

Akfen Gayrimenkul Yatırım Ortaklığı A.Ş.

Real Estate

3 Stars Hotel

Appraisal

Kaliningrad/ Russia

Report

29.12.2017 / 2017REV729



Akfen Gayrimenkul Yatırım Ortaklığı A.Ş.

Büyükdere Str. No:201 C Block Floor:8 Levent /İstanbul

Dear Hüseyin YILMAZ,

In line with your request; valuation study that is numbered **2017REV729** was prepared for market value of **"3 Stars Hotel"** located in Kaliningrad. The immovable property is composed of gross closed area of 5.465,6 m² on land with a surface area of 5.099 m². The market value of the immovable has been appreciated as follows. The appreciated value, has been evaluated with negative factors, assumptions and limitations of valuation.

TOTAL MARKET VALUE OF THE REAL ESTATE (VAT EXCLUDED)		
Report Date	29.12.2017	
Rate Information	Buying: 1 EUR = 4.5478 TL	Selling: 1 EUR = 4.5560 TL
Market Value	76.450.000-TL	Seventysixmillionfourhundredfiftythousand-TL
	16.810.000-EUR	Sixteenmillioneighthundredtenthousand-EUR
Annual Rent Value	4.300.000-TL	Fourmillionthreehundredthousand-TL
	940.000-EUR	Ninehundredfortythousand-EUR

Calculations, informations and explanations which have been made in order to aim market value determination, are in the report content. Analysis and calculations that made for assessment of market value, have been prepared compatibly by RICS within the scope of the Valuation Standards defined in the "Redbook" and the International Valuation Standard (IVS).

Valuation Purpose and informations of client have been specified at the report which has been prepared referring to contract by 2977-13 numbered and 13.10.2017 dated. It is not possible to use with any exception of the purpose valuation or by another client.

We are pleased to cooperate with you in this study. If you have any question related to the report, you can contact us.

Best Regards,

TSKB Gayrimenkul Değerleme A.Ş.

Mustafa HASDEMİR Appraiser	Ece KADIOĞLU Appraiser License No: 403562	Esra NEŞELİ Appraiser/Supervisor License No : 403459	Ozan KOLCUOĞLU, MRICS Appraiser In Charge License No : 402293
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We hereby state the following matters regarding the appraisal report;

- ✓ The findings provided in the following report are true to the knowledge of the Appraisal Expert;
- ✓ The analyses and the results are only limited to the specified assumptions and conditions;
- ✓ The appraiser has no interest whatsoever related to the property which is subject to the valuation;
- ✓ The appraiser's remuneration does not depend on any section of the report;
- ✓ The appraiser was realized in accordance with the ethic rules and the performance standards;
- ✓ The appraiser possesses the professional education requirements;
- ✓ There is not any conflict of interest between us and the customer,
- ✓ The appraiser has previous experience in the subject of the location and type of the property which is being valued;
- ✓ The Appraiser has personally inspected the property;
- ✓ No one, other than those specified in this report, has provided any professional help in the preparation of this report.
- ✓ This valuation report has been prepared by RICS within the scope of the Valuation Standards defined in the "Redbook",
- ✓ The subject report has not been prepared in order to be used in transactions for collateral purposes; it has been prepared within the scope of the International Valuation Standard (IVS),
- ✓ The soil investigations and soil contamination studies in real properties remain within the professional scope of the "Environment Geophysics" discipline. Our company does not have any specialty in this field and a detailed investigation has not been made on this subject. However, during the on-site observations, any negative impacts of the real property on the environment have not been observed. Therefore, the valuation study has been carried out assuming that there is no negative environmental impact.
- ✓ There are no tacit and / or legal problems with valuation assets; That even if such a problem exists, it is assumed that these problems will be solved
- ✓ This report has not been prepared further to the related provisions of the Capital Markets Regulation.

"The ISO 9001:2008 Quality Management System for the production activities of TSKB Real Estate Appraisal Company has been certified by BSI."

Certificate No: FS 509685

Executive Summary

OPEN ADDRESS OF PROPERTY	Moskovsky Str. No.52, real property with cadaster no. 39:15:132332:37 Kaliningrad /Rusya	
USE OF PROPERTY	3 Stars Hotel	
TITLE DEED INFORMATION	Russia, Kaliningrad, real property with cadaster no39:15:132332:37, qualifying as "Plot" and real property with cadaster no. 39:15:132332:30, qualifying as "Non Residential Housing"	
ZONING STATUS	<p>Russia, Kaliningrad, real property with cadaster no39:15:132332:37, qualifying as "Plot" and real property with cadaster no. 39:15:132332:30, qualifying as "Non Residential Housing" remains in the "Settlement Areas" legend and the conditions of construction is below.</p> <ul style="list-style-type: none"> The aforesaid project site is included in the "Settlement Areas" class, within the hotel, shopping center, administrative buildings and restaurants, and multi-functional complexes zone. 	
SPECIAL ASSUMPTIONS	There is not any special assumption within the scope of the appraisal study..	
LIMITATIONS	No limitation has been brought by the client during the appraisal work.	
VALUATION PURPOSE	<p>This valuation report has been prepared for the use of the company in it is financial statements.</p> <p>The report has not been prepared for use in collateralized transactions and has been prepared in accordance with International Valuation Standards.</p>	
THE HIGHEST AND THE BEST USE	It is considered that the most efficient and productive use of the main immovable property under appraisal would be for "Hotel" purposes in line with its zoning status and current use.	
VALUE DATE	29.12.2017	
REPORT DATE	1 EUR Buying = 4,5478 TL	1 EUR Selling = 4,5560 TL
MARKET VALUE (VAT EXCLUDED)	76.450.000 TL Seventysixmillionfourhundredfiftythousand -TL	16.810.000 USD Sixteenmillioneighthundredtenthousand -EUR
RENT VALUE (VAT EXCLUDED)	4.300.000 TL/ay Fourmillionthreehundredthousand -TL	940.000 EUR/ay Ninehundredfortythousand -EUR

This page is an integral part of the appraisal report, is complete with the detailed information in the report, and cannot be used independently.

SECTION 1

REPORT, COMPANY AND CUSTOMER INFORMATION

SECTION 1

Report, Company And Customer Information

1.1 Report Date and Number

This report was issued by our company on 29.12.2017 and number 2017REV729 and made by the firm, titled as Akfen Gayrimenkul Yatırım Ortaklığı A.Ş.

1.2 Report Type and Valuation Purpose

This report is the real estate valuation report prepared with the purpose of determining of the market value dated 29.12.2017 in Turkish Liras which are located Russia, Kaliningrad, real property with cadaster no39:15:132332:37, qualifying as “Plot” and real property with cadaster no. 39:15:132332:30, qualifying as “Non Residential Housing”

The report has not been prepared according to the provisions of the Declaration of the Board of Capital Markets while it has been prepared according to International Market Standard.

The subject valuation study has been prepared for the use of the company in it is financial statements.

1.3 Persons Issuing the Report

This appraisal report has been prepared through using the information obtained from the people – organizations – institutions as a result of the inspection at the place of the property. This report has been prepared by Mustafa HASDEMİR, under the control of Ece KADIOĞLU (Licence No:402293) and Esra NEŞELİ (Licence No: 403459), appraiser in charge Ozan KOLCUOĞLU (402293)

1.4 Appraisal Date

or this valuation report, the appraisers of our company have started their studies on the 17.10.2017 and have prepared the report as of the valuation date of 29.12.2017. Not only examinations conducted at real estate location, municipality and land registry but also office work is done during appraisal study.

1.5 Base Contract and No

This appraisal report was issued in accordance with the provisions of the base contract that was executed by and between Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. and our Company on 13.10.2017 an numbered 2977-13 and has determined the rights and obligations of the contractual parties.

1.6 Factors Affecting the Appraisal Process Negatively

There are not any negative factors that affect or limit the appraisal process in general aspect.

1.7 The Scope of the Client Demands and Delimitation

This report is the real estate valuation report prepared with the purpose of determining of the market value dated 29.12.2017 in Turkish Liras which are located Kaliningrad, real property with cadaster no39:15:132332:37, qualifying as “Plot” and real property with cadaster no. 39:15:132332:30, qualifying as “Non Residential Housing”

No limitation has been brought by the client during the appraisal work.

1.8 Company's Information

TSKB Real Estate Appraisal Corp. operates at Meclisi Mebusan Caddesi, Molla Bayırı Sokak, No:1, Fındıklı-Beyoğlu, İstanbul address, and has been established in order to perform the activities and services defined as Expertise and Valuation as per the Company Main Charter published in the Trade Registry Gazette dated 13.11.2002 and numbered 5676, with a capital of 300,000 Turkish Liras.

Our Company is taken on the lists of companies, which will offer appraisal services, within the framework of the Capital Market Board (SPK) legislation by the letter of SPK dated February 03, 2003 and no. KYD-66/001347, of Capital Market Board of the Prime Ministry.

Moreover, our company has authorization to provide services of "Valuation of rights and benefits related to real estate, real estate project or a real estate" with the decision no 34469 dated 17.12.2009 of the Banking Regulation and Supervision Agency.

As of 17.03.2011, our company has been awarded the "regulated by RICS" status by RICS (Royal Institution of Chartered Surveyors), which is an international professional organization.

Our company holds the ISO 9001:2008 Quality Certificate issued by BSI (BSI Eurasia Management Systems Certification Ltd. Co.)

Company Web Adress: www.tskbgd.com.tr

1.9 Client Information

This appraisal report has been prepared for Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. located at the address of Büyükdere St. No:201 C Block Floor:8 Levent /İSTANBUL

SECTION 2

DEMOGRAPHIC AND ECONOMIC DATA

Section 2

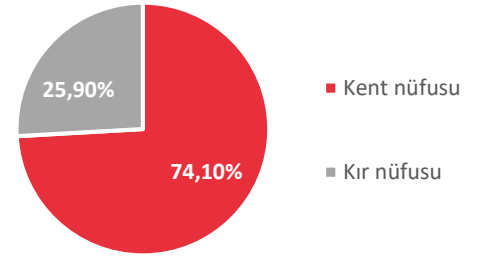
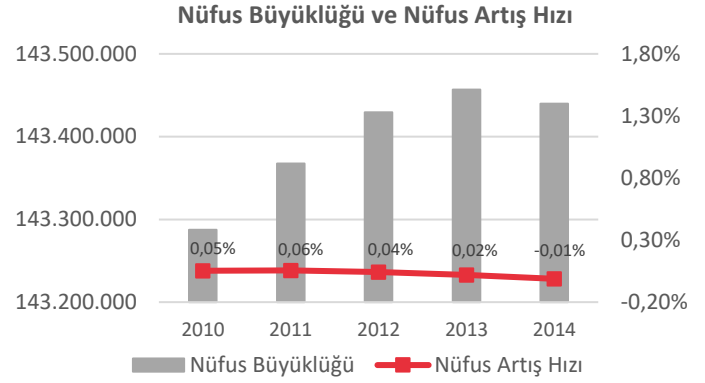
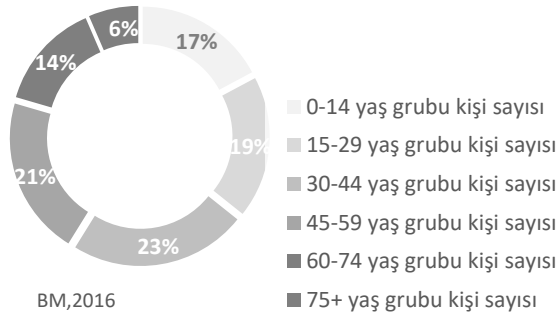
Demographic and Economic Data

2.1 Demographic Data

Russia

The population of Russia is 143,439,832 persons as of 2016. In 2016, the population residing in Russia has decreased by 17,086 persons (- 0.01 %) as compared to the previous year. 46.5% of the population (66,648,343 persons) are males and 53.5% (76,791,489 persons) are females. The median age is 38.7 years in Russia in general and the population density is 9 persons/sqm.

The following tables and graphs show the distribution of the population and urbanization rates for Russia , based on the United Nations data.



Kaliningrad

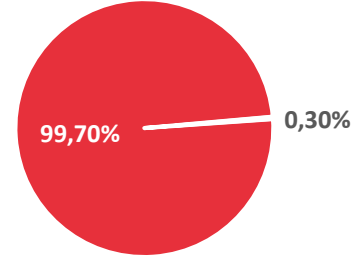
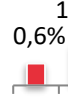
In 2016, Kaliningrad, where 0.3 % of the population of Russia resides, has been the 41th city with the highest population with 430,290 persons. The population of Moscow has decreased by 2.4 in thousand in 2016.

The population size and increase rate for the city of Yaroslavl and the share of the population in the total population, as based on UN data, are provided in the following table and graph.

2.2 Economics Data

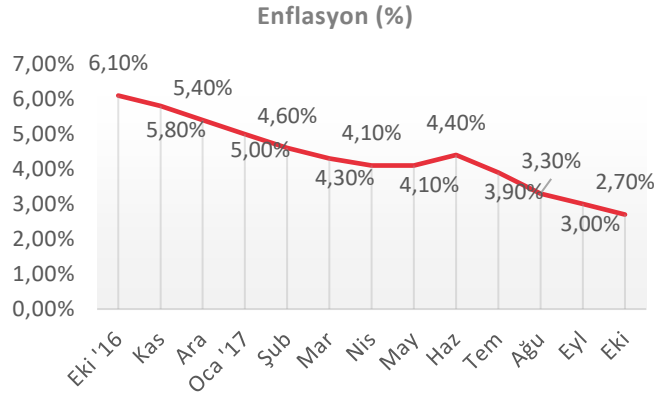
The gross domestic product of Russia has increased by 2.5% a compared to the previous term during the second quarter of 2017 and has demonstrated quite a high growth following the increase by 0.5% recorded in the previous term. The growth of the wholesale and retail, trade, mining, manufacturing and construction sectors in production has contributed in the achievement of the largest growth ratio since the third quarter of 2012. From these sectors, mining has increased to 4.6 percent from 4.1 percent that materialized in the first quarter, manufacturing increased to 1.2 percent from 1 percent and construction has increased to 2.8 percent from -4.5 percent. In addition, industrial production has made a positive contribution in the growth.

The consumer price inflation that materialized as 3 percent in Russia one month ago, has receded to 2.7 percent in October when the market expectation was 2.8 percent. This ratio has been the lowest inflation rate since 1991. Meanwhile, the consumer prices have demonstrated an increase by 0.2 percent while the market expectations were 0.3 percent, following a drop by 0.1 percent in September. And the annual core inflation rate has dropped to 2.5 percent from 2.8 percent in the previous month.

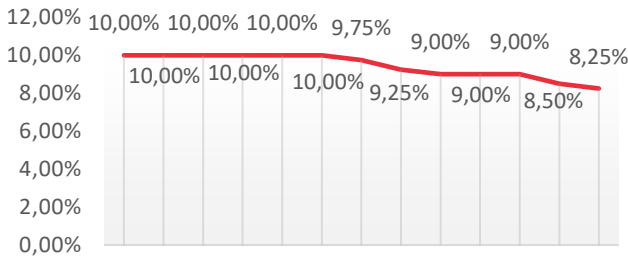


■ Ülke Nüfusu-Kaliningrad Nüfusu
■ Kaliningrad Nüfusu

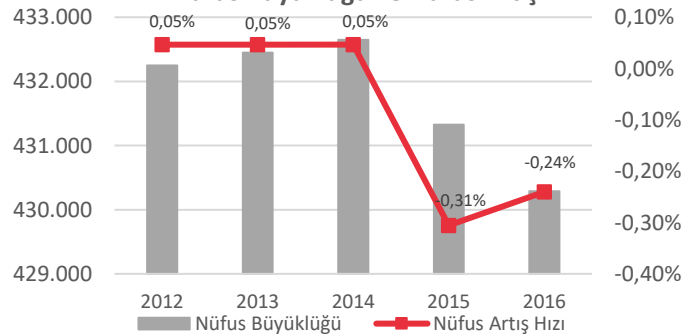
Kaynı: BM, 2016



Faiz oranı (%)



Nüfus Büyüklüğü ve Nüfus Artış Hızı



On October 27th, the Central Bank has announced that it has reduced the one week repo rate by 25 base points, to the level of 8.25 percent that amounted to a decrease by 27 percent, the economy continued to grow in a consistent manner and the inflation approached the 4 percent target during the last months. The bank has also advised that a further interest rate discount is on the agenda in the coming meetings, and the Russian Central Bank Board of Directors has left the option for further discounts open in the coming meetings.

SECTION 3

TITLE DEED AND ZONING INFORMATION OF THE REAL ESTATES

Section 3

Title Deed And Zoning Information of The Real Estates

3.1 Title Deed Information of the Real Estates *

Land *	
District	Kaliningrad
Subdistrict	-
Quarter	-
Village	-
Street	-
Location	-
Cadaster No	39:15:132332:37
Parcel No	-
Qualification	Land
Surface Area (sqm)	5.061 m ²
Owner / Share	-
Building	
District	Kaliningrad
Subdistrict	-
Quarter	-
Village	-
Street	-
Location	-
Cadaster No	39:15:132332:30
Qualification	Residential Housing **
Surface Area (sqm)	5.465,6 m ²
Floor	7
Owner / Share	Kaliningrad Invest Limited Şirketi (Tam)***

*Pursuant to the legislation effective in the Russian Federation, the document showing the title deed information and the rights on the immovable property assets is referred to as the "Federal State Registration Certificate". The subject document contains such information as the address, cadastral number, and surface area of the immovable property as well as any restrictions established on it. The registration certificate is attached with the report.

** According to the Russian legislations, individual title deed registers may be established for plots and buildings on the subject plots, and there are individual "Plot" and "Building" title deed registers for the real property subject to appraisal.

***Owned property "Kaliningrad Invest Limited Company ", "Akfen GYO A.Ş. 100% affiliated "partnership" Akfen Gayrimenkul Ticareti ve İnşaat AS "belongs to" Russian Hotel Investment BV "in the Netherlands

3.2 Information of Encumbrances of the Property

The appraisal specialist's examination of the title deed records is done with the aim of determining the rights that constitute the property of the real estate and the restrictions on these rights.

According to the title deed registration document provided by the customer, there are the following penalty records on the property subject to appraisal;

According to the real estate record example taken on 31.10.2017 from the Russian State Kaliningrad City, Cadastral Office

Land with Title Deed Numbered 39:15:132332:37;

- There is a lease obligation to the benefit of Kaliningradinvest Limited Company, dated 09.04.2014, register no. 39-39-01/067/2009-689, with validity period from 18.02.2009 up to 29.04.2057.*
- Servitude right to the benefit of the public. dated 10.01.2014, register no. 39:15:132332:37-39/001/2017-1, validity starts from 10.01.2017 and expiry date is unspecified.
- There is a mortgage to the benefit of Credit Europe Bank, dated 21.09.2015, register no. 39-39-001-39/011/018/201-3850/1, with validity period starting from 21.09.2015 up to the date the main responsibility is fulfilled.

Hotel with title deed numbered 39:15:132332:30

- There is a mortgage to the benefit of Credit Europe Bank, dated 21.09.2015, register no. 39-39-001-39/011/018/2015-3849/1, with validity period starting from 21.09.2015 up to the date the main responsibility is fulfilled. (The grounds for registration: mortgage contract dated 08.09.2015 and numbered 1012676)
- Lease annotation to the benefit of Kalinhotel Ltd. Şti**, for 10 years starting from 07.10.2013. (Registration date: 07.10.2013; Registration No: 39-39-01/273/2013-692)

* In accordance with Land Law of Russian Federation, as per the "Agreement in Relation to Transfer of Rights and Obligations pursuant to the Contract in Relation to Leasing of the Lands Belonging to the City dated 18 February 2009 and numbered 009869" signed on 29.03.2010, the land, located at the address of city of Kaliningrad, Leningradskiy District, Moskovskiy Street, V.Hugo Street, with cadastre no 39:15:132332:18, and 5,099 sqm of surface area, has been leased to the leaseholder KaliningradInvest Limited Şirketi by the lease giver Kaliningrad Municipality until 31.12.2013, for the construction of Multi-purpose complex including hotels, shopping centers, fair buildings, administrative buildings and restaurants. After the expiry date of the contract, the leaseholder can extend the duration of the rental contract (if the lease giver approves and if the leaseholder has not violated the terms of this contract).

**It has been learned from the client that the company is a local company belonging to the Accor group.

3.3 Property Status and Legal Documents

The zoning regulations introduce arrangements regulating land utilization and the volume of land development. During the review of the zoning and building regulations, an appraiser should take into consideration all the current regulations and the probable changes that might occur in the specifications.

In accordance with the decision of the Russian state, Kaliningrad city, regional governor; according to the information obtained, the zoning status information of the property subject to valuation is stated below.

Legend: Settlement Areas

Construction requirement;

- The aforesaid project site is included in the "Settlement Areas" class, within the hotel, shopping center, administrative buildings and restaurants, and multi-functional complexes zone.

The real properties qualifying as "plot" are generally the property of the state or the local administration, and lands are allocated and cadaster numbers are given to the applicants as a result of applications. Generally, annual lease is paid for the allocated real properties. Plot lease is in the amount of 1.5% of the land cadaster amount, and the cadaster amount is renewed every year by the government. (The plot of the

hotel under appraisal has not been obtained by the application and plot allocation method, there is an investment contract with the Yaroslavl city municipality.)

According to the zoning system in the country of Russia, Kaliningrad city plot allocations are realized in 3 stages. All of the currently available lands are state property, and land is allocated and cadaster number is issued upon application. The allocation of the plot on which the hotel project subject to appraisal is located has been made based on the resolutions of the Kaliningrad City Municipality and the contract dated 29.03.2010 signed with the Kaliningrad City Municipality.

Following the resolutions of the Kaliningrad City Municipality and the contract dated 29.03.2010 signed with the Kaliningrad City Municipality, the stages of the project design activities and approval by the state expertise have been completed. Following the completion of the state expertise, the number of stories and the maximum closed area of the hotel have been determined by the related construction permit.

✓ **Licenses and Permits:**

The legal documents obtained from the customer for the real property under appraisal have been listed in chronological order.

- There is a lease contract dated 18.02.2009 and numbered 990869, signed between the Kaliningrad Municipality and the Lastadiye Limited Company.
- There is a contract dated 29.03.2010 and numbered 009869-1/UA, signed between the Kaliningrad Municipality and the Lastadiye Limited Company, on the transfer (assignment) of rights and obligations as per the contract dated 18.02.2009 and numbered 009869.
- There is a resolution dated 20.08.2010 and numbered 1421, passed by the Kaliningrad City Urban Regional Management (Municipality).
- There is a contract dated 09.09.2010 and numbered 233, signed between the Kaliningrad Province Independent Public Enterprise and the Kaliningrad Invest Limited Company, on the provision of state expertise (expert investigation) services.
- There is an agreement dated 10.09.2010 and numbered 009869-2, signed between the Kaliningrad Municipality and the Kaliningrad Invest Limited Company, in relation to the amendments made to the contract dated 18.02.2009 and numbered 009869.
- There is a "Construction Permit Certificate" dated 20.07.2011 and numbered RU3931500-236/2011, certified by the Russian Federation Kaliningrad City Municipality Architecture and Construction Committee, obtained for the "1st Stage of the Multi-Functional Complex construction including Hotels, Commercial, Exhibition and Administrative Buildings and Restaurant" and valid until 01.10.2013.
- There is a project approval dated 29.04.2011 and numbered 39-1-4-0085-11, issued by the "Kaliningrad Project Expertise Center."

According to the legislations in Russia, after the allocation of the land following the final decision of the governorship, the project design works start. In order to be able to obtain a construction permit after the project design process carried out in reference to the permits got in 3 stages, an appraisal report of the state is required. The construction permit issued for the project in question is attached to the report.

As the measurements in the official approvals are made over the net area according to the Russian legislations, the building area is observed to be 6,078.82 sqm. The building subject to appraisal has been designed as having a gross closed area of 6,322 sqm.

Building Supervision:

According to the laws of city of Kaliningrad, Russia, building supervision is carried out by the experts of the government.

SECTION 4

LOCATION ANALYSIS OF THE REAL PROPERTIES

Section 4

Location Analysis of the Real Subject

4.1 Situation, Position and Environmental Features of the Real Estate

The open address of the immovable property: Moskovsky Str. No.52, real property with cadaster no. 39:15:132332:37 Kaliningrad /Rusya

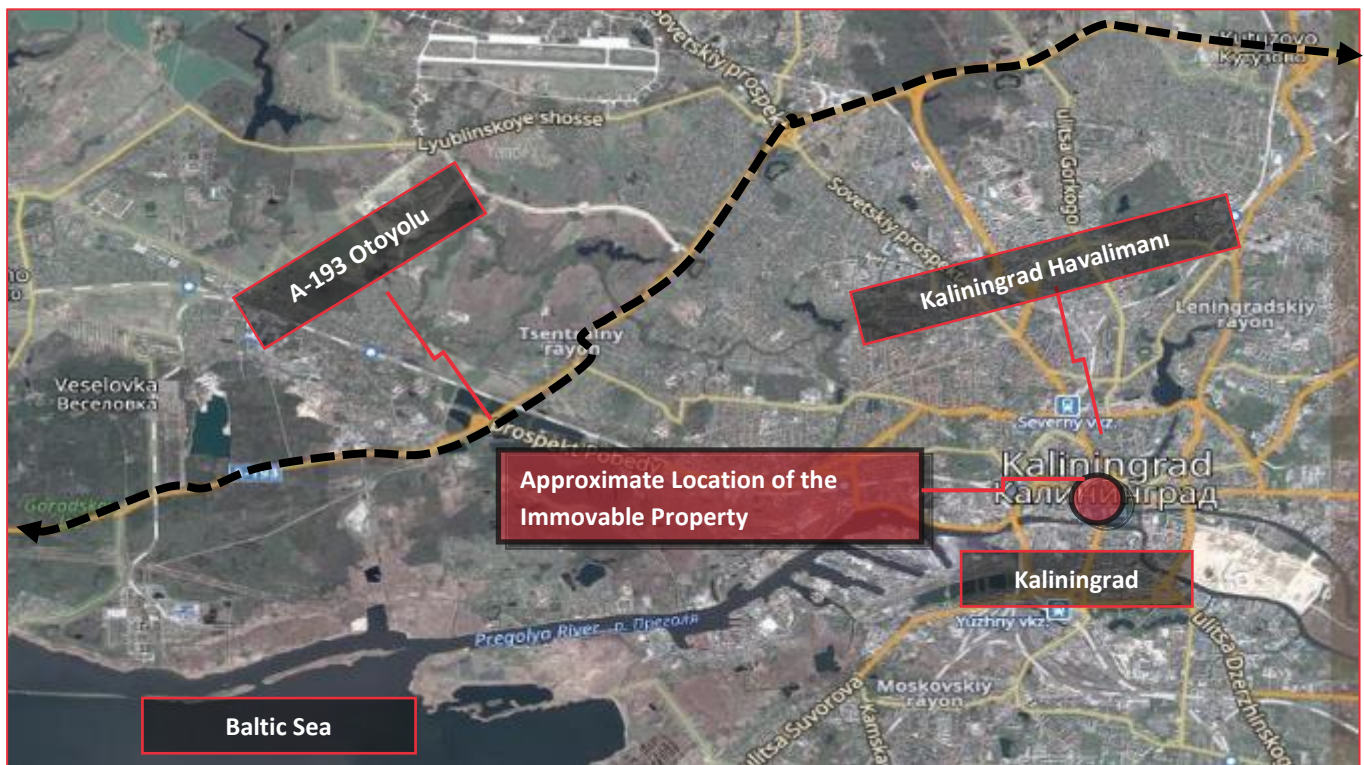
Kaliningrad is a land near the Baltic Sea between Lithuania and Poland, where the Russian Federation has no land connection with Russia. Both the scarcity of hotels that are operated at international standards by brands and have more than 100 rooms, and the fact that the available hotels are composed of old, Soviet-type buildings, have rendered Kaliningrad a center of attraction with respect to hotel investments.

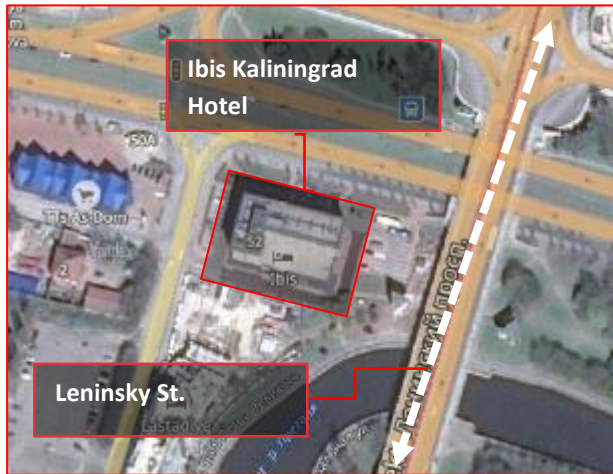
Kaliningrad is one of the cities selected by the Russian Government for the FIFA 2018 World Cup matches and it is expected that the region's attractiveness will increase with investments to be made before the championship.

The property in question is located in a region close to the urban center of city of Kaliningrad, where historic buildings, business centers and shopping centers are situated. The property in question has a 100 m façade facing to Moskovsky Street. Advertisement potential and visibility of the property in question is high.

The real property subject to appraisal is located on the bank of the Pregolya River and is far from traffic and noise, although it faces the main arteries of the city. In the close surroundings of the real property, there are buildings such as the Baltiyskiy office building, Severo – Zapadnyy Telecom building and Kaliningrad hotel.

Access to the subject real property is provided by private or public transportation vehicles, while it is also possible to access the site through the river route. There are no infrastructure problems in the area.





Distances to the Some Important Centers;

Name	Distance
Progolya River	0,45 km.
Kaliningrad City Center	1,2 km.
Kaliningrad Train Station	3,0 km.

SECTION 5

PHYSICAL INFORMATION OF REAL ESTATE

Section 5

Physical Information Of Real Estate

5.1 Definition of the Subject Property of Appraisal

The project subject to appraisal is the 3-star Ibis Hotel on parcel no. 18, with cadaster no. 39:15:132332:18. The hotel project has been designed on a parcel of 5,099 sqm surface area, with 6,322.52 sqm closed area and 167 rooms. The hotel was inaugurated on 27th August of 2013.

The hotel project under appraisal, which is being constructed, consists of 1 Basement Floor + 6 Normal Floors+ 1 Penthouse. (The term “Ground Floor” is not used in buildings in Russia and the subject hotel building is seen as 1 Basement Floor + 7 Normal Floors in the relevant approved projects.)

According to the approved architectural projects, the hotel’s basement storey houses back office areas such as technical volumes, laundry, storage and archive. While the lobby, restaurant, kitchens, meeting rooms and office areas are available on the ground storey, the 2nd, 3rd, 4th, 5th and 6th regular stories have been designed as bed floors. There is an equal number of rooms as 35 per storey on the 2nd, 3rd and 4th floor. The total number of rooms is 167, with 33 rooms on the 4th floor and 30 rooms on the 5th floor. The hotel rooms have been planned as 119 standard, 40 twin, 3 disabled and 5 family rooms, plus 1 executive suite. The storey distributions of the hotel at the project approval stage, according to the architectural projects, are as follows;

Hotel Block - According to the Architectural Project		
Floors	Area (m ²)	Usage
Basement	694,96	Technical volumes, laundry, warehouse, archive
1st Normal	1291,66	Lobby, restaurant, meeting rooms, offices
2nd Normal	842,53	35 rooms
3rd Normal	842,53	35 rooms
4th Normal	842,53	35 rooms
5th Normal	842,53	33 rooms
6th Normal	842,53	29 hotel rooms + 1 general manager room
Penthouse	123,5	
Hotel Block Total Area	6.322,52	167 Rooms

5.2 Structural Construcion Features of The Subject Property

Construction Style	Reinforced Concrete
Order of Construction	Detached Order
Floor	1 basement floor + 6 normal floors+penthouse
Total Building sqm	6.322,52
Age	~4 (The title deed is based on the year of construction completion.)
Exterior	Paint on plaster
Elektric / Water / Sewage	Network
Heating System	Fan-Coil
Ventilation System	Available
Elevator	Available
Generator	Available
Fire Escape	Available
Car Park	Available
Other	Available

5.3 Interior Area Construction Details of the Subject Property

At the discretion of the judgment, the following indications of the construction and technical specifications of the properties of the immovable currently used are not taken into consideration.

Purpose of	Hotel (According to legal and current situation)
Area	6.322,52 sqm (Construction Area)
Ground	Partially laminated parquet, ceramic-granite in common areas, tiles in wet areas
Wall	Paint
Ceiling	Suspended ceiling
Lighting	Spot lighting, decorative lighting

5.4 Date taken as basis in Physical Valuation

- The hotel was inaugurated on 27th August of 2013.
- The hotel works as a 3-star hotel and has a 167 room-capacity.
- The Ibis Hotel project consists of 8 stories: 1 basement floor + 6 normal floors + 1 attic.
- There is no closed car parking area in the hotel and open-area carpark is available for parking services.
- The real property is at a central location, quite close to the significant main arteries, historical and touristic areas.
- Taşınmazın reklam kabiliyeti ve görünürlüğü yüksektir.
- Subject immovable has high advertising ability and visibility
- The city view is available from the up floors of the subject property.
- There is a lease obligation to the benefit of Kaliningradinvest Limited Company, dated 09.04.2014, register no. 39-39-01/067/2009-689, with validity period from 18.02.2009 up to 29.04.2057, for the said real property qualifying as "Plot", with cadaster number 39:15:132332:37.

SECTION 6

SWOT ANALYSIS

Section 6

SWOT Analysis

+ STRENGTHS

- The immovable property is located in a very central location close to important main arterial roads, historical and touristic regions.
- Transportation to the property which is located along the Progolya River Bank, is quite easy and there are different alternatives to reach the property.
- Advertisement potential and visibility of the property is high.
- The hotels in question will be operated under the name of brand that provides the same standards all over the world.

- WEAKNESSES

- There are no closed car parking areas in the project.

✓ OPPORTUNITIES

- Since there is a need for qualified accommodation facilities in the city of Kaliningrad, the property will create attraction.
- It is announced that FIFA 2018 World Cup will be held in Russia. Under the 2018 World Cup, there will be some organizations in the city of Kaliningrad and it is planned to make many investments for these organizations. It is believed that these investments will have a positive effect on the occupancy rate of hotels.
- Due to the fact that there is insufficient number of conference and meeting halls available for business tourism, it is expected that hotels operated in international standards and having brand values will be demanded.

✗ THREATS

- The international sanctions on Russia for the crisis caused by the crisis between Russia and Ukraine have affected the economy negatively with the structural adversities. Sanctions including trade and investment restrictions by the EU are extended every 6 months and the sanctions will be finalized on 31 January 2018

SECTION 7

ANALYSIS OF THE METHODS USED IN THE APPRAISAL

Section 7

Analysis Of The Methods Used In The Appraisal

7.1 Valuation Methods

There are three different valuation methods within the scope of International Valuation Standards. These methods are respectively the methods of "Equivalent Comparison Approach", "Cost Formation Approach" and "Income Reduction Approach". The definitions of all three approaches in International Valuation Standards are given below.

Equivalent Comparison Approach

The equivalent comparison method ensures that the indicative value is comparatively determined with the same or the similar assets of the assets subject to appraisal, which have price information.

The first step to be taken is to consider the price of the transactions that have occurred recently in the market regarding the same or similar assets. If a limited number of transactions have occurred, then it would be appropriate to consider the prices traded or offered for the similar or the same assets provided that the validity of such information is determined and analyzed critically. In order to reflect the differences between the actual transaction conditions and all assumptions made in the appraisal, it may be necessary to make corrections on the price information obtained from other transactions. Furthermore, there may be also differences between the asset that is valued and the assets of other transactions in terms of legal, economic and physical aspects.

Cost Analysis Approach

The cost approach ensures that the indicative value is determined by the implementation of an economic principle that a buyer will not pay more than the cost of an acquisition of another asset having the equal benefit to him for an asset whether obtained by purchasing or construction.

This approach is based on the principle that the price to be paid by a buyer in the market for the asset being valued will not be more than the cost of an equal asset whether by purchasing or construction unless the factors such as time, unsuitability, risk that cause unnecessary burden are concerned. Because of being worn and outdated, the attractiveness of the assets that are being valued is generally lower than the alternatives to be purchased or built. Where this is the case, it may be necessary to make adjustments to the cost of alternative asset depending on the value basis that has to be used.

Income Capitalization Approach

Different methods are used to determine the value under the main heading of Income approach; the common characteristic of all of them that the value is based on actual income de facto obtained by the right owner or estimated incomes to be obtained.

The income for an investment property may be in the way of lease, it may also be a hypothetical lease (or saved rent) based on the cost that the property owner bears for renting an equivalent space in the building used by its owner. The defined cash flows are then used for valuation by the capitalization process. The income streams which are expected to remain fixed can be capitalized using a single multiplier that is often referred as the rate of capitalization. This figure represents the return or "yield" for the investor that is expected to reflect the time cost and ownership risks and revenues, and theoretical return for the property owner using the property himself.

7.2 Value Definitions

The market value has been appraised as the final report value in this valuation work, the value definitions according to the International valuation Standards are as follows.

Market Value

In case of a real property is transferred between a buyer and a seller, on a certain date, it is the most probable, cash transfer value of the property determined by the conditions of providing the market conditions required by the sales, the willingness of the parties and both parties being informed of all cases related to the real property.

The validity of the following points is assumed in this valuation study.

- The buyer and the seller are acting in a reasonable and sensible matter.
- The parties are fully informed in respect of the real property and acting in a manner to ensure maximum benefit to them.
- A reasonable period of time has been granted for the sale of the real property.
- The payment is made in advance by cash or similar instruments.
- Financing which may be required in the course of purchasing and selling of the real property is carried out through the interest rates of the market.

7.3 Analysis of the Methods used in Valuation and the Reasons for the Selection of these Methods

In this valuation study, the income approach is considered feasible considering that the real estate is an existing active hotel.

✓ The Professional Assessment of the Appraiser:

When the real property subject to appraisal is appraised, the legal status and technical features of the real property, the information about the similar real properties, location, transportation, environmental features, its infrastructure, SWOT analysis performed and economic condition of the country have been taken into account.

Cash Flows Approach Analysis

In the revenue discounting method, valuation is made for a present project that has an architectural project and license. Meanwhile, in the development method, the most suitable project is developed within the scope of the available zoning status on a plot that does not have any project or license and the revenues that will be generated are discounted. Meanwhile, in the development approach that is used as the 2nd method in plot valuation, the plot value is found by calculation the revenues falling to the share of the plot owner from the project to be built on the plot.

When valuing a vacant plot with a defined project or a project that is in the construction stage, the cash flow table is generated by the revenue discounting method with the available approved architectural project and the data provided in the construction license. Meanwhile, in the valuation of vacant plots, the appraiser making the valuation generates the cash flow table by determining the salable / leasable area based on his own insight and according to the current zoning plan conditions.

• Assumptions used in Valuation

- It was assumed that the 3-star Ibis Hotel will be operated on the mentioned parcel.
- It was assumed that the hotel would consist of 167 rooms
- It was assumed that the hotel would be open for 365 days.
- It was assumed that the average occupancy rates of the hotel would be 72% in 2018, continue increasingly and reach 85% in 2021 that the subject occupancy rate would remain stable in the subsequent years.
- Prices at the hotel are predicted to be in the bed and breakfast system. As a result of examinations made in the tourism sector and region, it is predicted that the price of the room will be 45 € for 2018 and 4% for the first four years and 2.5% for each year in the following years.
- In the 3-star hotel, lunch and dinner, drinks, laundry etc are considered as extra expenses. Expenditures were also added to other income. The income foreseen for this item is estimated as 35% of total income. It is assumed that this rate will remain constant, but income will increase in proportion to hotel revenues.
- It was projected that the Gross Operating Profit (GOP) would be 48%, increase in the following years and reach 55% and remain stable during the subsequent years.
- It was accepted that the hotel will be purchased in 2018 for 45.000 Euro.
- The reduction rate in projection is set at 12.00%.
- It is assumed that all payments have been made in advance.
- The real estate is assumed to have completed all legal and legal procedures.
- Euro was used during the work.
- Study IVSC (Under International Valuation Standards) tax not included.

Ibis Kaliningrad Hotel (3 Stars)	
Room Capacity	167
Operation Days/Year	365
Room Capacity/Year	60.955
ADR (EURO)	45,00
Growth Rate First 4 Years (%)	4,00%
Growth Rate Between 4-10 Years (%)	2,50%
Other Revenue Rate (%)	35%
Renewal Cost Rate (%)	1,00%
Cap. Rate (%)	8,00%
Inflation Rate (%)	2,50%

Ibis Kaliningrad Hotel Cash Flow(EURO)												
Years	29/12/2017	29/12/2018	29/12/2019	29/12/2020	29/12/2021	29/12/2022	29/12/2023	29/12/2024	29/12/2025	29/12/2026	29/12/2027	29/12/2028
Hotel Function												
Operation Days	60.955	60.955	60.955	60.955	60.955	60.955	60.955	60.955	60.955	60.955	60.955	60.955
Occupancy (%)	0%	72%	75%	80%	85%	85%	85%	85%	85%	85%	85%	85%
Saled Rooms	-	43.888	45.716	48.764	51.812	51.812	51.812	51.812	51.812	51.812	51.812	51.812
ADR (EURO)		45,00	46,80	48,67	50,62	52,64	53,96	55,31	56,69	58,11	59,56	61,05
Room Revenue/Years (EURO)	-	1.974.942	2.139.521	2.373.441	2.622.653	2.727.559	2.795.748	2.865.642	2.937.283	3.010.715	3.085.983	3.163.132
Other Revenue Rate/ Years(EURO)	-	691.230	748.832	830.704	917.928	954.646	978.512	1.002.975	1.028.049	1.053.750	1.080.094	1.107.096
Total Revenue (EURO)	-	2.666.172	2.888.353	3.204.146	3.540.581	3.682.204	3.774.260	3.868.616	3.965.331	4.064.465	4.166.076	4.270.228
GOP (%)	-	48%	50%	52%	55%	55%	55%	55%	55%	55%	55%	55%
Total Hotel Revenues After Operational Expenses (EURO)	-	1.279.762	1.444.176	1.666.156	1.947.320	2.025.212	2.075.843	2.127.739	2.180.932	2.235.456	2.291.342	2.348.626
Total Hotel Revenues EURO)	-	1.279.762	1.444.176	1.666.156	1.947.320	2.025.212	2.075.843	2.127.739	2.180.932	2.235.456	2.291.342	2.348.626
Renewal Cost (EURO)	-	26.662	28.884	32.041	35.406	36.822	37.743	38.686	39.653	40.645	41.661	42.702
Property Tax (EURO)	-	22.074	21.191	20.344	19.530	18.749	17.999	34.558	33.175	31.848	30.574	29.351
Land Tax (EURO)		5.263	5.395	5.530	5.668	5.810	5.955	6.104	6.257	6.413	6.573	6.738
Price of Land (EURO)		45.000										
Building Insuarence EURO)	-	6.537	6.537	6.537	6.537	6.537	6.537	6.537	6.537	6.537	6.537	6.537
Total Expenses (EURO)	-	105.536	62.007	64.452	67.141	67.917	68.233	85.885	85.622	85.443	85.345	85.328
Total Hotel Net Revenues (EURO)		1.174.227	1.382.170	1.601.704	1.880.179	1.957.295	2.007.610	2.041.854	2.095.310	2.150.013	2.205.997	2.263.297
Terminal Value (Euro)	8%										28.291.218	
Net Cash Flow	0	1.174.227	1.382.170	1.601.704	1.880.179	1.957.295	2.007.610	2.041.854	2.095.310	2.150.013	30.497.215	2.263.297

Appraisal Table			
Risk Free Rate of Return	2,60%	2,60%	2,60%
Risk Premiums	8,90%	9,40%	9,90%
Discount Rate	11,50%	12,00%	12,50%
Net Present Value (EURO)	19.614.198	18.968.396	18.350.215
Net Present Valuer (TL)	77.211.290	86.264.472	72.235.620
Approximate Net Present Value (EURO)	19.610.000	18.970.000	18.350.000
Approximate Net Present Value (TL)	77.210.000	86.260.000	72.240.000

The Value of the Property According to the Rental Income

- **As the annual rent amount that is required to be paid by Accor Group which is the international hotel operating company, for the hotel owned by Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. for which the valuation work was made, the company shall pay twenty-five percent (25%) of the gross income (excluding VAT) or the amount higher than 72.5 % of the gross operating revenue that is obtained by deducting 8 % from the gross income including 4 % for the operating expenses and 4 % for the renovation costs.**
- The hotel project under consideration is assumed to be owned by the Akfen GYO A.Ş. and operated by the Accor group, an international hotel operating company. The occupancy rates of the hotel have a positive effect on the operation of the international brands, such as bed / room prices, which affect the potential.
- The cash flows from operating the real estate for the years used in the income reduction method are as follows: Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. and Accor group's cash flows.
- Rent income Accor group of the immovable and Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. of the contract terms.
- It was assumed that the 3-star Ibis Hotel will be operated on the mentioned parcel.
- It was assumed that the hotel would consist of 167 rooms
- It was assumed that the hotel would be open for 365 days.
- It is predicted that the land tax will increase to EUR 5.263 in 2018 and increase by 2.50% over the years.
- It is assumed that the hotel's insurance amount will be paid at EUR 6.537 and will remain stable by years according to the information obtained from the customer.
- It is accepted that the hotel will be purchased in 2018 for 45.000 Euro.
- It is predicted that the price of the real estate tax will be 22.074 EURO in 2018, it will continue to decrease with the decrease of the depreciation rate by years. (In Russia, the real estate tax is declining in proportion to the amount of building wear by years.)
- The renewal fee for the hotel lease model is 5% of the renewal fee calculated in the operation alternative. In the rental model it is assumed that the renovations of the hotel will be carried out by the tenant
- It was assumed that the average occupancy rates of the hotel would be 72% in 2018, continue increasingly and reach 85% in 2021 that the subject occupancy rate would remain stable in the subsequent years.
- Prices at the hotel are predicted to be in the bed and breakfast system. As a result of examinations made in the tourism sector and region, it is predicted that the price of the room will be 45 € for 2018 and 4% for the first four years and 2.5% for each year in the following years.
- In the 3-star hotel, lunch and dinner, drinks, laundry etc are considered as extra expenses. Expenditures were also added to other income. The income foreseen for this item is estimated as 35% of total income. It is assumed that this rate will remain constant, but income will increase in proportion to hotel revenues.
- It was projected that the Gross Operating Profit (GOP) would be 48%, increase in the following years and reach 55% and remain stable during the subsequent years.
- It was accepted that the hotel will be purchased in 2018 for 45.000 Euro.

- The reduction rate in projection is set at 10.00%.
- It is assumed that all payments have been made in advance.
- The real estate is assumed to have completed all legal and legal procedures.
- Euro was used during the work.
- Study IVSC (Under International Valuation Standards) tax not included.

AGOP Ratio	75%
Ratio to be deducted from GOP for AGOP Account	8,0%
Cap Rate (%)	7,5%

Cash Flow (EURO)												
Years	29/12/2017	29/12/2018	29/12/2019	29/12/2020	29/12/2021	29/12/2022	29/12/2023	29/12/2024	29/12/2025	29/12/2026	29/12/2027	29/12/2028
MGAR ODA		6.000	6.000	6.000	6.000	6.000	6.000	6.000	6.000	6.000	6.000	6.000
MGAR IBIS		1.002.000	1.002.000	1.002.000	1.002.000	1.002.000	1.002.000	1.002.000	1.002.000	1.002.000	1.002.000	1.002.000
AGOP IBIS		1.066.469	1.213.108	1.409.824	1.664.073	1.730.636	1.773.902	1.818.250	1.863.706	1.910.298	1.958.056	2.007.007
%75 AGOP		799.851,51	909.831	1.057.368	1.248.055	1.297.977	1.330.427	1.363.687	1.397.779	1.432.724	1.468.542	1.505.255
Ibis Hotel Rental Revenue		1.002.000	949.831	1.057.368	1.248.055	1.297.977	1.330.427	1.363.687	1.397.779	1.432.724	1.468.542	1.505.255
Renewal Cost (EURO)		1.333,09	1.444,18	1.602,07	1.770,29	1.841,10	1.887,13	1.934,31	1.982,67	2.032,23	2.083,04	2.135,11
Property Tax (EURO)	-	22.074	21.191	20.344	19.530	18.749	17.999	34.558	33.175	31.848	30.574	29.351
Land Tax (EURO)		5.263	5.395	5.529	5.668	5.809	5.955	6.103	6.256	6.412	6.573	6.737
Price of Land (EURO)		45.000										
Building Insurance (EURO)	-	6.537	6.537	6.537	6.537	6.537	6.537	6.537	6.537	6.537	6.537	6.537
Terminal Value (Euro)	7,5%	-	-	-	-	-	-	-	-	-	19.473.268	-
Toplam Net Gelirler (EURO)	-	921.793	915.264	1.023.356	1.214.550	1.265.041	1.298.049	1.314.555	1.349.829	1.385.894	20.896.042	1.460.495

Appraisal Table			
Risk Free Rate of Return	2,60%	2,60%	2,60%
Risk Premiums	6,90%	7,40%	7,90%
Discount Rate	9,50%	10,00%	10,50%
Net Present Value (EURO)	15.173.781	14.653.388	14.155.918
Net Present Valuer (TL)	69.007.322	66.640.677	64.378.283
Approximate Net Present Value (EURO)	15.170.000	14.650.000	14.160.000
Approximate Net Present Value (TL)	69.010.000	66.640.000	64.380.000

YEARS	29/12/2017	29/12/2018
Average Cash Flow of Rent Value	0	1.048.010

Rent Appraisal Table			
Risk Free Rate of Return	2,60%	2,60%	2,60%
Risk Premiums	7,90%	8,40%	8,90%
Discount Rate	10,50%	11,00%	11,50%
Net Present Value (EURO)	948.425	944.153	939.919

Net Present Value (EURO)	944.153
Net Present Valuer (TL)	4.301.561

Approximate Net Present Value (EURO)	940.000
Approximate Net Present Value (TL)	4.300.000

7.4 Highest and Best Use Analysis

Making a property physically fit, allowed by law, financially feasible and making the most profitable property is the most efficient and best use.

In accordance with the market researches and assessments made, the most efficient and best use of the real property subject to appraisal is its use for the purpose of “**Hotel**” in line with its architectural project and its current use.

SECTION 8

EVALUATION OF ANALYSIS RESULTS AND CONCLUSION

Section 8

Evaluation Of Analysis Results And Conclusion

In this valuation study, valuation has been done using a equivalent income approach

Method	TL	EUR
Income Approach	76.450.000	16.810.000

The subject real property qualifying as hotel has been evaluated as a revenue-generating property and the revenue approach has been used in the valuation of the real property. A market investigation has been conducted for real properties of similar qualifications in the region, as aimed for the data to be used in the revenue approach, and the materialized data obtained from the customer have been examined. The revenue approach has been carried in two different ways, considering the revenues generated by the real property according to the available lease contract and the potential cash flow that it could generate in the market.

The aforesaid hotel has currently been leased to Accor Group by a lease contract in order to be operated. Accordingly, the value of the real property has been calculated by discounting with a lower risk premium for the lease revenues that have been guaranteed by the contract. In the other way, evaluation has been made according to the potential net cash flows that the hotel could generate according to the market investigation that has been made.

In this context, the value of the real property appraised according to the revenue approach has been appraised by taking the average of the two values that have been calculated as based on the lease revenue guaranteed by the lease contract and by discounting the potential net cash flows of the business.

TOTAL MARKET VALUE OF THE REAL ESTATE (VAT EXCLUDED)		
Report Date	29.12.2017	
Rate Information	Buying: 1 EUR = 4.5478 TL	Selling: 1 EUR = 4.5560 TL
Market Value	76.450.000-TL	Seventysixmillionfourhundredfiftythousand-TL
	16.810.000-EUR	Sixteenmilliononehundredtenthousand-EUR
Annual Rent Value	4.300.000-TL	Fourmillionthreehundredthousand-TL
	940.000-EUR	Ninehundredfortythousand-EUR

Mustafa HASDEMİR Appraiser	Ece KADIOĞLU Appraiser License No: 403562	Esra NEŞELİ Appraiser/Supervisor License No : 403459	Ozan KOLCUOĞLU, MRICS Appraiser In Charge License No : 402293
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this page is an integral part of the appraisal report, is complete with the detailed information in the report, and cannot be used independently.

SECTION 9

ANNEX

Section 9

Annex

1	Sector Report
2	State Registry Documents
3	Land Leasing Contract
4	Operation Permit
5	Photos
6	CV's