

**AKFEN REAL ESTATE INVESTMENT TRUST INC.**

**CITY OF ADANA, DISTRICT OF SEYHAN**

**BUILDING BLOCK NO. 585, PLOT NO. 2**

**ADANA IBIS OTEL PROJECT**

**REAL ESTATE APPRAISAL REPORT**

**Report No: 2015-020-GYO-009**

**Appraisal Date: 31.12.2015**

**Date of Report: 08.01.2016**



**REAL ESTATE CONSULTANCY AND APPRAISAL INC.**

# i. 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-009
<b>Date of Appraisal</b>	:	01.10.2015-31.12.2015
<b>Information Concerning the Property Subject to the Appraisal</b>	:	The real estates; (1) detached section "11-Storeyed Concrete Hotel and the Land" locate in the city of Adana, District of Seyhan, Neighbourhood of Cinarli, at Block 585, Plot No.2, with a surface area of 2.213,00m, and (2) detached section with a nature of "Workplace".
<b>Subject of Study</b>	:	Determining the right of construction, current market value and the annual lease value of the said real estate (building).
<b>Land Area of the Real Estate Subject to the Appraisal</b>	:	2,213.00m <sup>2</sup>
<b>Land Area of Closed Spaces of the Real Estate Subject to the Appraisal</b>	:	Hotel Area: 6.158,88m <sup>2</sup> + Workplace Area:652m <sup>2</sup> + Common Area: 2.236,56 =9.047,44m <sup>2</sup>
<b>Zoning Status of the Real Estate Subject to the Appraisal</b>	:	House + Trading Area

As of 31.12.2015

	<b>Annual Market Value of the Real Estate (EURO)</b>	<b>Annual Market Value of the Real Estate (TL)</b>
<b>VAT Excluded</b>	<b>14.495.000</b>	<b>44.790.000</b>
<b>VAT Included</b>	<b>17.100.000</b>	<b>52.850.000</b>

	<b>Annual Lease Value of the Real Estate (EURO)</b>	<b>Annual Lease Value of the Real Estate (TL)</b>
<b>VAT Excluded</b>	<b>705.000</b>	<b>2.178.000</b>
<b>VAT Included</b>	<b>830.000</b>	<b>2.570.000</b>

- 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,-Euro = 3,098 –TL on 02.11.2015..
- 4- ) This report has been prepared within the scope of the related Capital Market Legislation.

## Names of the persons participating in the Appraisal

<b>Certified Appraiser</b>	:	Taner DÜNER
<b>Certified Appraiser</b>	:	Önder ÖZCAN
<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.

## ii. TABLE OF CONTENTS

1	REPORT INFORMATION .....	1
1.1	The Date, Number and Type of the Appraisal Report .....	1
1.2	Information Regarding the Persons Prepared the Report and the Responsible Appraiser ....	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 Value 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
4.2	Global Economic Overview.....	7
4.3	Turkey Economic Outlook .....	7
4.4	General Status of the Real Estate Industry .....	8
4.5	Information Regarding the Tourism Industry.....	10
4.6	Analysis of the Region Where the Real Estate is Situated .....	11
4.6.1	City of Adana .....	11
4.6.2	District of Seyhan .....	13
4.7	Information Regarding the Tourism Industry in Adana.....	14
5	INFORMATION REGARDING THE REAL ESTATE SUBJECT TO APPRAISAL.....	16



5.1	Information Regarding Place, Location and Neighborhood of the Real Estate .....	16
5.2	Land Register Information of the Real Estate .....	19
5.2.1	Investigation of the Land Registry of the Real Estate.....	19
5.2.2	Changes that Have Occured in the Land Registry of the Real Estate within Last Three Years	20
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 .....	20
5.3	Inspection of the Zoning Information of the Real Estate .....	21
5.3.1	Plan, License, Diagram and Similar Documents with Regard to the Real Estate .....	22
5.3.2	Building Inspection Institute and Maintenance .....	23
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 Changes that Have Occurred within the Last Three Years .....	23
5.3.4	Opinion Whether the Necessary Permit and Documents Pursuant to the Legislation are Accurate and Complete .....	23
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 .....	23
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 .....	24
5.4	Physical Characteristics of the Real Estate .....	24
5.4.1	Structural Construction Characteristics of the Real Estate .....	24
5.4.2	Inspections Performed Within the Premises of the Real Estate .....	27
6	FACTORS AFFECTING AND DETERMINING THE VALUE OF THE REAL ESTATE .....	29
6.1	Factors that Limit or Negatively Affect the Appraisal Process .....	29
6.2	SWOT Analysis .....	29
6.3	Exemplary Share Rate in the Projects that Will Be Performed According to the Revenue Sharing and Flat for Land Methods.....	30



6.4	Methods and Eligibility Motives Employed in the Appraisal of the Real Estate .....	30
6.4.1	Exemplary Approach .....	30
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 .....	30
6.4.2	Cost Approach .....	35
6.4.3	Cost Discount/ Development Approach.....	36
6.4.4	Lease Value Analysis and Taxes Employed.....	42
6.4.5	Empty Land and Project Values of the Terrain Where the Project is Being Developed	42
6.4.6	Most Effective and Most Productive Use Analysis.....	42
6.4.7	Appraisal Analysis of Common or Divided Parts .....	42
7	APPRAISAL OF ANALYSIS RESULTS.....	43
7.1	Alignment of Different Appraisal Methods and Analysis Results, together with the Explanation of the Method and the Reasons Used for this Purpose.....	43
7.2	Explanation of the Motives Pursuant to the Minimum Information for Not Including Certain Aspects in the Report.....	44
7.3	Information Concerning the Last Three Appraisal of the Real Estate Carried Out by the Company .....	44
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.....	44
8	OUTCOME.....	45
8.1	The Concluding Sentence of the Appraiser .....	45
8.2	Final Appraisal .....	45
9	APPENDIX.....	46



## **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-009

**Type of Report** : Appraisal report relative to the real estates; (1) detached section "11-Storeyed Concrete Hotel and the Land" locate in the city of Adana, District of Seyhan, Neighborhood of Cinarli, at Block 585, Plot No.2, with a surface area of 2.213,00m, and (2) detached section with a nature of "Workplace", for the purpose of determining current market value of its right of construction and the current lease value in Turkish Lira currency.

### **1.2 Information Regarding the Persons Prepared the Report and the Responsible Appraiser**

**Report Issued By** : Certified Appraiser Taner DÜNER

**Report Controlled By** : Certified Appraiser Önder ÖZCAN

**Responsible Appraiser** : Responsible Appraiser Neşecan ÇEKİCİ

**Capital Market Board Coverage** : Yes

\* This report has been prepared within the scope of the related Capital Market Legislation.

### **1.3 Date of Appraisal**

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

### **1.4 Reference Agreement**

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**

This appraisal report has been prepared within the scope of the related Capital Market Legislation.





## **2 INTRODUCTORY INFORMATION CONCERNING THE COMPANY AND THE CLIENT**

### **2.1 Introductory Information Concerning the Appraisal Company**

**Company Title** : EPOS Real Estate Consultancy and Appraisal Inc.

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

### **2.2 Introductory Information Concerning the Client**

**Client Title** : Akfen Real Estate Investment Trust Inc.

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

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

This appraisal report is relative to the **real estates; (1) detached section "11-Storeyed Concrete Hotel and the Land" locate in the city of Adana, District of Seyhan, Neighborhood of Cinarli, at Block 585, Plot No.2, with a surface area of 2.213,00m, and (2) detached section with a nature of "Workplace", for the purpose of determining its sales and rental value within the scope of the Council arrangements.**

Referring to the 19.08.2015 dated request by Akfen Real Estate Investment Trust, the potential revenue resulting with regard to the operational and rental value of the Akfen Real Estate Investment Trust Inc. has been evaluated in the report. During the appraisal studies, the market research, the onsite surveys have all been taken into account.

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



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

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

#### **3.1 Exemplary Comparison Approach (Market Value 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 is 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.

### **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.

## 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 in 2014, 96,1% of the Turkish population is literate.

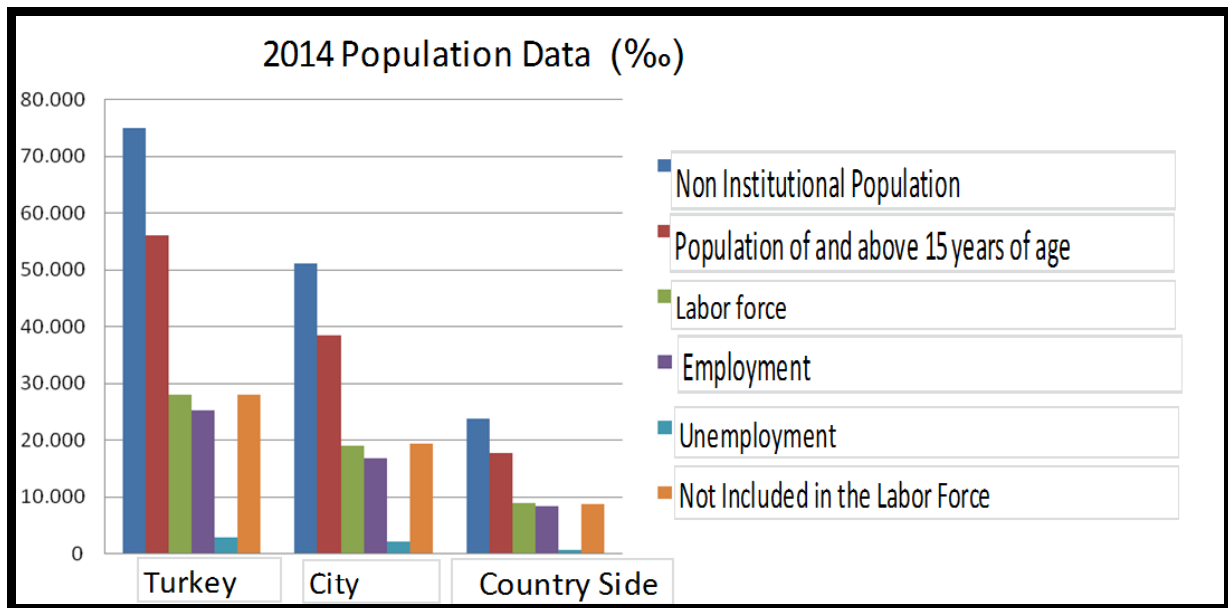
The 15-64 age group, which corresponds to the working age group, makes up 67,7% of the population (corresponding approximately to 52.640.512 people). When the ramifications of the employment into industries is observed, it is concluded that 51% represents services, 21,1% agriculture, 20,5% industry and 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.

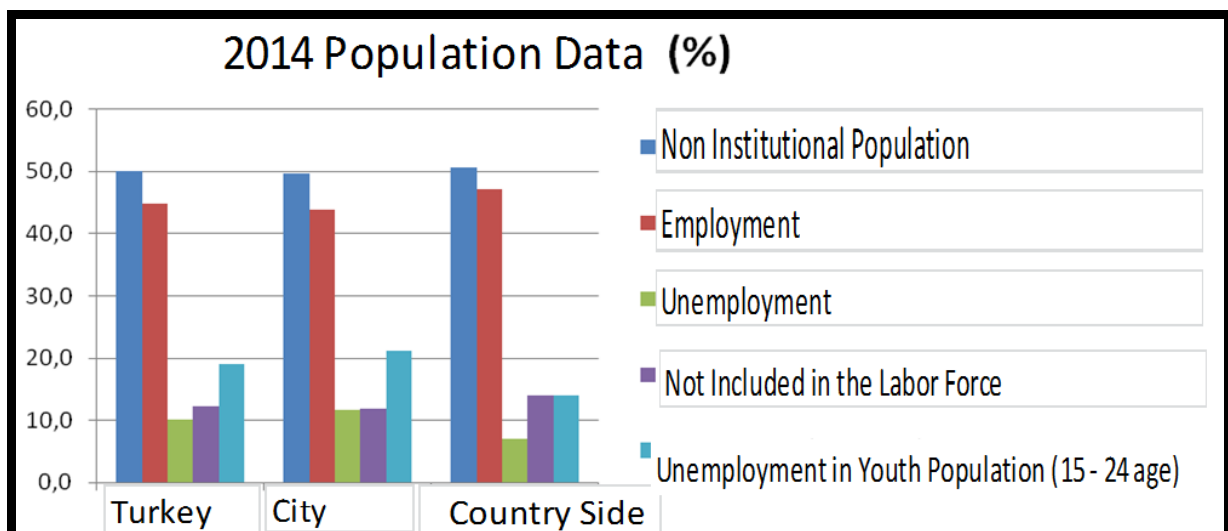
	TURKEY		URBAN		RURAL	
	2013	2014	2013	2014	2013	2014
Non institutional Population (000)	74.033	74.947	50.675	51.129	23.358	23.818
Population of and above 15 years of age (000)	55.169	56.084	37.916	38.372	17.253	17.712
Labor force (000)	27.323	28.036	18.418	19.056	8.905	8.980
Employment (000)	24.433	25.194	16.196	16.849	8.237	8.346
Unemployment (000)	2.890	2.841	2.223	2.207	668	634
Not Included in the Labor Force (000)	27.846	28.048	19.498	19.316	8.348	8.733
Participation in the Labor Force Rate (%)	49,5	50,0	48,6	49,7	51,6	50,7
Employment Rate (%)	44,3	44,9	42,7	43,9	47,7	47,1
Unemployment Rate (%)	10,6	10,1	12,1	11,6	7,5	7,1
Unemployment Rate excluding Agriculture (%)	12,9	12,3	12,3	11,9	15,5	14,1
Unemployment Rate in Young Population (15-24 age group) (%)	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 cities, this number has been noted to rise in the country side. In addition, the increase in participation in the labor force and the employment rates in the city, with regard to the overall rates, has drawn attention. The unemployment rate has been verified to increase in all of the three groups. Meanwhile, the unemployment rate among the young population in Turkey in general, together with the cities, is another important topic to consider.



Furthermore, a second comparison is an evaluation of the 2014 year population specified in the table on the basis of city and countryside. Here, similarity of the Turkey-wide charts and the city charts in terms of distribution draws attention.



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

#### 4.2 Global Economic Overview

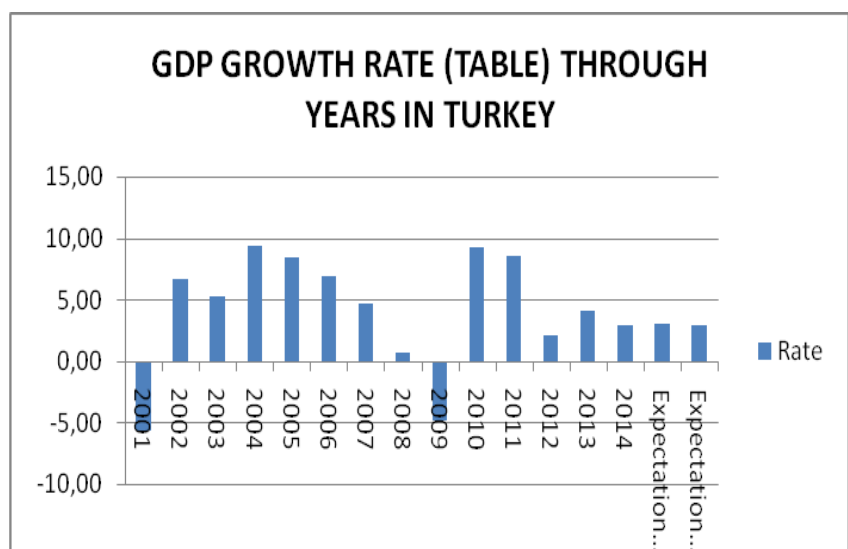
In light of this data, the information regarding general economic overview and real estate industry will be conveyed.

#### 4.3 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
Expectancy 2015	3,00
Expectancy 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.

#### **4.4 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 mobilize 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.

#### **4.5 Information Regarding the Tourism Industry**

The Tourism industry in Turkey has closed the year of 2014 with total of 40.901.438 tourists. Antalya became the first city in regards to foreign tourists visiting touristic centers, with a number of 14.65 million tourists.

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

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.

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

### 4.6.1 City of Adana



Adana is a city of Turkey and the sixth crowded city with **2.165.595** population. The city center located on the Seyhan River 30 km. inland Mediterranean Sea. It has two Mediterranean coastal districts called Karatas and Yumurtalık (Ayas). In Ceyhan district that is also located on Mediterranean there is a commercial port.

Adana- Mersin metropolitan region extending along 100 km from east to west has 3,45 million population. It is the sixth big metropolitan region of the country and a leading commerce and culture center of Turkey.

Adana which is the fourth mine rich region is crucial in terms of chrome, iron, manganese, lead and zinc deposits.

The center of Adana is located in the center of Cukurova which is a geographic, economic, cultural region containing the cities of Mersin, Adana, Osmaniye and Hatay. A large part of the region hosting almost 5,62 million persons; is an arable, wide and flat land.

#### **Districts**

The city of Adana is consisting of 5 metropol districts: Seyhan, Yüreğir, Cukurova, Saricam and Karaisali. While the district of Seyhan is accepted completely within the borders of the city center; Yuregir, Cukurova, Saricam and Karaisali districts are also rural areas located out of the center.

.Seyhan district taking place in the western part of Seyhan River is the culture and work center of the city. D-200 state road (within the city borders it is also accepted as Turhan Cemal Beriker Boulevard.) is like an economic border dividing the city into two parts; north and south. The part located in the north of Seyhan's D-400 land road is the most economically developed part of the city. Throughout D-400; there are hotels, culture centers, commercial and work buildings. The old part located in the south of D-400 is the market area presented too the locals with traditional and modern shops. The south of this area is a residential area preferred by lower class locals.

Cukurova taking place in the north of Seyhan district and the south of Seyhan Basin is a modern residential area. District, is planned in mid- '80s for taking advantage from the 3,000- hectarate less fertile land and orienting the scattered city towards this area; located in the north of the city. Project

called as the New Adana is consisting of villas lying throughout the coast of the lake, multi-storey apartments on the recently opened Turgut Ozal, Suleymen Demirel and Kenan Evren Boulevards.

Yuregir district located in the east part of the river and hosting many residential and big-scaled industrial areas. Recently constructed bridges on the river and with the metro line Yuregir is becoming more important day by day. Adana Ministry of Justice has turned into a district again and 47,5-Hectare health campus is planned in Kazım Karabekir neighborhood. A comprehensive urban zoning plan is applied in the district which will turn Sinanpaşa, Yavuzlar, Koprulu and Kışla neighborhoods into modern residential areas.

Sarıcam district is located in the northeast of Yuregir and consisting of old municipalities combined with the city of Adana in 2008. Some of the big institutions and establishments are as follows: Cukurova University, Incirlik Air Base and Organized Industrial Site.

Karaisali is a small district taking place in the north of Seyhan Basin; out of the city. The most parts of the district is located in the rural area and hosting entertainment areas throughout the Seyhan River and the summerhouses taking place in the high areas in the north.

### ***Neighborhoods***

There are totally 254 neighborhoods in the city. Seyhan has 99 neighborhoods. 69 of them are within the city center and 30 of them are the old municipalities and villages turned into the neighborhoods. Yuregir has 99 neighborhoods; 38 of them are in the city center and 61 of them are in the rural part. There are 29 neighborhoods in Sarıcam, 16 in Cukurova and 11 in Karaisali. Population of a neighborhood changes from 150 to 63,000 according to whether it is in the city center or in the rural area. Especially some places in Cukurova district, some of the neighborhoods are that big as the districts that reaching the mukhtar is hard for the locals.

### ***Geography***

Tepebağ, Kayalıbağ, Kuruköprü, Ulucami, Sarıyakup and Alidede are historical neighborhoods of Adana. Cumhuriyet döneminde planlanmış mahalleler olan Reşatbey, Cemalpaşa, Kurtuluş and Çınarlı planned in the early- Republican period are the center of the cultural life in the city. Güzelyalı, Karşılar and Kurttepe are among the panoramic neighborhoods facing at Seyhan Basin.

Adana is established on the Seyhan River in Cukurova located in the south of Taurus Mountains. Adana having a 160km's long coastline to Mediterranean is on the important transportation roads connecting Europe to Asia.

49% of city surface area is highland, 23% plateau and 27% plain and flat areas. The height exceeds 2500 m. when reaching Taurus towards the north from the south. Foothills of the Taurus take the plan form towards the Mediterranean. Seyhan and Ceyhan Rivers rising from the Central Anatolia

flow into the Mediterranean Sea The seven lakes are located at the summit of the Taurus Mountains Seyhan and Çatalan Dam lakes are located on the Seyhan river; Aslantaş Dam Lake on Ceyhan River; Akyatan and Ağyatan bird paradise lakes in Karatas.

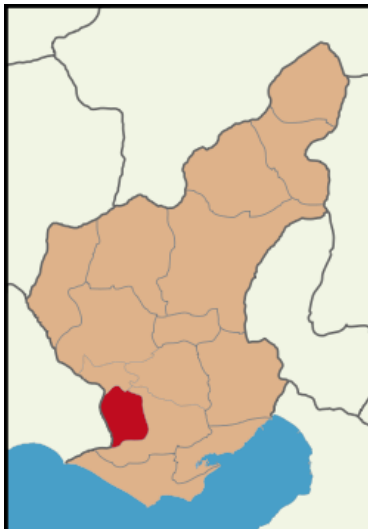
### **History**

The city was connected to the Port of Mersin by railway in 1886. Railways reached Adana going beyond the Taurus in the years of the First World War. As a result of these developments, especially after 1950 the city spread rapidly towards the station in the northwest and westwardly around the old core. New planned neighborhoods were established, wide streets and parks were opened. During these developments, the expansion spread towards the left bank of Seyhan. There are airport, various levels of educational institutions, Çukurova University and State Fine Arts Galleries in Adana which is the junction point of an advanced road network.

The industrial activities starting with industrialization based on agriculture and consumption in the years of 1930-1940 entered into the process of being large-scale factories since 1940.

Also, the factories producing construction materials started to operate in 1950s due to rapid urbanization. Gaining the first-class road status by Osmaniye, Gaziantep, Mersin, Konya roads in 1956 enabled Adana to be a transit center and increased the importance of the city. In the same years, Seyhan Hydroelectric Power Plant was transferred to Çukurova Electricity Inc. In 1960s, many factories started to operate in various sectors and in 1970s, the conglomerate began in the industrial sector. Today, Sasa, Çukurova Elektrik, Marsa, Bossa, Güney Sanayi, Temsa, Adana Çimento, Çukobirlik, Mensa, Pilsa, Güney Biracılık, Paksoy, Özbucak are among 500 industrial enterprises operating across the country.

#### **4.6.2 District of Seyhan**



The District of Seyhan is the Central District of the City of Adana. The City of Adana, situated 40 km inland from the sea, spread on the both sides of the Seyhan River and includes the Districts of Seyhan and Çukurova on the west side and Yüreğir and Sarıçam on the east side. Seyhan is fully accepted within the city center of Adana and all district is served by Seyhan Municipality which is a lower-class municipality. Seyhan is home to the half (35%) of residents in the city of Adana. It is the fifth most populous metropolitan district in Turkey.

Together with being the first residential area of Adana, Seyhan is the center of administration, work and culture of the city. Historical



Tepebag Neighborhood and Buyuk Saat incorporate important structures such as Ulu Camii, Ramazanoglu Konagi and Sabanci Merkez Camii. Adana Culture and Art Center and Sabanci Culture Center, Seyhan Culture Center and Metropol Theater Hall are operating in the same district.

District of Seyhan is governed with three scaled center: central government, provincial administration and municipality.

Seyhan District Governorate is a branch of the central governing operating under the name of Adana Governorship. Seyhan district governor is the district administrator assigned by the Interior Ministry. Seyhan District Governance is functioning as the ministry's administrative committee.

Adana Provincial Special Administration's Seyhan directorate is the district branch office of Provincial Administration. Seyhan is represented with 11 members in the Adana City Council which has 61 members in total.

The only municipality of Seyhan district is the Seyhan Municipality, since the district is all within the Adana city center. Together with servicing to the whole Seyhan district; municipality is divided into the neighborhoods which are the smallest administration units. Seyhan is the only district without villages in Adana. Population of Seyhan was 779.232 in 2014 and has increased in every year since 2009. Because of the fact that the district has all of the central transportation areas; it has also a strategic importance. Shirpasa Airport, Adana Train Station and Intercity Bus Terminal are taking place in the borders of the city. Moreover, The Governorship and the Provincial Directorate of Security which are the most important institution of the city in administrative aspects are within the district borders.

#### **4.7 Information Regarding the Tourism Industry in Adana**

Total number of the hotels in the province of Adana and its districts is 122. (as of 2015). 45 of them are certified by the Ministry of Culture and Tourism. Of these hotels; 6 are 5-star, 13 are 4-star, 13 are 3-star, 4 are 2-star, 2 are boutique, 2 are special certified, 4 are motel and 1 of them is private hotel. Total bed capacity of these hotels is 6.791.

TYPE	NUMBER	BED CAPACITY
5 Star	6	2.350
4 Star	13	2.103
3 Star	13	1.413
2 Star	4	331
Boutique Hotel	2	196
Special Certified	2	92
Motel	4	250
Private Hotel	1	56
<b>Total</b>	<b>45</b>	<b>6.791</b>

***Distribution of the Accommodation Facilities with "Operation Certificate" issued by the Ministry of Culture and Tourism according to the Districts***

***(Source: Adana Provincial Culture and Tourism Directorate-2015)***

The number of the accommodation facilities certified by the municipalities is 77. Of these hotels; 35 are in Seyhan, 3 are in Ceyhan, 6 are in Kozan, 11 are in Karatas, 14 are in Yumurtalik, 2 are in Yuregir, 1 is in Aladag and 1 is in Tufanbeyli. Total number of rooms in these hotels is 2.153 and the bed capacity is 4.383.

DISTRICTS	NUMBER OF FACILITIES	NUMBER OF ROOMS	NUMBER OF BEDS
SEYHAN	35	941	1.627
CEYHAN	3	84	159
KOZAN	6	154	391
KARATAŞ	11	201	490
POZANTI	4	125	325
YUMURTALIK	14	211	578
YÜREĞİR	2	401	731
ALADAĞ	1	16	42
TUFANBEYLİ	1	20	40
<b>TOTAL</b>	<b>77</b>	<b>2.153</b>	<b>4.383</b>

***Distribution of the Accommodation Facilities Certified by the Municipalities according to the Districts***  
(Source: Adana Provincial Culture and Tourism Directorate-2015)

Total number of all rooms in Adana city and its districts is 122 and the bed capacity is 11.174.

TYPE	PCS	NUMBER OF BEDS
CERTIFIED BY THE MINISTRY	45	6.791
MUNICIPALITY BUSINESS LICENSED	77	4.383
<b>TOTAL</b>	<b>122</b>	<b>11.174</b>

***Distribution of the Accommodation Facilities in Adana***

***(Source: Adana Provincial Culture and Tourism Directorate-2015)***

Adana has recently begun to become an important centre in terms of the tourism sector. The facilities which generally offer services as convention and city hotels are available in the region. There are not many facilities in the region yet.

NAME OF THE FACILITY	NUMBER OF THE ROOMS	TYPE
HILTONSA ADANA	308	*****
SHERATON ADANA	240	*****
ANEMON ADANA	140	*****
SEYHAN	138	*****
SURMELI	159	****
RAMADA	113	****
SIRIN PARK	79	****
RIVA RESATBEY	68	****
KAYA PREMIUM	49	****
MASEL	46	****
ADANA PARK	50	***
GOLDEN DELUX	29	***

In addition to food & beverage divisions they also offer room/ breakfast service. Single/double room prices in that region have been learned and the room prices vary between 102.-TL to 139.-TL including breakfast.

## **5 INFORMATION REGARDING THE REAL ESTATE SUBJECT TO APPRAISAL**

### **5.1 Information Regarding Place, Location and Neighborhood of the Real Estate**

The real estate is situated at Block: 585, Plot No: 2 before the Seyhan District Municipality, located at the Neighborhood of Çınarlı, Turhan Cemal Beriker Boulevard.

The real estate subject to this appraisal has a surface area of 2.213,00m<sup>2</sup> and is the real estate which is of "11 Story Reinforced Concrete Hotel and Land" quality, (1) independent part number and "Work Place" quality, (2) independent part number.

The real estate subject to the appraisal is reached, which is located at left side after going forward 1 km in the western direction in front of Sabancı Mosque.



The real estate subject to the appraisal is located on the Boulevard and in a close proximity to the city center, and so its recognition and ad capability is high; it is located in a lively district of Adana, in terms of trade and industry.

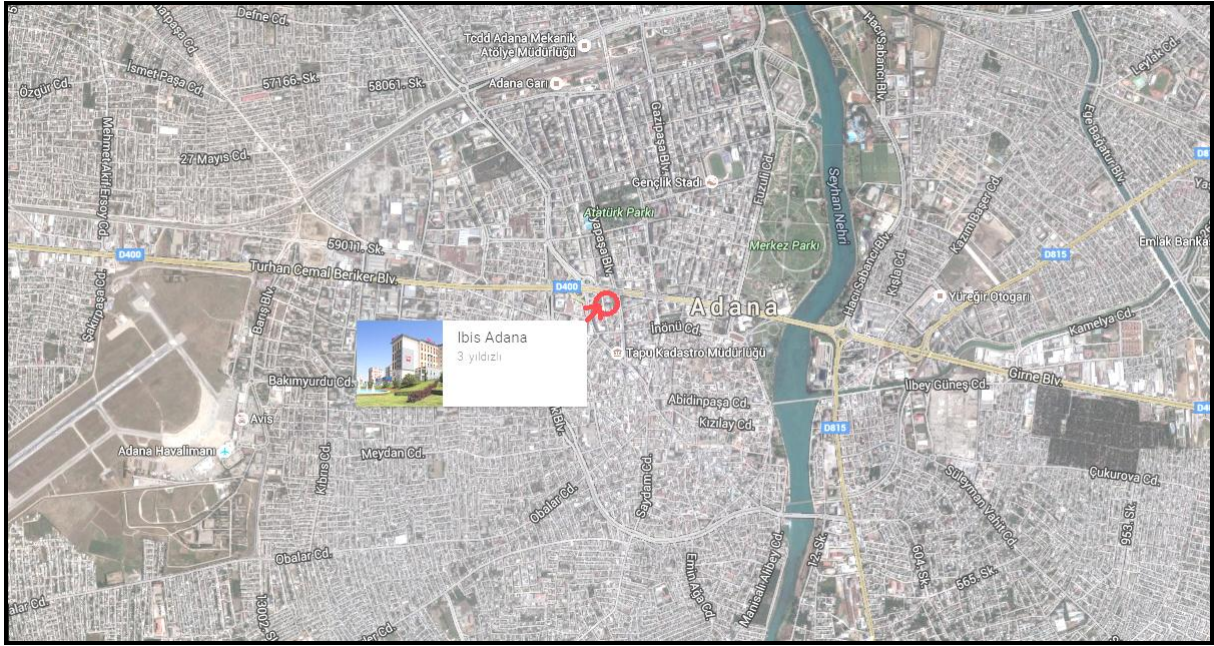
The real estate subject to the appraisal is located within a distance of approximately 250m to the Seyhan Municipality, 400m to Directorate of Land Registry, and 3km to the Sakirpasa Airport.

The plot subject to the appraisal has not a regular geometrical shape; however, it is even in terms of topography. Borders of the real estate are definite. There is a 3-star Ibis Hotel on the real estate as of the appraisal date.

Transportation to the real estate in question is provided by public transportation and private vehicles so its accessibility is easy due to its location.







**Neighborhood of the Real Estate Subject to the Appraisal and Update Satellite Image**



**Location of the real estate subject to the appraisal**

## 5.2 Land Register Information of the Real Estate

City	:	Adana	Adana
District	:	Seyhan	Seyhan
Neighborhood	:	Çınarlı	Çınarlı
Section No	:		
Block No	:	585	585
Plot No	:	2	2
Surface Area	:	2.213,00m <sup>2</sup>	2.213,00m <sup>2</sup>
Independent Section No	:	1	2
Owner	:	Akfen Real Estate Investment Trust Inc.	Akfen Real Estate Investment Trust Inc.
Nature	:	11-Storeyed Concrete Hotel Building and the Land	Workplace
Land Title Date	:	23.10.2012	23.10.2012
Journal No	:	33811	33811
Volume No	:	36	36
Page No	:	3547	3548

The real estates subject to the appraisal are registered at the Directorate of Land Registry of the district of Seyhan, **Cinarli Neighborhood, volume no.36, page.3548.**

The title deed information of both independent sections is given in the table above and the restrictions on them are given below.

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

The following restrictions are about the real estate subject to the appraisal according to the land register, presented in attachment, dated 01.11.2015, in the investigation carried out on the related pages of the land register dated 01.12.2015 as of 14:00 in the Title Deeds Registry Office of District of Seyhan.



## **For the Independent Section No.1; and 2**

### **In Digit of the Remarks;**

\* Registered Management Plan dated 23.10.2012 No. 33811: 22.10.2012 (Date of Commencement: 22.10.2012 Expiration Date: 22.10.2012- Duration:- )

### **In Digit of the Securities;**

-There is a mortgage of **173.052.185,00.-Euro** Degree: 1 in favor of Credit Bank Europe

### **Mortgage in question is joint with the properties mentioned below:**

- Istanbul Zeytinburnu Neighborhood 774 Block, 55 Block, Bursa Osmangazi Altinova Neighborhood 3198 Block, 67 Plot, Gaziantep Sehitkamil Yaprak Neighborhood, 5020 Block, 2 Plot, Istanbul Esenyurt Yakuplu Neighborhood, 404 Block, 39 Plot, Ankara Akyurt Balikhisar Neighborhood, 1843 Block, 5 Plot, Trabzon Yomra Kasustu/Cumhuriyet 209 Block, 12 Plot, Kayseri Kocasinan Pervane Neighborhood, 2420 Block, 9 Plot independent sections.

Title deed sample is enclosed herewith.

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

For the real estate subject to appraisal, there are not any transactions in 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**

A First Degree Joint Mortgage is available on the real estate subject to this appraisal in favor of Credit Bank Europe amounted 173.052.185,00 EURO .

Regarding the mortgage recorded under real estate liens section obtained as the guarantee of project Financial Syndication Credits provided in the year of 2015, based on the letter received from the mortgagee Credit Bank Europe dated 07.12.2015, mortgage established on the real estate is related to investment credit to be used in the financing of the 8 hotels operating under the brand names of "IBIS" and "NOVOTEL" by ACCOR Group and one another still under construction which will be operating under the name of "IBIS" after its complement pursuant to the agreement made between Akfen Real Estate Investment Trust INC. and the ACCOR SA. Letter in question is provided in the attachment of the report. Credit Bank's letter on this is also enclosed herewith.

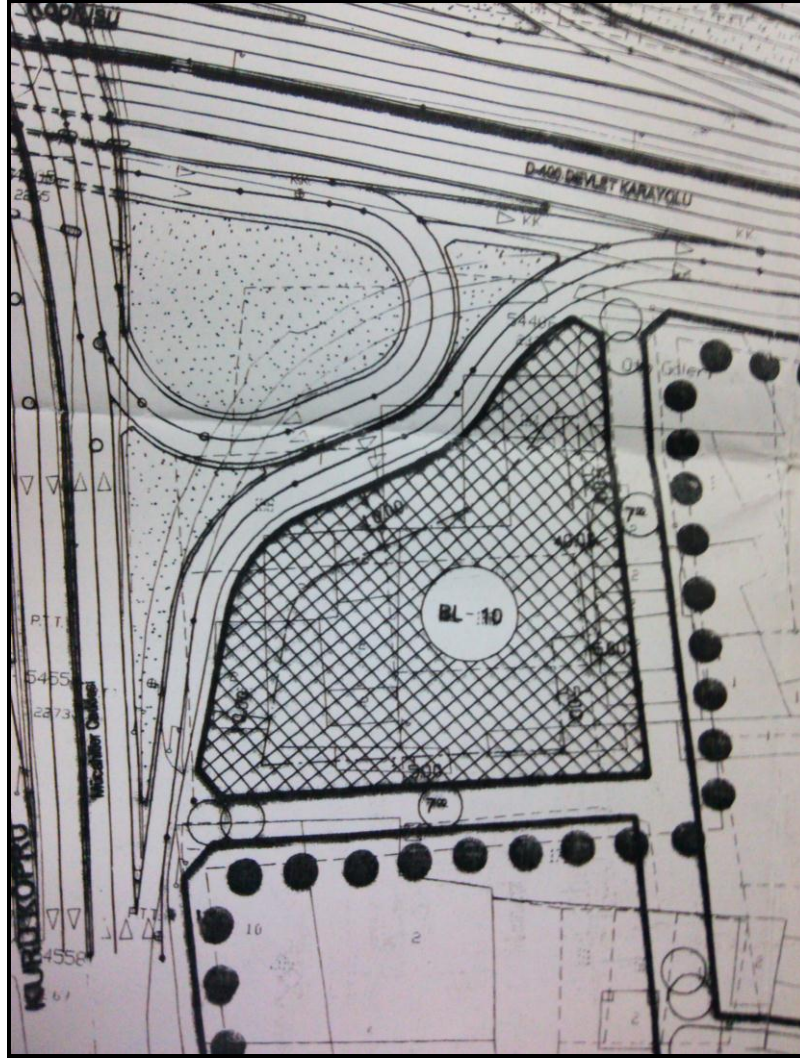
Security, pledge on the assets in the portfolio and other limited real rights may be allocated only for the financing of the transaction, or in order to provide credit for investments during the purchase of real estates of Real Estate Investment Partners, Real Estate projects and Rights based on Real Estate

according to 1. Clause of 30. Article in Notification of Principles related to Real Estate Investment Partners published in official gazette dated 28.05.2013 of Capital Markets Board. In accordance with the relevant articles of the said notification, securities on the real estate does not constitute an obstacle in taking the portfolio of Real Estate Investment Partners within the frame of capital market legislation.

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

Considering the examinations carried out in Development Directorate of Adana Metropolitan Municipality; the real estate in question remains in the legend of the "**Central Business Area**" within the scope of the "Master Development Plan" with a scale of 1/5.000 approved by the Council Decree of Adana Metropolitan Municipality on 14.02.2013 and No. 40, and in the legend of "House+ **Trading Area**" TAKS=0,40 Block, 10 -Storeyed (Building Height max. 30,75 m. and floor height max. 3,00 m.), back pull distance max. 30,75 m. and floor height max. 3,00 m), with back pull from the front 10m, backs and sides 5m, mania criteria =62,20m, Ground Level= 22.90m under housing conditions, in accordance with the "Master Development Plan" with a scale of 1/5.000 approved by the Council Decree of Adana Metropolitan Municipality on 14.02.2013 and No. 40.





According to the information obtained from Seyhan Municipality, 2015 tax base fair value of the real estates is **9.030.431.-TL** in total; **7.542.957.-TL** for the hotel building, **1.487.474.-TL** for the workplace.

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

As a result of the inspection of the zoning documents of the real estate subject to the appraisal in the Archives of the Directorate of the Land Registry of Seyhan on 16.12.2014;

**Approved Architectural Project:** There is an existing architectural project approved on 28.12.2011. The total enclosed area is 9.047,00m<sup>2</sup> according to the project issued for the 1 Basement Floors+ Ground Floor+ 11 normal floors.

**Construction Permit:** There is a "Construction Permit" for the real estate subject to the appraisal and issued for a total enclosed area of 9.047m<sup>2</sup> comprised of a "Hotel with a surface area of 5.911m<sup>2</sup> and a Similar Guest House", and " Workplace within a Building with a surface area of 622m<sup>2</sup>" and "Common Area with a surface area of 2.514m<sup>2</sup>".



**Occupancy Permit:** There is a "Construction Permit" for the real estate subject to the appraisal and issued for a total enclosed area of 9.047m<sup>2</sup> comprised of a "Hotel with a surface area of 5.911m<sup>2</sup> and a Similar Guest House", and " Workplace within a Building with a surface area of 622m<sup>2</sup>" and "Common Area with a surface area of 2.514m<sup>2</sup>" dated 25.04.2012 and No. 3/20.

The documents abovementioned are given in the attached report.

Conforming to the inspections carried out on site, there are no differences found between the ongoing situation and the legal situation. The current building is in accordance with the "Approved Architectural Project" dated 28.12.2011.

### **5.3.2 Building Inspection Institute and Maintenance**

The real estate subject to this appraisal is subject to the Law dated 29.06.2001, No. 4708 regarding Building Inspection for the inspection of the building in the course of the construction process, which will be performed by the Pegasus Yapı Denetim Limited Şirketi, operating in the address of Guzelyalı Mah. 81106 Sok. No:4 Cukurova/ADANA.

### **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 Changes that Have Occurred within the Last Three Years**

Pursuant to the information obtained from the Seyhan Municipality Zoning and Urbanism Directorate, it has been established that a change in the legal status of the real estate in the last three years is out of the question.

However, the real estate has passed into common hold and independent part numbered 1 has been registered as "11 storey concrete hotel and the land" and independent part numbered 2 as "Workplace".

### **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 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 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 estates subject to the appraisal are **(1) detached section "11-Storeyed Concrete Hotel and the Land" and (2) detached section with a nature of "Workplace" located in the city of Adana, District of Seyhan, Neighborhood of Cinarli, at Block 585, Plot No. 2, with a surface area of 2.213,00m.**

There is a single block structure which is used as IBIS Hotel on the plot, in a separate disposition, as a concrete frame structure. The Block which is used as Ibis Hotel has been built as is 2 Basement Floors + Ground Floor + 8 Normal Floors.

The construction permit for the IBIS Hotel subject to this appraisal has been taken for 9,047m<sup>2</sup> and the total enclosed area is totally 9,047.00m<sup>2</sup> according to the approved architectural project. The enclosed area specified in the appraisal study has been taken as a basis due to the fact that the real estate was built in accordance with the approved architectural project.

IBIS Hotel subject to the appraisal is a 3-star accommodation facility, comprised of 165 rooms.

According to the approved architectural project and the inspections performed on site;

**2. 1st Basement Floor;** composed of water tanks, pumping station, parking area, technical room, 2 shelters and heating center.

1. basement floor; composed of laundry room, clean laundry room, dirty laundry room, parking area, store house.

**Ground Floor;** composed of fire alarm room, purchasing office, garbage room, dry garbage room, system room, commercial area, 1 shop.

**1. Normal Floor;** composed of personnel cafeteria, child care room, general manager room, vice general manager room, players room, archive, bar, 2 changing rooms, service hall, electricity room, kitchen, restaurant, terrace, 2 WCs and baggage room.

**2. Normal Floor;** composed of 2 conference rooms, 15 rooms and 2 WCs.

**3. 4. 5. 6. 7. 8. Normal floors;** each has 25 rooms (1 room reserved for the disabled customers at the 2nd floor), composed of 1 terrace and 1 laundry room, 165 rooms in total.



Room types and their allocation per floor are given in the tables below:

<b>IBIS HOTEL</b>	<b>2<sup>nd</sup> Floor</b>	<b>3<sup>rd</sup> Floor</b>	<b>4<sup>th</sup> Floor</b>	<b>5<sup>th</sup> Floor</b>	<b>6<sup>th</sup> Floor</b>	<b>7<sup>th</sup> Floor</b>	<b>8<sup>th</sup> Floor</b>	<b>Total</b>
Double Room	-	4	4	4	4	2	2	20
Twin Adjoinable Room	-	2	2	2	2	4	4	16
Standard Room	13	15	16	16	17	19	19	115
Standard Adjoinable Room	-	2	2	-	-	-	-	4
Standard Room with Desk/Bed	-	1	1	1	-	-	-	3
Adjoinable Room with Desk/Bed	1	-	-	2	2	-	-	5
Disabled Room	1	1	-	-	-	-	-	2
Adjoinable Disabled Room	-	-	-	-	-	-	-	-
<b>Total</b>	<b>15</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>165</b>



Interior Construction Characteristics of the Ibis Hotel are as follows:

Interior Construction Characteristics of the Ibis Hotel	
<b>Total Area</b>	According to the Architectural Project and current status: 9,047.00m <sup>2</sup> According to the Construction Permit and Occupancy Permit: 9,047.00m <sup>2</sup>
<b>Age</b>	3 yrs
<b>Construction Type:</b>	Reinforced Concrete
<b>Roofing System:</b>	Ibis Hotel: Terrace Roof, Aluminum jointed sinter flex
<b>Disposition</b>	Detached Building
<b>Number of Floors</b>	<b>Ibis Hotel:</b> 11 Storeyed (2 Basement Floors + Ground Floor + 8 Normal Floors) <b>Workplace:</b> 2 ( Basement Floor + Ground)
<b>Exterior Facade</b>	The front and the rear facade are covered with glass, sinter flex in some places and the remaining areas are covered with special acrylic paint.
<b>Electricity</b>	City Grid
<b>Heating system</b>	Central Heating System
<b>Water</b>	City Grid
<b>Sewerage</b>	City Grid
<b>Elevator</b>	Ibis Hotel: Available (2 pcs.)
<b>Ventilation System</b>	Available
<b>Fire Escape</b>	Available
<b>Fire Extinguisher System</b>	Available
<b>Car Park</b>	Available (Open) (Closed)
<b>Flooring</b>	Wall to wall carpet, laminate parquet, ceramics, epoxy
<b>Walls</b>	Satin paint, ceramic tile and wall paper
<b>Joinery</b>	Exterior Joineries are made of aluminum, while the interior ones are
<b>Ceilings</b>	Suspended ceiling
<b>Heating</b>	Central Heating System
<b>Illumination</b>	Wall lamps, chandeliers, lamp shades, spot lights and fluorescent luminaries

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

- The real estate in question is located in the city of Adana, district of Seyhan, Neighborhood of Cinarli, Block No: 585, Plot No: 2 with a surface area of 2,213.00m<sup>2</sup>.
- The structure is located in a central position close to the main arteries and state institutions and organizations. The transportation is easily provided. The real estate subject to the appraisal is located in a busy region in terms of the trade and the industry.
- The plot in question is located on Turhan Cemal Beriker Boulevard.
- The real estate subject to the appraisal has a significant visibility and ad capability due to its close distance to the city center and state institutions and organizations.
- The plot subject to the appraisal has an uneven rectangle shape in geometrical terms but it is even in terms of topography.
- The Ibis Hotel is an active hotel offering service with its 165 rooms in a 3-star concept.
- The starting date of operations of the Ibis Hotel subject to the appraisal is 03.09.2012..
- Inside the building, there are customer and service elevators, fire alarm and extinguishing systems, air conditioning with the heating and cooling systems.
- At the Ibis Hotel, there is an open and closed parking lot since the car park areas are shared in general.
- The north and west facade of the plot have a guard above the concrete and other facades are surrounded by iron guards.
- Areas of the plot out of the building are covered partly with the paving stone and partly the green spaces. A majority of the Hotels' garden area is being used as a parking lot. 32 parking garages, 8 parking lots with a total capacity for 40 vehicles.
- The independent real estate section No.1 used as Ibis Hotel has 165 rooms and offers service as 3- star hotel. There are 5 elevators in the hotel.
- The independent real estate section No.2 used as a Workplace comprises of two floors.
- Other external and miscellaneous works determined on the site and included within the appraisal are; concrete areas, landscape work, concrete wall, security cabin. External and miscallenous works have been added as an additional cost into the calculations made in the cost approach analysis.
- The hotel building is situated at the east façade, in the north-south direction of the plot and has been built as a 11-storeyed concrete building, in a detached manner, 2 basement floors+ ground floor + 8 normal floors and and it has a gross enclosed area of 9,047.00m<sup>2</sup> in total.

The Hotel Block- According to the Approved Architectural Project		
Independent Section No	Floor	Area (m <sup>2</sup> )
Common Building Area	2. Basement Floor	1.149,66
Common Building Area	1 <sup>st</sup> Basement Floor	1.086,80
Independent Section No.1:	Ground Floor	295,84
Independent Section No.1:	1. Normal Floor	853,47
Independent Section No.1:	2. Normal Floor	853,47
Independent Section No.1:	3. Normal Floor	693,76
Independent Section No.1:	4. Normal Floor	693,76
Independent Section No.1:	5. Normal Floor	693,76
Independent Section No.1:	6. Normal Floor	693,76
Independent Section No.1:	7. Normal Floor	690,53
Independent Section No.1:	8. Normal Floor	690,53
Independent Section No.2	1 <sup>st</sup> Basement Floor	62,86
Independent Section No.2	Ground Floor	589,24
Total Building Area (m <sup>2</sup> )		9.047,44



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

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

The title deed photocopy for the independent section No.2 has not been acquired in the appraisal study in question but land registration and restrictions are given in attachment. Also, a business license for the property in question is seen.

### **6.2 SWOT Analysis**

#### **Strengths**

- The hotel has high recognition and marketing capacity due to its location.
- The Facility is situated at the intersection of the main arterial roads and has a variety of access and transportation options .
- In its close proximity, there are real estates and hotels which are intensively used for trading purposes.
- The hotel subject to the appraisal is being operated under a brand meeting the same standards all over the world.

#### **Weaknesses**

- Reception taking place in the upper flat of the entrance due to the quality of the real estate,
- Accessibility of the real estate is lower compared with the Plot No. 1 to which the real estate has a facade.
- Commercial visibility and perceptibility of the real estate as independent section No.2 having the nature of a "Workplace" is low.

#### **Opportunities**

- The zoning function is "House+ Trade".
- The hotel which has been already active for about 3 years ago is an area that is preferred to stop since it is located in a very immediate distance to the airport, city center and state institutions and organizations.
- The region has obtained a new appearance with the new junction arrangement at the north of the real estate in question.

#### **Threats**

- There is a new hotel which can offer service in a similar concept in close proximity of the real estate subject to the appraisal.
- Decrease in the transfer of grants to developing countries is expected after US Central Bank had ended monetary easing. This situation may have negative impacts in real estate market in general.



### **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 an operating Hotel generating revenue, 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**

As a result of the surveys performed in the vicinity of the real estate, no other recently sold exemplary land with a similar location, nature and structuring conditions to that of the real estate subject to the appraisal have been found.

##### **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**

A similar hotel which was sold in the city of Adana and still on sale has not been found.

The exemplary lands that are still for sale have been provided in the chart below:

#### Land Examples

EXAMPLE	Location	Characteristics	Area (m <sup>2</sup> )	Price (TL)	Price m <sup>2</sup> (TL)	Source
<b>Example 1</b>	Ziyapasa Boulevard	We have informed that an amount of 3.900.000 TL is demanded for the Commercial zoned land with 2,40 intensity in a close proximity to the real estate on the Ziyapasa Boulevard, with a surface area of 635m2. (It is in a worse condition compared to the real estate- with no façade to D-400).	635	3.900.000	6.142	Eskidji Real Estate 0322 233 92 92
<b>Example 2</b>	Karaisali Avenue 5515/18	On the Karaisali Avenue close to the real estate; We have informed that an amount of 2.100.000 TL is demanded for the Commercial zoned land with 2,40 intensity in a close proximity to the real estate, with a surface area of 349 m2. (It is in a worse condition compared to the real estate- with no façade to D-400).	349	2.100.000	6.017	3 KYM Real Estate 0322 224 20 66
<b>Example 3</b>	Ziyapasa Boulevard	We have informed that an amount of 5.000.000 TL is demanded for the Commercial zoned land with 2,40 intensity in a close proximity to the real estate on the Ziyapasa Boulevard, with a surface area of 961m2. (It is in a worse condition compared to the real estate- with no façade to D-400).	961	5.000.000	5.203	Gezer Real Estate 0322 239 34 36

LAND EXAMPLES EVALUATION TABLE						
	1		2		3	
Area (m <sup>2</sup> )	635 m <sup>2</sup>		349 m <sup>2</sup>		961 m <sup>2</sup>	
Demanded Price (TL)	3.900.000		2.100.000		5.000.000	
Bargain Price (TL)	3.861.000		2.079.000		4.950.000	
Unit Price (TL/m <sup>2</sup> )	6.080		5.957		5.151	
Location Correction (+-%)	19%		23%		19%	
Surface Area Correction (+-%)	-2%		-4%		-2%	
Zoning Status Correction (+-%)	0%		0%		0%	
Corrected Unit Price (TL/m <sup>2</sup> )	7.125	TL/m <sup>2</sup>	7.089	TL/m <sup>2</sup>	6.036	TL/m <sup>2</sup>
Example Average	6.750					TL/m <sup>2</sup>

- 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.
- As a result of the surveys performed, it has been noted that the zoned land stock as "House+ Trading Area" in the same area with the real estate subject to the appraisal is considerably limited and there are no concrete land examples that can compare to the plot subject to the appraisal.
- The estate agent firms interviewed during the field surveys have been informed that the land in question can have a unit price between 6.500 – 7.000 TL/m<sup>2</sup> thanks to its location to the airport, state institutions and organizations and the city center.
- Consequently, from the research and interviews carried out in the area, the land value of the plot subject to the appraisal is estimated to be **6,750.-TL/m<sup>2</sup>** considering the examples abovementioned.

Unit Land Value	6.750.-TL
Size of the Land	2.213 m <sup>2</sup>
Total Land Value (TL)	13.599.000.-TL
Total Land Value (Euro)	4.834.536.-€
Total Approximate Land Value (Euro)	4.835.000.-€

#### **Professional Opinion of the Appraiser:**

Taking into account the factors relative to the real estate subject to the appraisal, such as its location, the area of the plot, zoning status with accommodation 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 **6.750 TL/m<sup>2</sup>**.

### Shop Rental Examples

EXAM PLE	Location	Characteristics	Area (m <sup>2</sup> )	Rental (TL)	Price m <sup>2</sup> (TL)	Source
<b>Example 1</b>	FOR RENT/ Resatbey Neigh.	We have been informed that an annual amount of 150.000TL is demanded for the workplace located across the old bus terminal in a close proximity to the real estate; basement in the title deed but ground floor over grade without any clerestorey or basement floor.	380	12.500	32,89	Guney Yapi 0533 689 3794
<b>Example 2</b>	FOR RENT/ Çınarlı Neighborhood Dortyolagzi	We have been informed that an annual amount of 75.000TL is demanded for the workplace located on the avenue on which Teknosa is located in a close proximity to the real estate, an enclosed area with a surface area of 220m <sup>2</sup> , without any clerestorey or basement floor.	220	6.250	28,41	Sirinoglu Real Estate 0507 762 44 78
<b>Example 3</b>	FOR RENT/ Çınarlı Neighborhood Around Inonu Park	We have been informed that an annual amount of 30.000TL is demanded for the workplace located in a close proximity to the real estate and Altineller KPSS Course, an enclosed area with a surface area of 100m <sup>2</sup> , without any clerestorey or basement floor.	100	2.500	25,00	Gmax Real Estate 0541 458 4749
<b>Example 4</b>	RENTED/ Cinarli Neigh. Gunep Work Center	In a close proximity to the real estate, façade to GUNEP Work Center, with a total enclosed area of 152 m2 of 53 m2 ground and 46 m2 clerestorey area that has been reduced to the ground total 94 m2 workplace has been rented with an annual amount of 175.000 TL and in a very advantaged position compared to the real estate subject to appraisal.	94	14.583	155,69	Re/max As Real Estate 0322 458 16 16
<b>Example 5</b>	FOR RENT/ Cinarli Neigh. Gunep Work Center	For the workplace in a close proximity to the real estate, façade to GUNEP Work Center, with a total enclosed area of 270 m2 of 90 m2 ground and 60 m2 clerestorey area that has been reduced to the ground total 160 m2 annual amount of 350.000 TL is demanded.	160	29.167	182,29	Gunep Yapi 0533 689 37 94



SHOP EXAMPLES EVALUATION TABLE						
	Example 1		Example 2		Example 3	
Area (m <sup>2</sup> )	380	m <sup>2</sup>	220	m <sup>2</sup>	100	m <sup>2</sup>
Demanded Rental (TL)	12.500		6.250		2.500	
Bargain Price (TL)	10.625		5.938		2.375	
Location Correction (+-%)	28	TL/m <sup>2</sup> /month	27	TL/m <sup>2</sup> /month	24	TL/m <sup>2</sup> /month
Surface Area Correction (+-%)	20%		5%		5%	
Corrected Rental per Unit	-5%		-7%		-10%	
Example Average	32	TL/m <sup>2</sup> /month	26	TL/m <sup>2</sup> /month	23	TL/m <sup>2</sup> /month
Area (m <sup>2</sup> )	27					TL/m <sup>2</sup> /month

- Possible bargain rate on the rental prices of the properties subject to the tenancy, rental expenses and real estate agent commissions have been taken into consideration.
- It has been notified that a rental amounted to 15.000 TL has been demanded for the real estate subject to the appraisal.
- **Professional Opinion of the Appraiser:**

Taking into account the factors relative to the real estate subject to the appraisal, having a nature of workplace, such as its location, the area, formation of its vicinity, existence of the hotel building yielding money on the plot, which are operational, possessing all the required legal permits and classifications, legal status and the prices of the surrounding real estate examples, workplace rental value has been estimated to be **27 TL/m<sup>2</sup>/month**. In that case, monthly rental value for the real estate having a nature of a workplace is estimated to be **17.654 TL/month**.

#### 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.

ENCLOSED AREAS		UNIT COSTS (EURO)(*)		AMORTIZED COST (EURO) (**)
IBIS HOTEL TOTAL CONSTRUCTION AREA (m <sup>2</sup> )		IBIS HOTEL	TOTAL COST	Amortization Rate (2%)
2 <sup>nd</sup> Basement Floor	1149,66	465	534.592	518.554
1 <sup>st</sup> Basement Floor	1149,66	465	534.592	518.554
Ground Floor	885,08	1.150	1.017.842	987.307
1. Normal Floor	853,47	1.150	981.491	952.046
2. Normal Floor	853,47	1.150	981.491	952.046
3. Normal Floor	693,76	1.150	797.824	773.889
4. Normal Floor	693,76	1.150	797.824	773.889
5. Normal Floor	693,76	1.150	797.824	773.889
6. Normal Floor	693,76	1.150	797.824	773.889
7. Normal Floor	690,53	1.150	794.110	770.286
8. Normal Floor	690,53	1.150	794.110	770.286
Total Construction Cost:	9.047,44		8.829.522	8.564.636
External Miscellaneous Works (***) (€)				200.000
TOTAL STRUCTURE VALUE (€)				8.764.636
UNIT LAND VALUE (€)				2.185
LAND SURFACE AREA (m2)				2.213
TOTAL LAND VALUE (€)				4.834.536
LAND+ STRUCTURE VALUE (€)				13.599.000

(\*) 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 03.09.2012. The appraisal has been conducted by taking into consideration the age and physical status of the real estate.

(\*\*\*) Costs for the wire fences over the concrete wall, parking lot area landscaping etc, have been roughly estimated.

#### **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 been employed.

##### **Ibis Hotel Projection:**

- The hotel subject to the appraisal has a capacity for 165 rooms.
- It has been estimated that the occupancy rate of the hotel will be 67% in the year of 2016 and that this rate will increase each year until 2019, and reach to 72% in the year of 2019 and it will be operated with this occupancy rate of 72% in the following years.
- It has been assumed that the hotel will be operating 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 regard to the tourism industry in the area, it has been estimated that the average price for a room will be 40 EURO, in the year of 2016. Moreover, it has been anticipated that the room price will increase at the rate of 5% until 2019 year and (2,5%) in the following years as based on the inflation in the Euro Zone.
- Considering the performance of the facility, it has been assumed that the room revenues will constitute 73,95% of the total revenue, whereas 26,05% of the other revenues.
- 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 41,90% in the year of 2016 and increase to 47,09% in 2018 also remain to be stable in the following years.
- It has been assumed that a rental value will be obtained from the independent section No.2 which is used as a commercial shop area. It has been calculated that the shop's rental value will be 68.563 Euro in total for the year of 2016.
- 3. It has been assumed that the rental income of the operators will increase annually at the rate of 3%.
- According to the information obtained from Akfen Real Estate Investment Trust Inc., it has been acknowledged that a real real estate tax shall be paid for the commercial area until 2018, and a real real estate tax shall be paid for both the commercial section and the hotel as of 2018; and it will increase at the rate of 3% in the following years.
- It has been determined that the Furniture Fixture Renewal Reserve will be 3,5% of the annual gross revenue.
- The capitalization rate of the terminal value of the facility has been acknowledged as 8%.

- 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.)
- Discount rate has been determined as 9% in the Projection.
- It has been assumed that all payments are made in cash.
- 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.
- Through adding mid-year factor (0,5) to the net present value calculations, a more realistic net present value has been obtained.



# CASH FLOW DISCOUNT TABLE

Name of the Hotel	Total Room N 165											
Land Area (m2)	Number of Se 365											
Total Constrction Area (m2)	Long Term Gr 2,50%											
Year	0	1	2	3	4	5	6	7	8	9	10	
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	
Agreement Year	4	5	6	7	8	9	10	11	12	13	14	
<b>REVENUES</b>												
<b>ROOMS REVENUES</b>												
Annual Average Occupancy (%)		67%	69%	70%	72%	72%	72%	72%	72%	72%	72%	72%
Average Room Price (EURO)		40	42	44	46	49	50	51	52	54	55	
<b>Total Room Revenues</b>		<b>1.614.030</b>	<b>1.737.100</b>	<b>1.869.554</b>	<b>2.012.107</b>	<b>2.112.712</b>	<b>2.165.530</b>	<b>2.219.669</b>	<b>2.275.160</b>	<b>2.332.039</b>	<b>2.390.340</b>	
<b>DEPARTMENT REVENUES</b>												
Yiyecek & İçecek-Toplantı		436.519	469.804	505.626	544.180	571.389	585.674	600.316	615.324	630.707	646.475	
Telefon & İnternet		1.091	1.175	1.264	1.360	1.428	1.464	1.501	1.538	1.577	1.616	
Kiralamalar		21.826	23.490	25.281	27.209	28.569	29.284	30.016	30.766	31.535	32.324	
Diğer Gelirler		109.130	117.451	126.407	136.045	142.847	146.419	150.079	153.831	157.677	161.619	
<b>Total Department Revenues</b>		<b>568.566</b>	<b>611.920</b>	<b>658.578</b>	<b>708.795</b>	<b>744.235</b>	<b>762.841</b>	<b>781.912</b>	<b>801.459</b>	<b>821.496</b>	<b>842.033</b>	
<b>TOTAL REVENUES</b>		<b>2.182.596</b>	<b>2.349.019</b>	<b>2.528.132</b>	<b>2.720.902</b>	<b>2.856.947</b>	<b>2.928.371</b>	<b>3.001.580</b>	<b>3.076.620</b>	<b>3.153.535</b>	<b>3.232.374</b>	
<b>EXPENSES</b>												
<b>DEPSRTMENT EXPENSES</b>												
Oda Harcamaları		645.612	660.098	654.344	704.237	739.449	757.936	776.884	796.306	816.214	836.619	
Yiyecek & İçecek		218.260	234.902	252.813	272.090	285.695	292.837	300.158	307.662	315.354	323.237	
Telefon & İnternet		546	587	632	680	714	732	750	769	788	808	
Diğer		54.565	58.725	63.203	68.023	71.424	73.209	75.040	76.915	78.838	80.809	
<b>Total Department Expenses</b>		<b>918.982</b>	<b>954.313</b>	<b>970.992</b>	<b>1.045.030</b>	<b>1.097.282</b>	<b>1.124.714</b>	<b>1.152.832</b>	<b>1.181.653</b>	<b>1.211.194</b>	<b>1.241.474</b>	
<b>Net Department Expenses</b>		<b>1.263.614</b>	<b>1.394.707</b>	<b>1.557.140</b>	<b>1.675.872</b>	<b>1.759.665</b>	<b>1.803.657</b>	<b>1.848.748</b>	<b>1.894.967</b>	<b>1.942.341</b>	<b>1.990.900</b>	
<b>OPERATING EXPENSES</b>												
Genel Yönetim Giderleri		163.695	164.431	176.969	190.463	199.986	204.986	210.111	215.363	220.747	226.266	
Pazarlama		32.739	35.235	37.922	40.814	42.854	43.926	45.024	46.149	47.303	48.486	
Enerji		152.782	140.941	151.688	163.254	171.417	175.702	180.095	184.597	189.212	193.942	
<b>Total Operating Expense</b>		<b>349.215</b>	<b>340.608</b>	<b>366.579</b>	<b>394.531</b>	<b>414.257</b>	<b>424.614</b>	<b>435.229</b>	<b>446.110</b>	<b>457.263</b>	<b>468.694</b>	
<b>GORSS OPERATING PROFIT</b>		<b>914.399</b>	<b>1.054.099</b>	<b>1.190.561</b>	<b>1.281.341</b>	<b>1.345.408</b>	<b>1.379.043</b>	<b>1.413.519</b>	<b>1.448.857</b>	<b>1.485.079</b>	<b>1.522.206</b>	
<b>FIXED EXPENSES</b>												
Real Estate Tax		2.203	2.269	11.128	11.462	11.806	12.160	12.525	12.900	13.287	13.686	
Insurance		16.116	16.116	16.116	16.116	16.116	16.116	16.116	16.116	16.116	16.116	
Furniture Fixture Renovation Reserve		76.391	82.216	88.485	95.232	99.993	102.493	105.055	107.682	110.374	113.133	
Annual Construction Right Value (Land)	0	0	0	0	0	0	0	0	0	0	0	
<b>Total Fixed Expenses</b>	<b>0</b>	<b>94.710</b>	<b>100.601</b>	<b>115.729</b>	<b>122.809</b>	<b>127.915</b>	<b>130.769</b>	<b>133.696</b>	<b>136.698</b>	<b>139.777</b>	<b>142.935</b>	
<b>TOTAL EXPENSES</b>		<b>1.362.908</b>	<b>1.395.522</b>	<b>1.453.300</b>	<b>1.562.371</b>	<b>1.639.454</b>	<b>1.680.097</b>	<b>1.721.757</b>	<b>1.764.461</b>	<b>1.808.234</b>	<b>1.853.103</b>	
<b>NET OPERATING REVENUE</b>		<b>819.688</b>	<b>953.498</b>	<b>1.074.832</b>	<b>1.158.531</b>	<b>1.217.493</b>	<b>1.248.274</b>	<b>1.279.823</b>	<b>1.312.159</b>	<b>1.345.301</b>	<b>1.379.270</b>	
<b>Akfen 3rd Party Lease Reveue</b>		<b>68.563</b>	<b>70.620</b>	<b>72.738</b>	<b>74.920</b>	<b>77.168</b>	<b>79.483</b>	<b>81.867</b>	<b>84.323</b>	<b>86.853</b>	<b>89.459</b>	
<b>END OF TERM VALUE</b>	<b>8,00%</b>											<b>18.818.092</b>
<b>CASH FLOW</b>		<b>888.251</b>	<b>1.024.117</b>	<b>1.147.570</b>	<b>1.233.452</b>	<b>1.294.661</b>	<b>1.327.757</b>	<b>1.361.691</b>	<b>1.396.482</b>	<b>1.432.155</b>	<b>20.286.822</b>	

Risk Free Revenue Rate	4,80%	4,80%	4,80%
Risk Premium	4,70%	5,20%	5,70%
Discount Rate	9,50%	10,00%	10,50%
NET CURRENT VALUE (Euro)	15.911.746	15.407.998	14.925.407
NET APPROXIMATE CURRENT VALUE (Euro)	15.910.000	15.410.000	14.930.000
NET APPROXIMATE CURRENT VALUE (TL)	49.159.000	47.614.000	46.131.000

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

According to the additional Lease conditions documents submitted to our company by Akfen Real Estate Investment Trust Inc.;

- *The Accor Group shall pay the rental amount that must be paid each year for the hotel of which appraisal study has been completed and which is in the ownership of Akfen Real Estate Investment Trust Inc.; more than twenty-five (25%) for the Ibis Hotel and seventy percent (70%) of the Adjusted Gross Operating Profit (AGOP) in 2016. Pursuant to the terms of the agreement, sharing rate of the adjusted gross operation income (AGOP) has been accepted as 72,5% as of 2016.*
- 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 hotel subject to the appraisal study is owned by Akfen Real Estate Investment Trust Inc. and managed by the international hotel operating company ACCOR Group.
- It has been assumed that the facility will be operating 365 days a year.
- 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. It has been assumed that the renovation expenses shall be met by the Lessee.
- It has been assumed that a rental value will be obtained from the independent section No.2 which is used as a commercial shop area. It has been calculated that the shop's rental value will be 68.563 Euro in total for the year of 2016.
- 3. It has been assumed that the rental income of the operators will increase annually at the rate of 3%.

- According to the information obtained from Akfen Real Estate Investment Trust Inc., it has been acknowledged that a real real estate tax shall be paid for the commercial area until 2018, and a real real estate tax shall be paid for both the commercial section and the hotel as of 2018; and it will increase at the rate of 3% in the following years.
- The capitalization rate in determination of terminal value of the hotel has been determined as 6%.
- 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% by adding a 4,80% "Risk Premium" to the 3,20% to the Risk Free Revenue.
- 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.
- Through adding the mid-year factor (0,5) into net present value calculations, a more realistic net present value has been obtained.



Year	0	1	2	3	4	5	6	7	8	9	10
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
<b>AKFEN OBTAINED LEASE</b>											
<b>LEASE OBTAINED FROM IBIS HOTEL REVENUE</b>		<b>545.649</b>	<b>587.255</b>	<b>632.033</b>	<b>680.226</b>	<b>714.237</b>	<b>732.093</b>	<b>750.395</b>	<b>769.155</b>	<b>788.384</b>	<b>808.093</b>
Operator Share		87.304	93.961	101.125	108.836	114.278	117.135	120.063	123.065	126.141	129.295
Furniture Fixture Renovation Reserve		87.304	93.961	101.125	108.836	114.278	117.135	120.063	123.065	126.141	129.295
<b>IBIS HOTEL AGOP</b>		<b>536.348</b>	<b>627.979</b>	<b>716.525</b>	<b>771.160</b>	<b>809.718</b>	<b>829.961</b>	<b>850.710</b>	<b>871.977</b>	<b>893.777</b>	<b>916.121</b>
<b>USED IBIS HOTEL LEASE REVENUE</b>											
		545.649	627.979	716.525	771.160	809.718	829.961	850.710	871.977	893.777	916.121
Real Estate Tax		2.203	2.269	11.128	11.462	11.806	12.160	12.525	12.900	13.287	13.686
Insurance		16.116	16.116	16.116	16.116	16.116	16.116	16.116	16.116	16.116	16.116
Renovation Cost		4.365	4.698	5.056	5.442	5.714	5.857	6.003	6.153	6.307	6.465
<b>LEASE CASH FLOW</b>	<b>0</b>	<b>522.964</b>	<b>604.895</b>	<b>684.224</b>	<b>738.140</b>	<b>776.082</b>	<b>795.828</b>	<b>816.066</b>	<b>836.808</b>	<b>858.066</b>	<b>879.855</b>
<b>Akfen 3rd Party Lease Revenue</b>		<b>68.563</b>	<b>70.620</b>	<b>72.738</b>	<b>74.920</b>	<b>77.168</b>	<b>79.483</b>	<b>81.867</b>	<b>84.323</b>	<b>86.853</b>	<b>89.459</b>
<b>END OF TERM VALUE</b>	<b>6,00%</b>										<b>16.559.102</b>
<b>CASH FLOW</b>	<b>0</b>	<b>591.527</b>	<b>675.515</b>	<b>756.963</b>	<b>813.060</b>	<b>853.250</b>	<b>875.311</b>	<b>897.933</b>	<b>921.131</b>	<b>944.920</b>	<b>17.528.416</b>
<b>Risk Premium</b>											
			<b>2,70%</b>			<b>3,20%</b>		<b>3,70%</b>			
<b>Discount Rate</b>			<b>7,50%</b>			<b>8,00%</b>		<b>8,50%</b>			
<b>NET CURRENT VALUE 8EURO)</b>			<b>14.069.368</b>			<b>13.583.802</b>		<b>13.119.550</b>			
<b>NET APPROXIMATE CURRENT VALUE (EURO)</b>			<b>14.070.000</b>			<b>13.580.000</b>		<b>13.120.000</b>			
<b>NET APPROXIMATE CURRENT VALUE (TL)</b>			<b>43.473.000</b>			<b>41.959.000</b>		<b>40.538.000</b>			



#### 6.4.4 Lease Value Analysis and Taxes 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 net cash flow value for the first year on the basis of the lease revenue. 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 **705,000.- EURO (2.178.000 Turkish Liras)**. The discount rate has been determined to be of 8%.

Date	31.12.2015	31.12.2016
Annual Lease Revenue	0	739.889
Net Present value of Annual Lease (Euro)	705.000	
Net Present value of Annual Lease (Euro)	2.178.000	

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

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

#### 6.4.6 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.

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

There is a hotel (independent section No.1) which is in service under the name of IBIS HOTEL and a workplace (independent section No.2) on the plot. Both the structure values in the Cost Approach and the revenue projections in the Revenue Approach have been individually calculated for this hotel and shop.

## 7 APPRAISAL OF ANALYSIS RESULTS

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

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 Exemplary Approach.

The total value including the land according to the cost method has been calculated at **13.600.000.- EURO (42.018.000.-TL)**.

The net HOTEL value of today calculated by reducing the potential income of the structure located on the plot to accumulate during 10 years in accordance with the revenue discount approach, the net current value of the HOTEL has been calculated to be **15.410.000.-EURO (47.614.000.-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 **13.580.000.-EURO (41.959.000.-TL)**. The final value of the hotel has been calculated to **14.495.000.-EURO (44.787.000.-TL)** based on the approximate arithmetic average of the value calculated by both of the methods.

The lease value of the real estate has been calculated taking into consideration the revenue discount method and the average net cash flow value for the first year on the basis of the lease revenue as of 31.12.2015. 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 **705.000.- EURO (2.178.000- TL)**.

During the course of the appraisal study, the revenue discount approach and 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. Therefore, 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 the real estate subject to appraisal 2014-O20-GYO-009 numbered 02.01.2015 dated appraisal report has been prepared and it has been revised on 02.12.2015 with report no. 2014-O20-GYO-REV-009 and on 08.12.2015 with report no. 2014-O20-GYO-REV2-009 by our company.

## **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**

There are no obstacles to prevent the real estates subject to the appraisal located at Block No: 585, Plot No. 2, being included in the portfolio as "hotel+ workplace"(building) within the scope of the Capital Market Board Regulation.

## 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, facades 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 31.12.2015**

	<b>Annual Market Value of the Real Estate (EURO)</b>	<b>Annual Market Value of the Real Estate (TL)</b>
<b>VAT Excluded</b>	<b>14.495.000</b>	<b>44.790.000</b>
<b>VAT Included</b>	<b>17.100.000</b>	<b>52.850.000</b>

	<b>Annual Lease Value of the Real Estate (EURO)</b>	<b>Annual Lease Value of the Real Estate (TL)</b>
<b>VAT Excluded</b>	<b>705.000</b>	<b>2.178.000</b>
<b>VAT Included</b>	<b>830.000</b>	<b>2.570.000</b>

- 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,-Euro 3,0898 on 02.11.2015.
- 4- ) Selling rate of exchange has been used while the value in TL currency reached in the real estate appraisal report in question was being exchanged in foreign currency.
- 5- ) This report has been prepared within the scope of the related Capital Market Legislation.

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

Taner DÜNER

Certified Appraiser

SPK Certificate no: 401431



Önder ÖZCAN

Certified Appraiser

SPK Certificate no: 402145



Neşecan ÇEKİCİ

Responsible Appraiser

SPK Certificate no: 400177





## **9 APPENDIX**

1. Title Deed Photocopies
2. Approved Restrictions Document
3. Letter of Security
4. Approved Zoning Status Document
5. Architectural Project
6. Building Licenses
7. Occupancy Permit
8. Accotel Lease Terms Sheet
9. Insurance Policies
10. Business Starting and Operating License/Permit
11. Tourism Business Document
12. Tourism Investment Document
13. Hotel Business Document
14. Photographs
15. Backgrounds