4.397.609	4.507.549	4.620.238
<b>Akfen 3rd Party Lease Revenue</b>		<b>8.610</b>	<b>8.825</b>	<b>9.046</b>	<b>9.272</b>	<b>9.504</b>	<b>9.741</b>	<b>9.985</b>	<b>10.235</b>	<b>10.490</b>	<b>10.753</b>	<b>11.022</b>	<b>11.297</b>
<b>FIXED EXPENSES</b>		<b>684.040</b>	<b>0 715.937</b>	<b>0 751.162</b>	<b>0 774.795</b>	<b>0 827.358</b>	<b>0 890.440</b>	<b>0 920.815</b>	<b>0 942.975</b>	<b>0 965.713</b>	<b>0 989.044</b>	<b>0 1.012.984</b>	<b>0 1.037.549</b>
Real Estate Tax													
Insurance		66.479	66.479	66.479	66.479	66.479	66.479	66.479	66.479	66.479	66.479	66.479	66.479
Furniture Fixture Renovation Reserve	0	375.905	3,5% 397.581	3,5% 421.751	3,5% 436.809	3,5% 474.268	3,5% 519.806	3,5% 539.800	3,5% 553.295	3,5% 567.127	3,5% 581.305	3,5% 595.838	3,5% 610.734
Annual Construction Right Value (Euro)		134.255	138.283	142.431	146.704	151.105	155.639	160.308	165.117	170.071	175.173	180.428	185.841
Separate Share for the Construction Right From the Hotel Revenue		107.401	1% 113.594	1% 120.500	1% 124.803	1% 135.505	1% 148.516	1% 154.228	1% 158.084	1% 162.036	1% 166.087	1% 170.239	1% 174.495
<b>HOTELS TOTAL NET OPERATING REVENUE</b>		<b>5.072.398</b>	<b>5.378.180</b>	<b>5.694.461</b>	<b>5.909.347</b>	<b>6.418.725</b>	<b>7.047.176</b>	<b>7.313.839</b>	<b>7.497.545</b>	<b>7.685.820</b>	<b>7.878.777</b>	<b>8.076.533</b>	<b>8.279.206</b>

	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	
Years	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	
Dates	31.12.2028	31.12.2029	31.12.2030	31.12.2031	31.12.2032	31.12.2033	31.12.2034	31.12.2035	31.12.2036	31.12.2037	31.12.2038	31.12.2039	31.12.2040	31.12.2041	31.12.2042	31.12.2043	31.12.2044	31.12.2045	31.12.2046	31.12.2047	31.12.2048	31.12.2049	31.12.2050	31.12.2051	
NOVOTEL TOTAL REVENUE	1 9.738.605	1 9.981.070	1 10.231.622	1 10.487.412	1 10.749.598	1 11.018.338	1 11.293.796	1 11.576.341	1 11.865.545	1 12.162.183	1 12.466.238	1 12.777.894	1 13.097.341	1 13.424.775	1 13.760.304	1 14.104.404	1 14.457.014	1 14.818.439	1 15.188.900	1 15.568.623	1 15.957.838	1 16.356.784	16.765.704	15.752.776	
IBIS HOTEL TOTAL REVENUE	1 8.147.166	1 8.350.846	1 8.559.617	1 8.773.607	1 8.992.947	1 9.217.771	1 9.448.215	1 9.684.421	1 9.926.531	1 10.174.694	1 10.429.062	1 10.689.788	1 10.957.033	1 11.230.959	1 11.511.733	1 11.799.526	1 12.094.514	1 12.396.877	1 12.706.799	1 13.024.469	1 13.350.081	1 13.683.833	1 14.025.929	1 13.178.529	
NOVOTEL GROSS OPERATING PROFIT (Euro)	4.802.350	4.922.408	5.045.469	5.171.605	5.300.895	5.433.418	5.569.253	5.708.485	5.851.197	5.997.477	6.147.413	6.301.099	6.458.626	6.620.092	6.785.594	6.955.234	7.128.115	7.307.343	7.490.026	7.677.277	7.869.209	8.065.939	8.267.588	7.768.088	
IBIS HOTEL GROSS OPERATING PROFIT (Euro)	4.735.744	4.854.138	4.975.491	5.099.878	5.223.375	5.358.060	5.492.011	5.629.312	5.770.044	5.914.296	6.062.153	6.213.707	6.369.049	6.528.276	6.691.483	6.858.770	7.030.239	7.205.995	7.386.145	7.570.798	7.760.068	7.954.070	8.152.922	7.660.349	
<b>Akfen 3rd Party Lease Revenue</b>	<b>11.579</b>	<b>11.869</b>	<b>12.166</b>	<b>12.470</b>	<b>12.782</b>	<b>13.101</b>	<b>13.429</b>	<b>13.764</b>	<b>14.108</b>	<b>14.461</b>	<b>14.823</b>	<b>15.193</b>	<b>15.573</b>	<b>15.962</b>	<b>16.362</b>	<b>16.771</b>	<b>17.190</b>	<b>17.620</b>	<b>18.060</b>	<b>18.512</b>	<b>18.974</b>	<b>19.449</b>	<b>19.935</b>	<b>18.731</b>	
<b>FIXED EXPENSES</b>	<b>0 1.062.755</b>	<b>0 1.088.619</b>	<b>0 1.115.158</b>	<b>0 1.142.390</b>	<b>0 1.170.334</b>	<b>0 1.199.007</b>	<b>0 1.228.430</b>	<b>0 1.258.622</b>	<b>0 1.289.602</b>	<b>0 1.321.393</b>	<b>0 1.354.014</b>	<b>0 1.387.489</b>	<b>0 1.421.839</b>	<b>0 1.457.088</b>	<b>0 1.493.258</b>	<b>0 1.530.376</b>	<b>0 1.568.464</b>	<b>0 1.607.550</b>	<b>0 1.647.658</b>	<b>0 1.688.817</b>	<b>0 1.731.054</b>	<b>0 1.774.397</b>	<b>0 1.818.875</b>	<b>0 1.746.163</b>	
Real Estate Tax																									
Insurance		66.479	66.479	66.479	66.479	66.479	66.479	66.479	66.479	66.479	66.479	66.479	66.479	66.479	66.479	66.479	66.479	66.479	66.479	66.479	66.479	66.479	66.479	66.479	
Furniture Fixture Renovation Reserve	3,5% 626.002	3,5% 641.652	3,5% 657.693	3,5% 674.136	3,5% 690.989	3,5% 708.264	3,5% 725.970	3,5% 744.120	3,5% 762.723	3,5% 781.791	3,5% 801.335	3,5% 821.369	3,5% 841.903	3,5% 862.951	3,5% 884.524	3,5% 906.638	3,5% 929.303	3,5% 952.536	3,5% 976.349	3,5% 1.000.758	3,5% 1.025.777	3,5% 1.051.422	3,5% 1.077.707	3,5% 1.012.596	
Annual Construction Right Value (Euro)		191.416	197.158	203.073	209.165	215.440	221.903	228.561	235.417	242.480	249.754	257.247	264.964	272.913	281.101	289.534	298.220	307.166	316.381	325.873	335.649	345.718	356.090	366.773	377.776
Separate Share for the Construction Right From the Ho	1% 178.858	1% 183.329	1% 187.912	1% 192.610	1% 197.425	1% 202.361	1% 207.420	1% 212.606	1% 217.921	1% 223.369	1% 228.953	1% 234.677	1% 240.544	1% 246.557	1% 252.721	1% 259.039	1% 265.515	1% 272.153	1% 278.957	1% 285.931	1% 293.079	1% 300.406	1% 307.916	1% 289.313	
<b>HOTELS TOTAL NET OPERATING REVENUE</b>	<b>8.486.919</b>	<b>8.699.797</b>	<b>8.917.968</b>	<b>9.141.563</b>	<b>9.370.719</b>	<b>9.605.571</b>	<b>9.846.263</b>	<b>10.092.939</b>	<b>10.345.747</b>	<b>10.604.840</b>	<b>10.870.375</b>	<b>11.142.510</b>	<b>11.421.410</b>	<b>11.707.242</b>	<b>12.000.180</b>	<b>12.300.399</b>	<b>12.608.080</b>	<b>12.923.408</b>	<b>13.246.573</b>	<b>13.577.770</b>	<b>13.917.198</b>	<b>14.265.061</b>	<b>14.621.569</b>	<b>13.701.004</b>	

<b>Risk Free Revenue Rate</b>	<b>4,80%</b>	<b>4,80%</b>	<b>4,80%</b>
<b>Risk Premium</b>	<b>4,20%</b>	<b>4,70%</b>	<b>5,20%</b>
<b>Discount Rate</b>	<b>9,00%</b>	<b>9,50%</b>	<b>10,00%</b>
<b>NET CURRENT VALUE (Euro)</b>	<b>86.244.904</b>	<b>81.599.852</b>	<b>77.356.693</b>
<b>NET APPROXIMATE CURRENT VALUE (Euro)</b>	<b>86.240.000</b>	<b>81.600.000</b>	<b>77.360.000</b>
<b>NET APPROXIMATE CURRENT VALUE (TL)</b>	<b>266.464.000</b>	<b>252.128.000</b>	<b>239.027.000</b>



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

**According to the Lease conditions documents submitted to our company by Akfen Real Estate**

**Investment Trust Inc.;**

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

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

- The “Construction Right” of the hotel subject to this appraisal study belongs to Akfen Real Estate Investment Trust Inc. and the hotel is being operated by the international hotel operating company Accor Group. It has been assumed that the hotel will be operated according to the current concept, throughout the duration of the “Construction Right”.
- It has been assumed that the facility will be operating for 365 days a year.
- It has been agreed upon in accordance with the lease agreement between Akfen Real Estate Investment Trust Inc. and the Treasury that the annual “Right of Construction” value to be paid for the year of 2016 is 134.225 and that it will increase 3% annually.
- The renovation expenses, which will be met by the investor for the lease of the hotel, have been based on the ratio of 5% of the renovation expenses calculated in the lease alternative.
- Both of the hotels are exempt from real estate taxes.
- According to the information obtained from Akfen Real Estate Investment Trust Inc., it has been acknowledged that the insurance value for the year of 2015 will be of 68.753 Euro and that it will remain so, on account of the estimation made that there will not be any increases in the insurance premium by Akfen Real Estate Investment Trust Inc. in the following years.



- It has been acknowledged that office Tamaris Turizm A.Ş. has leased inside NOVOTEL will generate lease revenue of 8.610 Euro for the year of 2016 and that this amount will be directly transferred to Akfen Real Estate Investment Trust Inc.
- It has been acknowledged that the lease value of the office leased by Tamaris Turizm will increase 2,5% annually.
- The lease revenue generated in relation to the hotel leased out to the Accor Group has been guaranteed with a lease agreement for the duration of 25 years. It has been assumed that the risk premiums in obtaining the lease revenue will be low for Akfen Real Estate Investment Trust Inc. and, therefore, it has been calculated accordingly. The discount rate has been estimated at 8%.
- In the course of the studies, the exchange rate for 1 EUR has been acknowledged at 3,0898 TL, in accordance with the 02.11.2015 dated buying rate exchange of the Central Bank of Turkey.
- Throughout the course of the studies, the Euro Zone inflation rate of 2,5% has been employed as the inflation rate.
- Within the scope of the International Valuation Standards (IVSC), taxes and VAT have not been included in the studies.



## Novotel and Ibis Hotel Lease Revenues

AKFEN OBTAINED LEASE												
LEASE REVENUE FROM NOVOTEL TOTAL REVENUE	1.235.752	1.291.979	1.413.730	1.446.515	1.597.273	1.759.491	1.847.465	1.893.652	1.940.993	1.989.518	2.039.256	2.090.237
Operator Share	224.682	4% 234.905	4% 257.042	4% 263.003	4% 290.413	4% 319.907	4% 335.903	4% 344.300	4% 352.908	4% 361.731	4% 370.774	4% 380.043
Furniture Fixture Renovation Reserve	224.682	4% 234.905	4% 257.042	4% 263.003	4% 290.413	4% 319.907	4% 335.903	4% 344.300	4% 352.908	4% 361.731	4% 370.774	4% 380.043
Total Novotel AGOP	1.682.395	1.758.944	1.923.721	1.969.336	2.174.583	2.395.431	2.553.203	2.578.083	2.642.535	2.708.599	2.776.313	2.845.721
USED NOVOTEL HOTEL LEASE REVENUE	1.682.395	1.758.944	1.923.721	1.969.336	2.174.583	2.395.431	2.553.203	2.578.083	2.642.535	2.708.599	2.776.313	2.845.721
LEASE REVENUE FROM IBIS HOTEL TOTAL REVENUE												
Operator Share	204.923	4% 219.473	4% 224.960	4% 236.208	4% 251.607	4% 274.157	4% 281.011	4% 288.036	4% 295.237	4% 302.618	4% 310.184	4% 317.938
Furniture Fixture Renovation Reserve	204.923	4% 219.473	4% 224.960	4% 236.208	4% 251.607	4% 274.157	4% 281.011	4% 288.036	4% 295.237	4% 302.618	4% 310.184	4% 317.938
Total Novotel AGOP	1.861.852	1.994.044	2.043.895	2.146.090	2.286.007	2.490.884	2.553.157	2.616.985	2.682.410	2.749.470	2.818.207	2.888.662
USED IBIS HOTEL LEASE REVENUE	1.861.852	1.994.044	2.043.895	2.146.090	2.286.007	2.490.884	2.553.157	2.616.985	2.682.410	2.749.470	2.818.207	2.888.662
USED TOTAL HOTEL LEASE REVENUE												
Real Estate Tax	0	0	0	0	0	0	0	0	0	0	0	0
Insurance	66.479	66.479	66.479	66.479	66.479	66.479	66.479	66.479	66.479	66.479	66.479	66.479
Furniture Fixture Renovation Reserve (5%)	21.480	22.719	24.100	24.961	27.101	29.703	30.846	31.617	32.407	33.219	34.048	34.899
Annual Construction Right Value	134.255	138.283	142.431	146.704	151.105	155.639	160.308	165.117	170.071	175.173	180.428	185.841
Separate Share for the Construction Right From the Hotel Revenue	107.401	0,01 113.594	0,01 120.500	0 124.803	0 135.505	0 148.516	0 154.228	0 158.084	0 162.036	0 166.087	0 170.239	0 174.495
Separate Share for the Construction Right From the Hotel Lease Revenue	35.442	0,01 37.530	0,01 39.676	0 41.154	0 44.606	0 48.863	0 50.684	0 51.951	0 53.249	0 54.581	0 55.945	0 57.344
AKFEN LEASE REVENUE	3.179.190	3.374.383	3.574.429	3.711.325	4.035.793	4.437.116	4.605.815	4.721.821	4.840.703	4.962.532	5.087.381	5.215.326
Akfen 3rd Party Lease Revenue	8.610	8.825	9.046	9.272	9.504	9.741	9.985	10.235	10.490	10.753	11.022	11.297
AKFEN TOTAL LEASE REVENUE	3.187.800	3.383.209	3.583.475	3.720.597	4.045.297	4.446.857	4.615.800	4.732.055	4.851.193	4.973.285	5.098.403	5.226.623

AKFEN OBTAINED LEASE																									
LEASE REVENUE FROM NOVOTEL TOTAL REVENUE	2.142.493	2.196.055	2.250.957	2.307.231	2.364.912	2.424.034	2.484.635	2.545.751	2.610.420	2.675.680	2.742.572	2.811.137	2.881.415	2.953.450	3.027.287	3.102.969	3.180.543	3.260.057	3.341.558	3.425.097	3.510.724	3.598.493	3.688.455	3.780.611	
Operator Share	389.544	4% 399.283	4% 409.265	4% 419.496	4% 429.984	4% 440.734	4% 451.752	4% 463.046	4% 474.622	4% 486.487	4% 498.650	4% 511.116	4% 523.894	4% 536.991	4% 550.416	4% 564.176	4% 578.281	4% 592.738	4% 607.556	4% 622.745	4% 638.314	4% 654.271	4% 670.628	4% 687.385	4% 704.542
Furniture Fixture Renovation Reserve	389.544	4% 399.283	4% 409.265	4% 419.496	4% 429.984	4% 440.734	4% 451.752	4% 463.046	4% 474.622	4% 486.487	4% 498.650	4% 511.116	4% 523.894	4% 536.991	4% 550.416	4% 564.176	4% 578.281	4% 592.738	4% 607.556	4% 622.745	4% 638.314	4% 654.271	4% 670.628	4% 687.385	4% 704.542
Total Novotel AGOP	2.916.864	2.989.786	3.064.531	3.141.144	3.219.672	3.300.164	3.382.668	3.467.235	3.553.916	3.642.764	3.733.833	3.827.179	3.922.858	4.020.930	4.121.453	4.224.489	4.330.102	4.438.354	4.549.313	4.663.046	4.779.622	4.899.112	5.021.590	5.148.068	5.278.546
USED NOVOTEL HOTEL LEASE REVENUE	2.916.864	2.989.786	3.064.531	3.141.144	3.219.672	3.300.164	3.382.668	3.467.235	3.553.916	3.642.764	3.733.833	3.827.179	3.922.858	4.020.930	4.121.453	4.224.489	4.330.102	4.438.354	4.549.313	4.663.046	4.779.622	4.899.112	5.021.590	5.148.068	5.278.546
LEASE REVENUE FROM IBIS HOTEL TOTAL REVENUE																									
Operator Share	325.887	4% 334.034	4% 342.385	4% 350.944	4% 359.718	4% 368.711	4% 377.930	4% 387.377	4% 397.061	4% 406.988	4% 417.162	4% 427.592	4% 438.281	4% 449.238	4% 460.469	4% 471.981	4% 483.781	4% 495.875	4% 508.272	4% 520.978	4% 534.003	4% 547.353	4% 561.037	4% 575.063	4% 589.441
Furniture Fixture Renovation Reserve	325.887	4% 334.034	4% 342.385	4% 350.944	4% 359.718	4% 368.711	4% 377.930	4% 387.377	4% 397.061	4% 406.988	4% 417.162	4% 427.592	4% 438.281	4% 449.238	4% 460.469	4% 471.981	4% 483.781	4% 495.875	4% 508.272	4% 520.978	4% 534.003	4% 547.353	4% 561.037	4% 575.063	4% 589.441
Total Novotel AGOP	2.960.879	3.034.901	3.110.773	3.188.543	3.268.256	3.349.963	3.433.712	3.519.555	3.607.543	3.697.732	3.790.175	3.884.930	3.982.053	4.081.604	4.183.644	4.288.235	4.395.441	4.505.327	4.617.961	4.733.410	4.851.745	4.973.038	5.097.364	5.224.731	5.356.149
USED IBIS HOTEL LEASE REVENUE	2.960.879	3.034.901	3.110.773	3.188.543	3.268.256	3.349.963	3.433.712	3.519.555	3.607.543	3.697.732	3.790.175	3.884.930	3.982.053	4.081.604	4.183.644	4.288.235	4.395.441	4.505.327	4.617.961	4.733.410	4.851.745	4.973.038	5.097.364	5.224.731	5.356.149
USED TOTAL HOTEL LEASE REVENUE																									
Real Estate Tax	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Insurance	66.479	66.479	66.479	66.479	66.479	66.479	66.479	66.479	66.479	66.479	66.479	66.479	66.479	66.479	66.479	66.479	66.479	66.479	66.479	66.479	66.479	66.479	66.479	66.479	66.479
Furniture Fixture Renovation Reserve (5%)	35.772	36.666	37.582	38.522	39.485	40.472	41.484	42.521	43.584	44.674	45.791	46.935	48.109	49.311	50.544	51.808	53.103	54.431	55.791	57.186	58.616	60.081	61.583	63.123	64.701
Annual Construction Right Value	191.416	197.158	203.073	209.165	215.440	221.903	228.561	235.417	242.480	249.754	257.247	264.964	272.913	281.101	289.534	298.220	307.166	316.381	325.873	335.649	345.718	356.090	366.772	377.663	388.763
Separate Share for the Construction Right From the Hotel Revenue	178.858	0 183.329	0 187.912	0 192.610	0 197.425	0 202.361	0 207.420	0 212.606	0 217.921	0 223.369	0 228.953	0 234.677	0 240.544	0 246.557	0 252.712	0 259.019	0 265.515	0 272.153	0 278.957	0 285.931	0 293.079	0 300.406	0 307.916	0 315.609	0 323.486
Separate Share for the Construction Right From the Hotel Lease Revenue	58.777	0 60.247	0 61.753	0 63.297	0 64.879	0 66.501	0 68.164	0 69.868	0 71.615	0 73.405	0 75.240	0 77.121	0 79.049	0 81.025	0 83.051	0 85.127	0 87.255	0 89.437	0 91.673	0 93.965	0 96.314	0 98.722	0 101.190	0 103.719	0 106.309
AKFEN LEASE REVENUE	5.346.442	5.480.808	5.618.504	5.759.613	5.904.220	6.052.410	6.204.273	6.359.899	6.519.381	6.682.815	6.850.299	7.021.932	7.197.817	7.378.060	7.562.768	7.752.052	7.946.024	8.144.801	8.348.501	8.557.246	8.771.161	8.990.373	9.215.014	9.445.295	9.680.226
Akfen 3rd Party Lease Revenue	11.579	11.869	12.166	12.470	12.782	13.101	13.429	13.764	14.108	14.461	14.823	15.193	15.573	15.962	16.362	16.771	17.190	17.620	18.060	18.512	18.974	19.449	19.935	20.433	20.943
AKFEN TOTAL LEASE REVENUE	5.358.021	5.492.677	5.630.670	5.772.083	5.917.001	6.065.511	6.217.701	6.373.663	6.533.489	6.697.276	6.865.121	7.037.125	7.213.390	7.394.023	7.579.130	7.768.822	7.963.214	8.162.420	8.366.561	8.575.757	8.790.135	9.009.822	9.234.949	9.465.488	9.701.331

<b>Risk Free Revenue Rate</b>	<b>4,80%</b>	<b>4,80%</b>	<b>4,80%</b>
<b>Risk Premium</b>	<b>2,20%</b>	<b>2,70%</b>	<b>3,20%</b>
<b>Discount Rate</b>	<b>7,00%</b>	<b>7,50%</b>	<b>8,00%</b>
<b>NET CURRENT VALUE (Euro)</b>	<b>69.359.557</b>	<b>65.055.598</b>	<b>61.158.143</b>
<b>NET APPROXIMATE CURRENT VALUE (Euro)</b>	<b>69.360.000</b>	<b>65.060.000</b>	<b>61.160.000</b>
<b>NET APPROXIMATE CURRENT VALUE (TL)</b>	<b>214.309.000</b>	<b>201.022.000</b>	<b>188.972.000</b>



#### 6.4.5 Lease Value Analysis of the Data Employed

The lease value of the construction right subject to the appraisal has been calculated taking into consideration the revenue discount method and the average cash flow value. The annual lease value of the real estate has been calculated by reducing the 1<sup>st</sup> year cash flow average to the appraisal day. According to this calculation, the annual lease value of the hotel is **3.947.000.- EUR (12.195.000 - Turkish Liras)**. The discount rate has been determined to be of 9,5 %.

Date	31.12.2015	31.12.2016
Annual Lease Revenue	0	4.130.099

Net Current Value of the Annual Lease Value (EURO)	3.947.000
Net Current Value of the Annual Lease Value (TL)	12.195.000

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

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

#### 6.4.7 Most Effective and Most Productive Use Analysis

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

#### 6.4.8 Appraisal Analysis of Common or Divided Parts

There are no common spaces on the real estate subject to the appraisal.



## 7 FACTORS AFFECTING VALUE OF REAL ESTATE AND APPRAISAL OF REAL ESTATE

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

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

The total value in the cost method has been calculated at **50.803.000 Euro (156.971.000 TL)**.

As a result of the discount of the potential revenue of the structure on the plot that will be generated during the remainder of the 49 years of the lease agreement, in accordance with the revenue discount approach, the net current value of the HOTEL has been calculated to be **81.600.000 Euro (252.128.000.- TL)**. The amount determined to be paid to the Akfen Real Estate Investment Trust Inc. by the Accor Group, with the use of the lease revenue discount method, is **65.060.000 Euro (201.022.000.- TL)**. The final value of the hotel has been calculated to be **73.328.000 Euro (226.575.000.- TL)**, based on the approximate arithmetic average of the value calculated by both of the methods.

The lease value of the real estate, since the date of 31.12.2015, has been calculated by taking into consideration the average cash flow of the first year, in accordance with the revenue discount approach and the lease revenue. The annual lease value of the real estate has been calculated by reducing the annual average net cash flow to the day when the appraisal study is performed. Pursuant to this calculation, the annual lease value has been determined to be **3.947.000 EURO (12.195.000.-TL)**.

Throughout the course of the appraisal study, the revenue discount approach and the cost approach have both been applied, in terms of revenue capitalization and lease revenues. The real estate subject to the appraisal constitutes a revenue generating property and, therefore, the values calculated with the use of the revenue approach and lease value analysis result in more accurate values, concerning this sort of properties. In addition, the value calculated through the use of the cost method has been ruled out in the final appraisal value.

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

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



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

While the value of the real estate according to the revenue discount approach was being determined, in the 1<sup>st</sup> model the revenue obtained by operating the real estate without a brand name has been calculated and in the 2<sup>nd</sup> model the revenue obtained by operating by leasing it out to a brand (Accor) has been calculated. Both models are methods that are exercised in the market and, thusly, the final appraisal has been determined by calculating the average of their outcome.

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

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

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

For immovable subjected to appraisal, report with no. 2014-020-GYO-013 was prepared by our company; this report was revized by report wit no. 2014-020-GYO-REV-013 on the date of 02.01.2015, and then with no. 2014-020-GYO-REV2-013 on the date of 08.12.2015.

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

Within the scope of the capital market regulations, there is no obstacle that prevents the inclusion of the rights and benefits, in relation with the Block no: 774 and Plot No: 55, in the portfolio as right of construction + hotel (building).

## 8 OUTCOME

### 8.1 The Concluding Sentence of the Appraiser

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

### 8.2 Final Appraisal

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

#### As of the date of 31.12.2015

	Market Value of the Remaining Construction of the Real Estate (EURO)	Market Value of the Remaining Construction of the Real Estate (TL)
VAT Excluded	73.328.000	226.575.000
VAT Included	86.527.000	267.359.000

	Annual Lease Value of the Real Estate (EURO)	Annual Lease Value of the Real Estate (TL)
VAT Excluded	3.947.000	12.195.000
VAT Included	4.657.000	14.390.000

1-) The appraised value is the current value regarding the cash sale price.

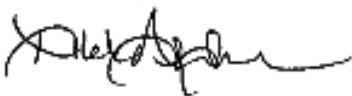
2-) The VAT ratio has been established at 18%.

3-) The currency rates dated 02.11.2015 have been established at 1,-USD = 2,8035 TL, 1 EURO= 3,0898 TL.

4-) This report has been prepared within the scope of the related Capital Market Legislation.

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

Dilek YILMAZ AYDIN  
SPK License No:400566  
Certified Appraiser



Taner DÜNER  
SPK License No:401431  
Certified Appraiser



Neşecan ÇEKİCİ  
SPK License No:400177  
Responsible Appraiser





## **9 APPENDIX**

1. Title Deed Photocopies
2. Approved Restrictions Document
3. Approved Zoning Status Document
4. Construction Right Agreement
5. Mortgage Letter
6. Construction Permit
7. Occupancy Permit
8. Insurance Policies
9. Lease Agreement Signed with Accor Group
10. Tourism Investment Document
11. Tourism Operating Document
12. Photographs
13. Backgrounds
14. SPK Certificate Samples