

AKFEN REAL ESTATE INVESTMENT TRUST INC.

CITY OF ISTANBUL, DISTRICT OF ESENYURT

BLOCK NO. 404, PLOT NO. 39

ESENYURT IBIS HOTEL

REAL ESTATE APPRAISAL REPORT

Report No: 2015-020-GYO-012

Appraisal Date: 31.12.2015

Date of Report: 08.01.2016



REAL ESTATE CONSULTANCY AND APPRAISAL INC.

i. APPRAISAL REPORT SUMMARY

Person/Entity Requesting the Appraisal	:	Akfen Real Estate Investment Trust Inc.
Institution Preparing the Report	:	Epos Real Estate consultancy and Appraisal Inc.
Date of Report:	:	08.01.2016
Report No	:	2015-020-GYO-012
Date of Appraisal	:	01.10.2015 - 31.12.2015
Information Concerning the Property Subject to the Appraisal	:	"10-Storeyed Concrete Hotel Building and the Land" real estate with an area of 1,755.37m ² , located in the city of Istanbul, district of Esenyurt, Neighborhood of Yakuplu, Londra Asphalt area, section F21d24d3a, Block No: 404, Plot No: 39.
Subject of Study	:	Determining the current market value and the annual current lease value of the subjected real estate.
Land Area of the Real Estate Subject to the Appraisal	:	1.755,37m ²
Land Area of Closed Spaces of the Real Estate Subject to the Appraisal	:	7.331,00m ²
Zoning Status of the Real Estate Subject to the Appraisal	:	Residence Area

As of 31.12.2015

	Market Value of the Real Estate (EURO)	Market Value of the Real Estate (TL)
VAT Excluded	19.520.000	60.313.000
VAT Included	23.034.000	71.170.000

	Annual Lease Value of the Real Estate (EURO)	Annual Lease Value of the Real Estate (TL)
VAT Excluded	923.000	2.850.000
VAT Included	1.089.000	3.365.000

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

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

3-) In this report, Euro buying rate of exchange on 02.11.2015 has been taken/accepted as 3,098 TL

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

Names of the persons participating in the Appraisal

Certified Appraiser	:	Kemal ÇETİN
Certified Appraiser	:	Taner DÜNER
Responsible Appraiser	:	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.

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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-012

Type of Report :Appraisal report relative to the “10-Storeyed Concrete Hotel Building and the Land” real estate with an area of 1,755.37m² , located in the city of Istanbul, district of Esenyurt, Neighborhood of Yakuplu, Londra Asphalt area, section F21d24d3a, Block No: 404, Plot No: 39. for the purpose of determining current market value 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, Kemal ÇETİN

Report Controlled By : Certifier Appraiser, Taner DÜNER

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

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

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

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 Gayrimenkul Yatırım Ortaklığı A.Ş.

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

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

This report relative to the "10-Storeyed Concrete Hotel Building and the Land" real estate with an area of 1,755.37m² , located in the city of İstanbul, district of Esenyurt, Neighborhood of Yakuplu, Londra Asphalt area, section F21d24d3a, Block No: 404, Plot No: 39. 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 sales and rental value of the Akfen Real Estate Investment Trust Inc. has been evaluated in the report. There are no restrictive constraints in force exercised by the client. During the appraisal studies, the market research, the onsite surveys and the agreements executed between Akfen Real Estate Investment Trust Inc. and the Accor Group have all been taken into account.

3. VALUE DEFINITIONS, DESCRIPTION OF APPRAISAL METHODS

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

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

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

The Market Value Approach depends on the following assumptions:

The existence of an available market, in relation to the type of the real estate in analysis, is acknowledged beforehand.

It has been verified that the buyers and sellers in this market possess excellent knowledge on the subject of real estate and that, for this reason, time is not a critical factor.

It has been established that the real estate has stayed on the market for an appropriate amount of time and for a reasonable price.

It has been determined that the chosen comparable examples possess common characteristics with the real estate in question.

It has been noted that the changes made in the prices given for the chosen comparable examples are subject to today’s socioeconomic conditions.

3.2. Cost Approach

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

Pursuant to this approach, it has been established that the value of the real estate consists of two different facts, namely land and buildings. In addition, it is acknowledged that the real estate has a significant remaining economic life span. Therefore, for this reason, it is taken into account that the value of the real estate will decrease in time due to physical wear and become out of date in terms of functionality and economic status. In other words, this method concedes that the current value of a real estate can never be more than the cost of its reconstruction.

The appraisal process is calculated by the addition of the interest or gain that the current building possesses, if any, to the present reconstruction or reinstallation cost of the real estate in question, followed by the subtraction of the wear and tear ratio from the total cost and, finally, the addition of the land value.

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.

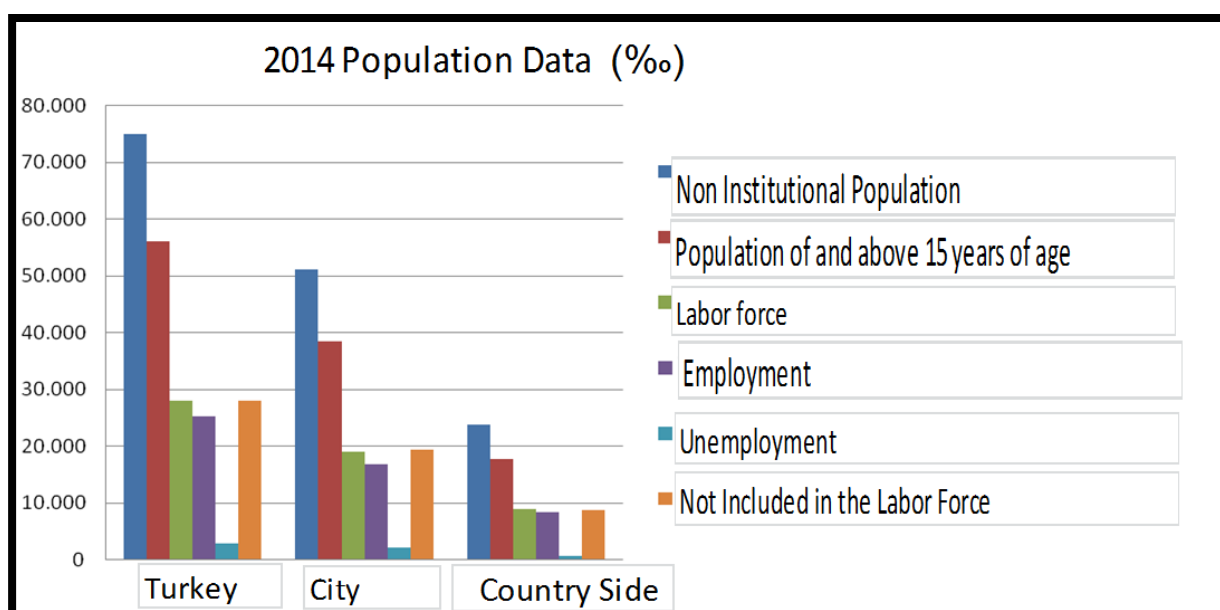
The 15-64 age group, which corresponds to the working age group, makes up 67,7% of the population (corresponding approximately to 52.640.512 people). When the ramifications of the employment into industries is observed, it is concluded that 51% represents services, 21,1% agriculture, 20,5% industry and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

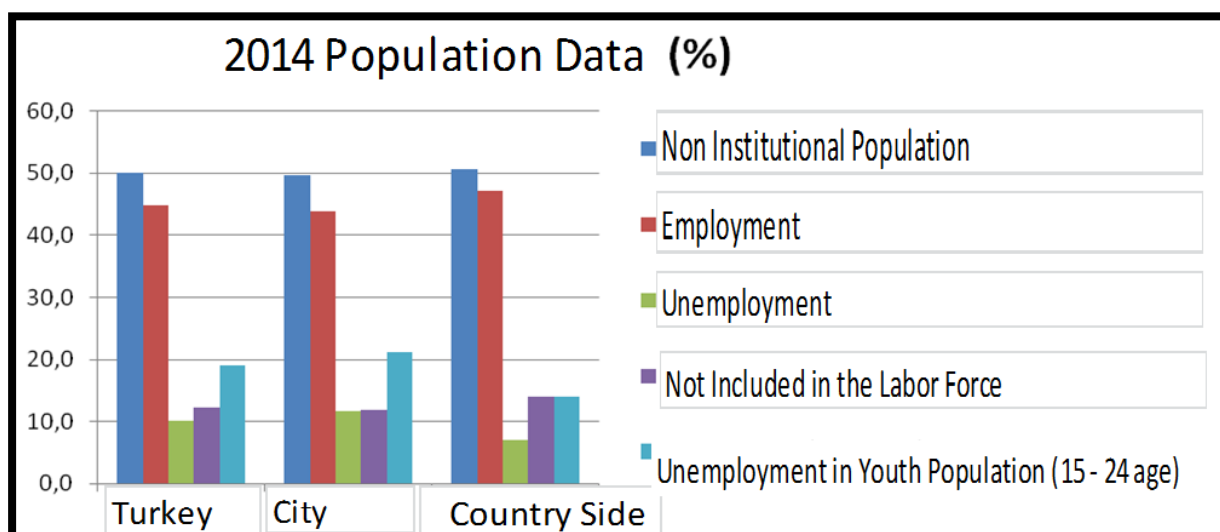
	TURKEY		CITY		COUNTRY	
	2013	2014	2013	2014	2013	2014
Non institutional Population (000)	74.033	74.947	50.675	51.129	23.358	23.818
Population of and above 15 years of age (000)	55.169	56.084	37.916	38.372	17.253	17.712
Labor force (000)	27.323	28.036	18.418	19.056	8.905	8.980
Employment (000)	24.433	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

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

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

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

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

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

In Fed meeting on September 2015, it was stated that (except for one member) concerns regarding China and other developing countries increased value of dollar and decreased value commodities,

and by taking into consideration economic outlook, labor force market, inflation and risks about them, there is no need to interest rate hike, although USA economy is strengthening and unutilized capacity in labor force is decreasing.

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

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

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

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

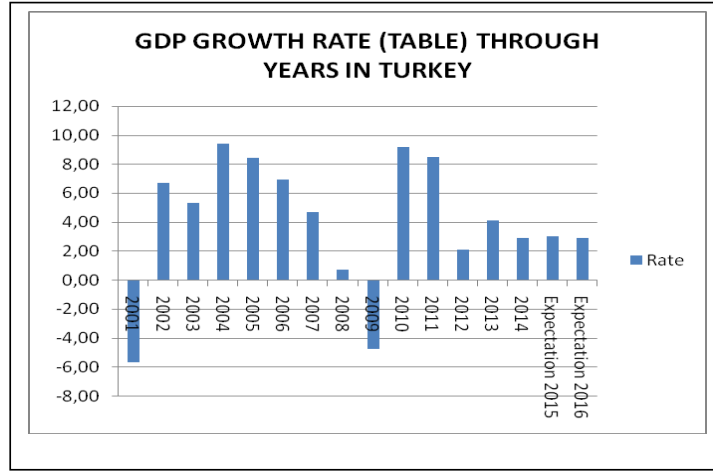
- Rebound is expected for growth of rising markets and developing economies 2016.
- This reflects lower recession and relative normalization in 2015 for countries having economic trouble (Brazil, Russia, some countries in Latin America and in Middle East), and spill-over effect depending on stronger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

4.3. 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
Expectation 2015	3,00
Expectation 2016	2,90
Source:TCBM and IMF REPORT	



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

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

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

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

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

TL decreased in value towards especially USA dollar and Euro significantly as a result of global instability and political, economic and other risks in Turkey. Since exchanges increased significantly, fixed exchange rate approach was seen in especially real estate sales. Exchange rates for 01.10.2015 dated and 20.11.2015 dated appraisal reports were investigated. Exchange rate was instable in this period and this instability continued after political elections of 2015. In this period average dollar exchange was 2.91 TL, and average euro exchange was 3.22 TL. Fixed exchange rate is preferred in especially real estate sector because of above-mentioned reasons. Preferred exchange rate is below the value in period of 01.10.2015 and 20.11.2015. For this reason, in the appraisal report, exchange

rate on the date of 02.11.2015 in accordance with central bank data since it is nearest value to the current exchange value in the market.

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

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

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

4.4. 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 (3rd bosphorus bridge, all tunnel projects in bosphorus, 3rd 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 were quite alive. This may be thought as a kind of protection method of customers related to expectation of increasing demand.

It is evaluated that stable 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 İstanbul

Istanbul is the Turkey's most populous, economically leading city, the cultural and financial center and with 14.2 million populations is the largest city that is 1st in Europe and 5th in the world ranking according to the population.

It consists of Catalca Peninsula in the West and Kocaeli Peninsula in the East. The city consists of Black Sea in the North, Marmara Sea in the South and Bosphorus in the middle, and it is the Neighbor of Districts Saray from Tekirdag in the northwest, Cerkezkoy, Corlu from Tekirdag in the west, Marmara Ereglisi from Tekirdag in the southwest, Kandira from Kocaeli in the northeast, Korfez from Kocaeli in the east and Gebze from Kocaeli in the southeast.



Studies have revealed that the city's history dates back to the year B.C 6500. Istanbul is a transcontinental city and while its part in Europe was called the European side or Rumeli Side, its part in Asia was called the Anatolian Side. Istanbul Walls constituted the western boundary of Istanbul, located on a peninsula formed by Marmara Sea at three sides, the Bosphorus and the Golden Horn in the history as the first. The city, expanded 4 times by construction of the walls moved to westward further at every time during the development and the growth process, has 40 districts.

Total Population of Istanbul is 14.377.018 people according to the Population Census Results of the Address Based Population Registration System (ABPRS) for the year 2014 which were prepared by Turkey Statistical Institute (TSI).

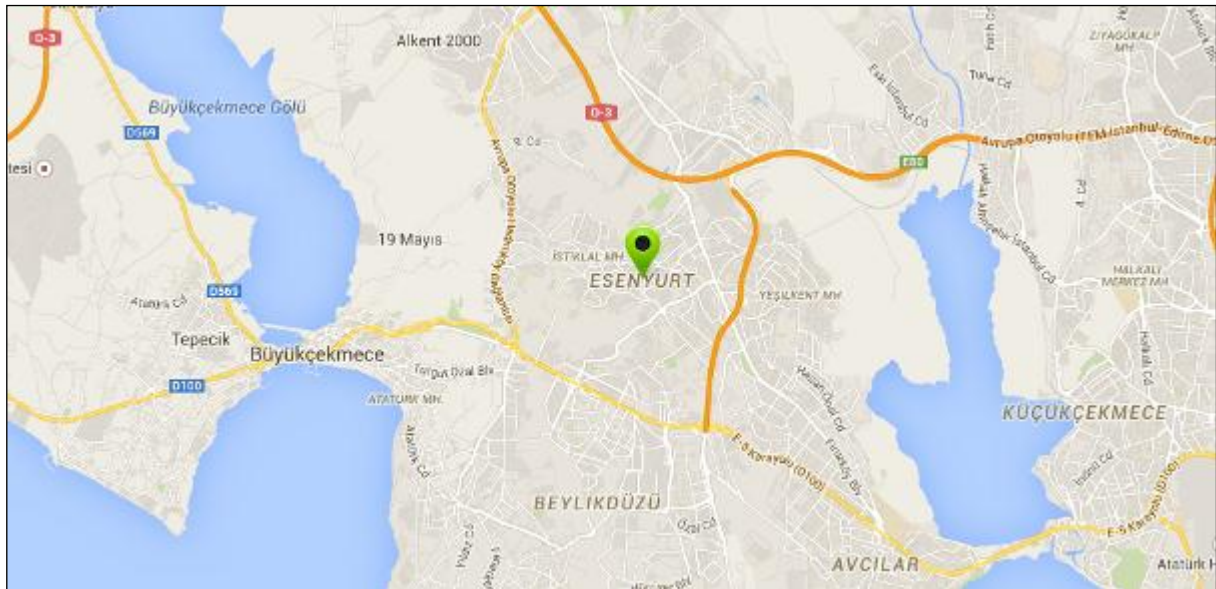
Istanbul has become the center of economic life in Turkey as it is a crossroads of land and sea trade routes and its strategic location. The city is also the largest industrial center.

The city meets an important part of industrial employment in Turkey. It has approximately 38% of an industrial area. Today, Istanbul has more than half of the Turkey's production and 45% of trade

volume. In addition, Istanbul is one of the popular tourism centers due to its redundancy of historical monuments and works and having the Bosphorus.

4.6.2. District of Esenyurt

While Esenyurt was a Neighborhood of Istanbul's District of Buyukcekmece, it became the district after combined with town of Kırac in 2008. It consists of 20 districts including Neighborhood of Namik Kemal, Neighborhood of Atatürk, Neighborhood of Istiklal, Neighborhood of Cakmakli, Neighborhood of Incirtepe, Neighborhood of Saadetdere, Neighborhood of Inonu, Neighborhood of Fatih, Neighborhood of Ornek, Neighborhood of Talatpasa, Neighborhood of Mehtercesme, Neighborhood of Pinar, Neighborhood of Sanayii, Neighborhood of Esenkent, Neighborhood of Guzelyurt, Neighborhood of Cumhuriyet, Neighborhood of Ardiciievler, Neighborhood of Yenikent, Neighborhood of Yesilkent and Neighborhood of Merkez.



The whole settlement of Esenyurt is located within the boundaries of Istanbul metropolitan area in the lower region of Trakya of Marmara Region. Kucukcekmece Lake is located in the east, Buyukcekmece is located in the west, Hosdere village and TEM highway are located in the north, Firuzkoy and E-5 highway are located in the south of this region.

There are 13 health centers, 1 government hospital, 1 Red Crescent hospital and 1.000.000m² of city park in the district. Security in the district was transferred to the police as of 1 June 2009. Police headquarters building was prepared.

The surface area of Esenyurt is 2,770 hectares and it has gained qualifications of being a municipality in 1989. A service attack has been launched in the region with the establishment of Municipal organization. A significant portion of the population took intense migration from especially Ardahan and Kars as well as Agri, Erzurum and Artvin. the industry takes an important place in the District.

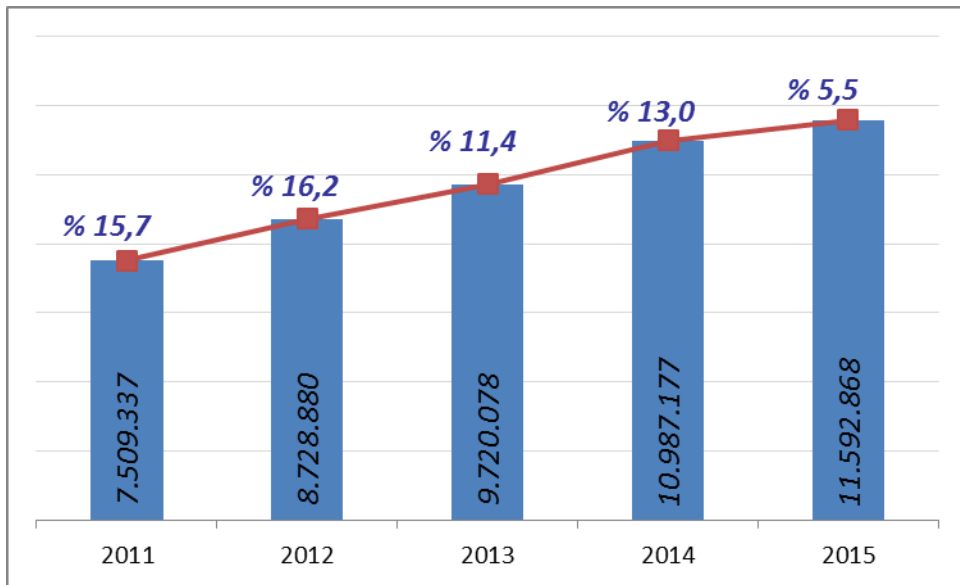
In the region; there are 1759 pieces Sanitary Enterprises (Business License and Work Permits available), 745 pieces non-sanitary enterprises (Business License and Work Permits available), 615 pieces application for non-sanitary Business License and Work Permits. There are 804 pieces application for Business License and Work Permits. Evren 1st Auto Industrial Estate, Evren 2nd Auto Industrial Estate, Fatih Auto Industrial Estate, Alkop Industrial Estate, Isiso Industrial Estate, Mimsan Industrial Estate are available.

4.6.3. İstanbul Tourism Market

According to data for the year 2015 of Provincial Directorate of Istanbul Culture and Tourism, the number of foreign visitors coming to Istanbul on January-November 2015 increased by 6% compared to the same period of previous year.

When the number of tourists visiting Istanbul is observed, it is seen that there is a gradual increase and amount of rise gradually decrease.

FOREIGN TOURIST AMOUNTS OF JANUARY-NOVEMBER OF LAST FIVE YEARS



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

When eleven months of the year is considered, it is seen that there is a gradual increase and amount of rise gradually decrease.

FOREIGN VISITOR NUMBERS CAME TO ISTANBUL

	TURKEY		İSTANBUL		Change Rate Compare to 2014 (Monthly)	Change Rate Compare to 2014 (Cumulative)
	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>		
JANUARY	1.146.815	1.250.941	635.283	691.496	8,8	8,8
FEBRUARY	1.352.184	1.383.343	696.054	732.202	5,2	6,9
MARCH	1.851.980	1.895.940	866.985	944.931	9,0	7,7
APRIL	2.652.071	2.437.263	1.014.662	1.037.506	2,3	6,0
MAY	3.900.096	3.804.158	1.079.598	1.182.906	9,6	6,9
JUNE	4.335.075	4.123.109	1.090.284	1.091.357	0,1	5,5
JULY	5.214.519	5.480.502	1.155.407	1.400.183	21,2	8,3
AUGUST	5.283.333	5.130.967	1.290.218	1.333.515	3,4	7,5
SEPTEMBER	4.352.429	4.251.870	1.181.742	1.205.089	2,0	6,8
OCTOBER	3.439.554	3.301.194	1.132.655	1.125.263	- 0,7	5,9
NOVEMBER	1.729.803	?	844.289	848.420	0,5	5,5
			10.987.177	11.592.868		

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

LOCATION	Europe	Anatolia	Facility	Europe	Anatolia	Europe	Anatolia	Number of
TYPE	Number of Facilities		NumberTOTAL	Number of Rooms		Number of Beds		Beds TOTAL
Private Facility	104	9	113	3845	359	10211	719	10930
Boutique Hotel	13	2	15	639	42	1356	84	1440
Five-Star Hotel	70	18	88	18044	4701	36603	9400	46003
Four-Star Hotel	96	10	106	11197	927	22426	1833	24259
Three-Star Hotel	93	14	107	5433	725	10628	1386	12014
Two-Star Hotel	38	5	43	1329	170	2529	342	2871
One-Star Hotel	7	1	8	222	19	417	38	455
Apart Hotel	2	1	3	58	36	154	72	226
Guesthouse	3	1	4	26	9	52	18	70
Motel	1	-	1	32	-	64	-	64
Hostel	1	-	1	123	-	166	-	166
TOTAL	428	61	489	40948	6988	84606	13892	98498

Accommodation Facilities with "Operation Certificate" issued by the Ministry of Culture and Tourism (Source: Provincial Directorate of Istanbul Tourism - December 2015)

Total bed capacity of all 428 facilities listed separately as European and Asian sides is 98.498. There are also accommodation facilities certified by the Municipality in Istanbul. The total bed capacity of these is estimated around 70,000.

ACCOMMODATION FACILITIES WITH "OPERATION CERTIFICATE"

(ISTANBUL)

LOCATION	Europe	Anatolia		Europe	Anatolia	Europe	Anatolia	Number of the Beds
			Facility					
TYPE	Number of Facilities		NumberTOTAL	Number of Rooms		Number of Beds		TOTAL
Private Facility	19	-	19	949	-	1379	-	1379
Boutique Hotel	17	-	17	648	-	1302	-	1302
Five-Star Hotel	33	6	39	9830	1245	19295	2620	21915
Four-Star Hotel	52	12	64	5749	1819	11364	3670	15034
Three-Star Hotel	49	10	59	2639	1108	5264	2172	7436
Two-Star Hotel	6	1	7	116	20	221	40	261
One-Star Hotel	1	-	1	10	-	20	-	20
Hostel	1	-	1	30	-	60	-	60
TOTAL	178	29	207	19971	4192	38905	8502	47407

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

There is an accommodation facility with 49.420 beds capacity and total 207 hotels under construction in Istanbul.

4.6.4. Evaluation of Esenyurt – Beylikdüzü Region in terms of Tourism

Location and nearby of subjected real estate can be thought as Esenyurt- Beylikdüzü wide region. The most important factors increasing tourism potential of the region are: I) Atatürk Airport II) Tüyap Fair and Convention Centers.

There are many hotels in the axis (over D-100 Highway/E-5) which connects these two important points.

Facilities nearby of airport region are generally business oriented and they are mostly four or five-star. Furthermore, there are hotels under category of business and rests in Ataköy waterside. Besides, there are many other hotels in line of Basın Ekspres which transformed to hotel axis lately.

Radisson Blu, TAV Airport Hotel, Wow Hotel, Airport Inn, Hyatt Recency, Ramada Encore, Çınar Hotel and Polat Ronessans are examples of business-classified hotels near to airport area.

Tuyap Fair and Convention Centers is also important attraction center due to low number of fairs and there are many hotels in this area. All hotels in this area have business concept. Kaya Ramada, TuyapPalas, Hilton Garden Inn and Beykent Inn are examples of these hotels.

Since fair center and airport are in same axis, many hotels developed in this area. Investors situated in D-100 Highway in order to serve to both fair center and airport, because fair and convention centers cannot host many fairs. Hilton Group has 2 hotels in this area in Avcılar and Beylikdüzü except for subjected real estate proper to this business model.

In addition to these, in this region there are apart units (marketing this way but it cannot provide service at all or limited service) and/or housing flats or apart units, which can be rented daily. These units do not operate as hotel, therefore, they excluded in this study.

Overnight accommodation price in the airport area is in between 35 – 150 euro. Quality of hotel determines the change in price.

Overnight accommodation price in the fair center area is in between 40 – 70 euro. On the other hand, it is observed that room prices may considerably increase when there is a wide fair having high number of participants.

Prices are generally in between 40 – 80 euro in hotels in the axis of D-100.

5. 5 INFORMATION REGARDING THE REAL ESTATE SUBJECT TO THE APPRAISAL

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

The real estate subject to the appraisal is in the address of Neighborhood of **Yakuplu**, Fatih Street, No: 5-7, IBIS Hotel Esenyurt-Istanbul.

In order to reach the real estate subject to the appraisal, Istanbul-Edirne D-100 Highway is followed to Haramidere KöprülÜ junction. Side road is followed after passing Haramidere KöprülÜ junction about 1km. After following side road approximately 200m, Fatih street and the real estate subject to the appraisal is reached. 3 stars Ibis Hotel which is in service as of the appraisal date on the real estate subject to the appraisal. The said real estate has a facade to Fatih street and Haramidere street (D-100) side road.

High recognition buildings such as Marmara Park Shopping Mall, Medilife Surgery Center, Beylikduzu Migros, Media Market, Carrefour, Bauhaus, Municipality of Beylikduzu, Equinox Beylikduzu Residence, Tuyap are located in the immediate vicinity of the real estate located about 4km away from Tuyap Exhibition Center. Ground floors of the majority of buildings on Haramidere Street (D100 Highway) on which the real estate subject to the appraisal is located, is used for the purpose of shops / stores and upper floors are used for the purpose of showroom / office. Manufacturing plant and workshops of a great number of factories in the region are also located on this route. Torium Shopping Mall and Marmara Park Shopping Mall located near the real estate is considered to increase activity in the region. There are also shopping malls with high commercial potential such as Migros, Carrefour, Bauhaus, Media Markt, Outletpark Beylikduzu Shopping Mall and Ginza Shopping Mall on the road, and there is Skyport Residence on the opposite facade. There are also shopping centers available such as Sunflower County Life Center, Parkway Shopping Mall, Eskule Shopping Mall and Akbatı Shopping Mall operating in District.

Zincirlikuyu – Avcilar Metrobus extent to Beylikduzu and the real estate subject to the appraisal located so close to Guzelyurt Metrobus station have been an alternative for the real estate in terms of its accessibility. With the extension of the said Metrobus station, it is provided advantage for transportation easiness to the region and the development of the region.

The transportation to the real estate is easily provided by means of various public transportation and private vehicles.



Neighborhood of the Real Estate Subject to Appraisal and Updated Satellite Image



Location of the Real Estate Subject to Appraisal

5.2. Land Register Information of the Real Estate

City	:	Istanbul
District	:	Esenyurt
Neighborhood	:	Yakuplu
Section No	:	F21D24D3A
Block No	:	404
Plot No	:	39
Surface Area	:	1.755,37m ²
Owner	:	Akfen Real Estate Investment Trust Inc. (Full)
Nature	:	10-Storeyed Concrete Hotel Building and the Land
Land Title Date	:	30.09.2010
Journal No	:	26324
Volume No	:	2
Page No	:	182

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 examination made on the land registries of the real estate according to the information received from the Registry of the District of Esenyurt and the information on the real estate attached (TAKBIS) (Turkish Land Registry and Cadastre Information System) dated on 03.12.2015, at 08:02 AM.

In Digit of the Securities;

- Yomra TM Kuşütü/Cumhuriyet Mah. 209 block 12 plot, on DMH, Zeytinburnu TM Zeytinburnu Mah. 774 block 55 plot on DMH, Kocasınan TM Pervane Mah.2420 block 9 plot on DMH, Şehitkâmil TM Yaprak Mah. 5020 block 2 plot on DMH, Seyhan Çınarlı Mah.585 block 2 plot 1 ve 2 No. Detachedsections, Akyurt Balıkhisar –İmar Mah. 1843 block 5 plot- in commonwithand in favor of Credit Europe Bank corporation. – areburdened in 173.052.185,00.-Euro amounted, at 7,2% interest, 1. degreed, mortgage. (dated on 28.01.2015 tarih, journal 3407)

In Digit of the Remarks:

Statement in favor of Istanbul Metropolitan Municipality according to Article 7 of the Expropriation Law No. 2942. (dated on 04.11.2011 and journal no. 34784 ())*

In Digit of the Annotations:

A rental agreement is available against a value of 1 TL for 99 years in favor of BoğaziçiElektrikDağıtım A.Ş (BEDAŞ) (Date of Commencement: 14.04.2011, Duration: 99 years) (dated 15.04.2011 and journal no. 12259)

(*)Administration that shall make expropriation according to Article 7 of Expropriation Law with number of 2942 (this state may be municipality) does some processing before making expropriation. Administration that shall make expropriation makes or has somebody make scaled plan showing borders, surface area and type of real estate or resources on which easement will be established through expropriation or expropriation way; makes somebody to inspect owners of expropriated real estate, possessors if there is no land registration and their addresses, documents based on deeds, tax records and register or investigation to be performed externally. The related tax office gives tax returns and value of the real estate, appraisal value to be declaration in case there are no tax returns within one month at latest upon the request of administration.

After expropriation decision, administration notifies the land register office, which the real estate subject to expropriation is registered, to be annotated to land registry for expropriation. From the date of notification if the owners change, land registry administration should notify the authorities who handle the expropriation of land for changes occur in real property or real rights in property. (Amended sentence: 24/04/2001 - 4650/2. Sec.). **Unless the document to be received from the court is submitted to the Land registry administration regarding the registration is requested on behalf of the administration within six months according to Article 10 with the determination of expropriation value,**by the Administration, from the annotation date, this annotation is deleted directly from registration by Land registry administration.

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

There have not been any buying or selling activities with regard to the real estate, within the last three years.

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

Pursuant to the subparagraph “a” of the Article number 22 of the communiqué, with regard to the real estate investment trusts principles of the Capital Market Board regulations, the Real Estate Investment Trusts “can purchase, sell, lease, lease out and pledge to purchase or sell all sorts of real estate, such as land, plot, building, office building, shopping mall, hotel, logistic centers, warehouse, park and hospitals, for the purpose of achieving gross profit or lease revenue.”

According to the paper dated 07.12.2015 prepared by mortgage owner Credit Bank Europe taking place in the digit of rights of mortgage; mortgage subjected had been established as the guarantee of Financing Syndication Loans for providing the financing of 1 hotel’s investment would be operated under the brand of “IBIS” which has followed the end of the construction of 8 hotels which are already being operated under the brandmarks of “IBIS” and NOVOTEL” by Accor Group pursuant to the agreement between Accor Group and Akfen GYO.

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.

In the digit of the remarks on the real estate subject to the appraisal, it is seen that there is a statement in favor of Istanbul Metropolitan Municipality according to Article 7 of the Expropriation Law No. 2942. (dated 04.11.2011 and journal no. 34784. Pursuant to the Article 7 of the Expropriation Law, unless the document to be received from the court is submitted to the Land registry administration regarding the request on determination of the expropriation value and registration of it on behalf of the administration within six months by the Administration, from the annotation date, this annotation is deleted directly from registration by Land registry administration. Studies performed on the land registry records have showed that there is no such notice. Pursuant to the subparagraph “a” of the Article number 22 of the communiqué, with regard to the real estate investment trusts principles of the Capital Market Board regulations, Real estates without any mortgage on it and any cautionary remark that shall affect real estate value directly or significantly and rights based on real estate may be included. In accordance with this article of the communiqué,

this provision in the remarks digit does not constitute an obstacle in taking the portfolio of Real Estate Investment Partners as “ten-storey ferroconcrete hotel building and land” within the frame of capital market legislation.

5.3. Inspection of the Zoning Information of the Real Estate

It is indicated that the plot subjected in inspection prepared by City of Istanbul, Municipality of Esenyurtdated 09.12.2015 and numbered 56517060 takes place in “South of Esenyurt TEM 5. Stage 1/1000 scaled implementary development plan hmax:4 Storey HousingArea” approved on 13.09.2013 and with decision number 1854 by Istanbul Metropolitan Municipal Council. Again in same inspection, it is also indicated that zoning status of plot is in the legend of Touristic Facility Area, under the implementaty development plan with the scale of 1/1000 and approved on 16.02.2004 by the decision number 11 of Yakuplu (Town) Municipality.

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 Municipality of Esenyurt, Zoning and Urbanism Directorate Archives on 15.12.2015;

Approved Architectural Project: The renovation project for the hotel subject to the appraisal having a license attachment dated 30.12.2010, No. 2010/24269, for a surface area of 7.313,30 m² is seen in the archive files. The total enclosed area is 7.313,30m² according to the project prepared for 3 Basement Floors+ Ground Floor+ 6 normal floors+ terrace floor.

Construction Permit: Pursuant to the zoning plan approved on 16.02.2004 for the plot, there are a "Construction License" referring the Zoning Certificate of Conditions numbered 2838 and dated on 09.02.2010 received on 24.03.2010 with No. 2010/3066-470 for the use of "Hotel and Similar Guest House" with an enclosed area of 7.365,00m² with regard to the architectural project approved by the Municipality; and, following the construction license, a “License for Alteration” received on 30.12.2010 with No. 2010/24969 and a “Retaining Wall License” for the area dated 03.03.2011 numbered 2011/5543.

Occupancy Permit: There is an "Occupancy Permit" received on 28.12.2012 with No. 2012/29412 for a " Hotel and Similar Guest House" with an area of 7.331,00m² with regard to the real estate subject to the appraisal.

The documents above mentioned are presented in the report attachment.

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 undated “Approved Architectural Project”.

5.3.2. Building Inspection Institution and Inspections

The real estate subject to this appraisal is liable to be inspected under the 29.06.2001 dated Law Regarding Building Inspection with the number 4708, for the inspection of the building has been inspected by the Etik Yapı Denetim Limited Company, operating in the address of Mehtercesme Mahallesi, 1997 Sokak, Yalı Kosku Sitesi, C Blok, Kat:4, No:14 Esenyurt/Istanbul.

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

- While the real estate subject to the appraisal is in the legend of "Example: 2,75 "Touristic Facility Area" according to the Council Decree of the Istanbul Metropolitan Municipality on 08.04.2010 with No. 2010/82 and the Council Decree of the Istanbul Metropolitan Municipality on 17.09.2010 with No. 2010/2033, it is in the legend of "House + Trade Area" within the scope of 1/500 scaled "Esenyurt TEM South Master Plan" approved by Istanbul Metropolitan Municipality on 13.04.2013, construction conditions are; E: 1,50, Hmax: 12,50 m. The real estate in question is in the legend of " 4 Storey Housing Area with back pull from the front 20m, from the sides and back 5m " under the "5thStage Implementation Master Plan of South of Esenyurt TEM " with the scale of 1/1000 and prepared in accordance with the Master Plan in question ,approved on 13.09.2013.
- In the digit of the remarks on the land register of the real estate subject to the appraisal, it is seen that there is lease agreement against a value of 1 TL for 99 years in favor of "Bogazici Elektrik Dağıtım A.Ş (BEDAŞ)" and according to the Article 7 of the Expropriation Law No. 2942. (dated 04.11.2011 and journal no. 34784) (Date of Commencement: 14.04.2011, duration: 99 years) (dated 15.04.2011 , journal no 12259).
- "Occupancy Permit" dated 28.12.2012 , No. 29412 with regard to the real estate subject to the appraisal has been issued.

5.3.4. Opinion Whether the Necessary Permit and Documents Pursuant to the Legislation is Accurate and Complete

All of the necessary permits and licenses, such as the Zoning Plan Sheet, 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 and type classification has been carried out.

**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**

While the real estate subject to the appraisal is in the legend of "Example: 2,75 "Touristic Facility Area" according to the Council Decree of the Istanbul Metropolitan Municipality on 17.09.2010 with No. 2010/2033, it has been transferred to the legend of " 4 Storey Housing Area with back pull from the front 20m, from the sides and back 5m " under the "5th Stage Implementation Master Plan of South of Esenyurt TEM " with the scale of 1/1000 and approved on 13.09.2013.

The buildings presently found on the plot have the required approved architectural project, construction permit and occupancy permit and these legal documents have been received before the zoning change. And, therefore, there are no obstacles preventing the real estate to be included in the Real Estate Investment Trust portfolio as “ten storey ferroconcrete hotel building and land” in terms of zoning information, within the scope of the Capital Market Board regulations.

**5.3.6. Statement Regarding the Detailed Information and Plans and Value in Questionare
Completely Related to the Existing Project and the Resulting Value Might Vary in Case
of Implementation of a Different Project**

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

5.4. Physical Features of the Real Estate

5.4.1. Structural, Construction Features of the Real Estate

The real estate subject to this appraisal study has a quality of “10- Storeyed Concrete Hotel Building and the Land” with an area of 1,755.37m², located in the city of Istanbul, district of Esenyurt, Neighborhood of Yakuplu, Block No: 404, Plot No: 39.

There is a single structure which is used as IBIS Hotel on the plot, in a separate disposition, as a concrete frame structure. The building used as IBIS Hotel has been built as 3 basement floor+ ground floor+ 6 normal floors+ terrace floor. IBIS Hotel area is situated on the Fatih Street in front of the plot.

The renovation permit for the IBIS Hotel subject to this appraisal has been taken for 7,331.00m² and the total enclosed area is 7,313.30m² 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 156 rooms.

According to the approved architectural project, and the inspections performed on site, there are areas such as parking area, shelter, water house, pumping house, electricity house, fire reserve tank are found at **3. basement floor** (950,28m²);

The 2nd Basement Floor (931,07m²) composed of; parking area, storage, technical room,

The 1st Basement Floor (652,83m²) composed of 2 conference rooms, 2 multipurpose halls, foyer area, men/women WC, personnel cafeteria, men/women dressing rooms, transformer room, electrical control room, service areas,

The Ground Floor (645,70m²) composed of reception, lobby, lobby bar restaurant, main kitchen, 5 offices, archive.

1st, 2nd, 2rd, 4th, 5th(each of them is 680,16m²)and **6th**(670,74m²) normal floors each has 26 rooms and 156 rooms in total. There is a technical room at the terrace floor (88,17m²).

There are 2 rooms with different sizes; 13,26m² and 14,68m² in IBIS Hotel. There are 3 rooms reserved for disabled customers and standard rooms designed in various shapes in the hotel.It is active since 25.01.2013.

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

IBIS HOTEL	1st Floor	2nd Floor	3rd Floor	4th Floor	5th Floor	6th Floor	Total
Double Room	6	6	6	6	6	1	31
Two Adjoinable Room	2	2	2	2	2	1	11
Standard Room	14	15	16	16	16	21	98
Standard Adjoinable Room	1	1	1	1	1	2	7
Standard Room with Desk/Bed	1	1	1	1	1	1	6
Adjoinable Room with Desk/Bed	-	-	-	-	-	-	-
Disabled Room	-	1	-	-	-	-	1
Adjoinable Disabled Room	2	-	-	-	-	-	2
Total	26	26	26	26	26	26	156

The floor areas and floor usages of the hotel which was projected as 3-star are given below. Interior Construction Features of the Ibis Hotel are as follows:

Structural and Interior Construction Features of the Ibis Hotel	
Total Area	According to the Architectural Project and current status: 7,313.30m ² According to the Construction Permit and Occupancy Permit: 7,331.00m ²
Age	3 years old
Construction Type:	Reinforced Concrete
Roofing System:	Terrace roof
Disposition	Detached Building
Number of Floors	11 Storeyed (3 Basement Floors + Ground Floor + 6 Normal Floors+ Terrace Floor)

Exterior Facade	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.
Electricity	City Grid
Heating system	Central Heating System
Water	City Grid
Sewerage	City Grid
Elevator	Available (2 Guests + 2 Service+ 1 Parking Area Elevator)
Ventilation System	Available
Fire Escape	Available
Fire Extinguisher System	Available
Car Park	Available (Open and Closed)
Flooring	Wall to wall carpet, laminate parquet, ceramics and granite, epoxy
Walls	Satin paint, ceramic tile, wood and wall paper
Joinery	Exterior Joineries are made of aluminum, while the interior ones are
Ceilings	Suspended ceiling
Heating	Central Heating System
Illumination	Wall lamps, chandeliers, lamp shades, spot lights and fluorescent

5.4.2. Inspections Performed Within the Premises of the Real Estate

- The real estate in question is located in the city of Istanbul, district of Esenyurt, Neighborhood of Yakuplu, Block No: 404, Plot No: 39 with a surface area of 1,755.37m² .
- The Hotel is located in a central position close to the main arteries. 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 subject to the appraisal has a facade to the D-100 Highway and Fatih Street and it is located at the corner.
- The real estate subject to the appraisal has a significant visibility and ad capability due to its location over the D-100 Highway.
- There are Torium Shopping Mall and Marmara Park Mall nearby the real estate subject to the appraisal, and when the shopping centers has become active demand for the region has increased.
- The real estate subject to the appraisal is in the immediate vicinity of Beylikduzu metro route. It is seen that the extension of the Zincirlikuyu-Avcılar metro route to the Beylikduzu has positively influenced the transportation means to the real estate and the demand for the region.

- The plot subject to the appraisal has a rectangle shape in geometrical terms and, it is almost flat topographically.
- There is a hotel building on the plot subject to the appraisal. The Ibis Hotel is an active hotel offering service with its 156 rooms in a 3-star concept.
- The starting date of operations of the Ibis Hotel subject to the appraisal is 25.01.2013.
- The hotel building is situated in the north-south direction of the plot and has been built as a 11-storeyed concrete building, in a detached manner, 3 basement floors+ ground floor + 6 normal floors+ terrace floor and and it has a gross enclosed area of 7,313.30m² in total.

Floor Areas (m²)	(m²)
3 rd Basement Floor	950,28
2 nd Basement Floor	931,07
1 st Basement Floor	652,83
Ground Floor	645,70
1. Normal Floor	680,16
2. Normal Floor	680,16
3. Normal Floor	680,16
4. Normal Floor	680,16
5. Normal Floor	680,16
6. Normal Floor	670,74
Terrace Floor	61,88
TOTAL	7.313,30

- Inside the Ibis Hotel building, there are customer and service and parking area elevators, fire alarm and extinguishing systems, air conditioning with the heating and cooling systems.
- The north, east and south facade of the plot have a guard above the concrete wall.
- At the Ibis Hotel, there is an open and closed parking lot and the car park areas are shared in general.
- Areas of the plot out of the building are covered partly with the paving stone and partly the green spaces. A majority of the Hotel's garden area is being used as an open parking lot. There are open closed parking lots with a capacity for 31 vehicles.
- Other external and miscellaneous works determined on the site and included within the appraisal are; concrete areas, landscape work, concrete walls. External and miscallenous works have been added as additional cost into the calculations made in the cost approach analysis.

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

6.1. Factors Limiting or Negatively Affecting the Appraisal Process

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

6.2. SwotAnalysis

Strengths

- The hotel has high recognition and marketing capacity due to its location.
- The hotel subject to the appraisal is being operated under a brand meeting the same standards all over the world.
- The Facility is situated on the main arterial road (D100) and has a variety of access and transportation options. . The rate of accessibility has increased due to the extension of the metrobus line.
- There are highly recognized structures such as Marmara Park, Tüyap, Migros, CarrefourSa which are used commercially nearby. It benefits from the appealance power of Tuyap Fair Centre.

Weaknesses

- Demand for the hotel in the Region shows intensity in a periodical manner.

Opportunities

- The hotel started operating about 2 years ago, is in the location that people visiting TUYAP and Buttim Job Center would prefer in the first degree.
- When the way of region's development is considered, it has been observed that the hotel is required investment. 3-star Ibis hotel is especially thought to appeal to Tuyap Exhibition Center and Industrial Region of Hadimkoy.
- Metrobus route connected to Beylikduzu provides transportation advantages.
- It is seen that Torium Shopping Mall and Marmara Park Shopping Mall in service enhance the activity of the region.

Threats

- Beynova Hotel, Euro Park Hotel and the Grand Plaza Hotel serving in a similar concept is located in the immediate vicinity of 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 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 Employed in the Appraisal of the Real Estate and Their Motives of Eligibility

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 has been found.

6.4.1.1. Definitions of Alike Sales taken as the Basis in Appraisal and the Motives of Their Eligibility

A similar hotel which has already been sold in the close proximity and still on sale is not seen. The exemplary lands that are still for sale have been provided in the chart below:

EXAMPLE	LOCATION	CHARACTERISTICS	Surface Area (m2)	Price	Unit m2 Price	Source
Example 1	Esenyurt Güzelyurt	Close to E-5, behind Marmara Park, 5 stayered- trade zoned	1.800	24.000.000 TL	13.333 TL	Adil Real Estate(0532 176 2499)
Example 2	Esenyurt Güzelyurt	Behind Marmara Park, 4 stayered- housingzoned	870	6.000.000 TL	6.897 TL	Başaran Real Estate (0533 211 9222)
Example 3	Esenyurt Güzelyurt	Close to Innovia-1 Site, Floor Area Ratio (FAR) is 3,00, tradezoned Reconstruction function	4.000	28.000.000 TL	7.000 TL	Bodurlar Building (0555 802 5616)
Example 4	Esenyurt Güzelyurt	Behind Marmara Park 4 stayered Housing zoned	500	5.000.000 TL	10.000 TL	Apaydın Real Estate(0532 262 1230)
Example 5	Beylikdüzü Yakuplu	Floor Area Ratio (FAR) is 2,00, on Yakuplu Street Housing + Tradezoned function	50.000	210.000.000 TL	4.200 TL	Tek1 Real Estate (0532 058 1560)
Example 6	Beylikdüzü Yakuplu	Nearby Yakuplu Özgünkent Site 6 stayered Housing zoned	5.300	14.800.000 TL	2.792 TL	Tek1 Real Estate (0532 058 1560)
Example 7	Beylikdüzü Yakuplu	E-5 across the subjected plot 4 stayered Housing zoned	182	1.650.000 TL	9.066 TL	Can Çağrı (0532 731 4549)
Example 8	Beylikdüzü Yakuplu	By the Kumrucular Road 2 stayered behind the industrial area	637	1.783.600 TL	2.800 TL	Sait Çolak (0532 302 5815)
Example 9	Beylikdüzü Yakuplu	Close to Matbaacılar Site, Floor Area Ratio (FAR), 2,00 Tradezoned function	18.500	109.200.000 TL	5.903 TL	Ebat Real Estate (0532 264 6497)

- 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, demand for the "Housing Area" zoned land in the same area with the real estate subject to the appraisal is considerably high. Although the real estate was built in a tourism zoned condition, these values have been taken as a basis since it had a "Housing Area" zoning according to the current zoning condition.
- Consequently, from the research and interviews carried out in the area, the appraisal with regard to the plot has been conducted by taking into account the above provided examples and the land value of the property has been estimated to be 4.200 TL/m².

Unit Land Value (TL)	4.200
Size of the Land (m2)	1.755,37
Total Land Value (TL)	7.372.554
Total Land Value (Euro)	2.386.094
Approximate Land Value (Euro)	2.386.000

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 housing, formation of its vicinity, existence of an operating hotel building on the plot bringing in revenue, possessing all the required legal permits and classifications, and the prices of the surrounding real estate examples, the land unit sale value has been estimated to be **4.200.-TL/m²**

6.4.2. Cost Approach

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

COST TABLE (LAND+BUILDING)

ENCLOSED AREAS		UNIT COSTS (EURO)(*)	
	IBIS HOTEL TOTAL CONSTRUCTION AREA (m ²)	IBIS HOTEL	TOTAL COST
3. Basement Floor	950,28	500	475.140
2. Basement Floor	931,07	500	465.535
1. Basement Floor	652,83	500	326.415
Ground Floor	645,70	1.100	710.270
1 st Normal Floor	680,16	1.100	748.176
2 nd Normal Floor	680,16	1.100	748.176
3 rd Normal Floor	680,16	1.100	748.176
4 th Normal Floor	680,16	1.100	748.176
5 th Normal Floor	680,16	1.100	748.176
6 th Normal Floor	670,74	1.100	737.814
Terrace Floor	61,88	300	18.564
TOTAL CONSTRUCTIONAL COST			6.474.618
External Miscellaneous Works (***) (€)			150.000
TOTAL STRUCTURE VALUE (€)			6.624.618
LAND VALUE (€)			2.386.000
TOTAL VALUE (€)			9.010.618

() 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 28.12.2012.*

The appraisal has been conducted by taking into consideration the age and physical status of the real estate.

*(***) Costs for the concrete area, retaining wall, 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 not been employed.

IBIS HOTEL PROJECTION:

- The hotel subject to the appraisal has a capacity for 156 rooms.
- It has been estimated that the occupancy rate of the hotel will be 62% in the year of 2016 and that this rate will increase each year until 2021, and reach to 71% in the year of 2021 and it will be operated with this occupancy rate of 71% 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 62 EURO, in the year of 2016. Moreover, it has been anticipated that this price will increase annually 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 79,95% of the total revenue, whereas 20,05% of the total department 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 47% in the year of 2016 and increase to 53% in 2019 also remain to be stable in the following years.

General Assumptions (For IBIS HOTEL)

- According to the information obtained from Akfen Real Estate Investment Trust Inc., it has been acknowledged that it will be exempted from the real Real Estate Tax until the 2019 year; and an amount of 26.865 (83.006.-TL) shall be paid for the year of 2019; and it will increase at the rate of 3% in the following years.
- According to the information obtained from Akfen Real Estate Investment Trust Inc., it has been acknowledged that the insurance value for the year of 2016 will be of 13.430 Euro and that it will remain so, on account of the estimation made that there will not be any increases in the insurance premium by Akfen Real Estate Investment Trust Inc. in the following years.
- Accordingly, it has been determined that the Furniture Fixture Renewal Reserve will be 3,5% of the gross revenue.
- The capitalization rate in determination of terminal value of the hotel has been considered as 8,5%.
- 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.)
- Reduction ratio has been determined as 10,00% in the Projection.
- In the course of the studies, the exchange rate for 1 EURO has been acknowledged at 3,0898TL, in accordance with the 02.11.2015 dated buying rate exchange of the Central Bank of Turkey
- 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.
- A more realistic Net Present Value appeared through adding mid-year factor (0,5) into the net present value calculations.

REDUCED CASH FLOW STATEMENT

Name Of Hotel Land Area (m2) Total Construction Area (m2)											the hotel occupancy rate increase	2,5%										
Stabilize Yillar																						
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											
Revenue																						
Room Revenue																						
Annual Occupancy Rate (%)		62%	64%	66%	68%	69%	71%	71%	71%	71%	71%											
Average Room prices (EURO)		62	65	68	72	74	75	77	79	81	83											
Total Room Revenue		2.188.774	79,95%	2.372.348	79,95%	2.568.808	79,95%	2.764.680	79,95%	3.051.689	79,95%	3.127.982	79,95%	3.206.181	79,95%	3.286.336	79,95%	3.368.494	79,95%			
Department Revenue																						
Total Department Revenue		548.904	20,05%	594.942	20,05%	644.210	20,05%	693.331	20,05%	728.431	20,05%	765.308	20,05%	784.441	20,05%	804.052	20,05%	824.153	20,05%	844.757	20,05%	
Total Revenue		2.737.678	100%	2.967.290	100%	3.213.018	100%	3.458.011	100%	3.633.073	100%	3.816.997	100%	3.912.422	100%	4.010.233	100%	4.110.489	100%	4.213.251		
Cost																						
Department Cost																						
Total Department Cost		1.062.411	31,64%	1.056.622	31,64%	1.092.748	31,64%	1.120.776	31,64%	1.177.515	31,64%	1.237.127	31,64%	1.268.055	31,64%	1.299.757	31,64%	1.332.250	31,64%	1.365.557	31,64%	
Net Department Cost		1.675.267		1.910.668		2.120.271		2.337.235		2.455.558		2.579.870		2.644.367		2.710.476		2.778.238		2.847.694		
Operatanel Costs																						
Total Operatanel Costs		396.963	16%	430.257	16%	465.888	16%	501.412	16%	526.796	16%	553.465	16%	567.301	16%	581.484	16%	596.021	16%	610.921	16%	
GROSS OPERATING PROFIT		1.278.304	47%	1.480.411	50%	1.654.383	51%	1.835.824	53%	1.928.762	53%	2.026.406	53%	2.077.066	53%	2.128.992	53%	2.182.217	53%	2.236.773	53%	
Constant Cost																						
Real Estate Tax		0		0		0		0		26.865		27.671		28.501		29.356		30.237		31.144		
Insurance		13.430		13.430		13.430		13.430		13.430		13.430		13.430		13.430		13.430		13.430		
Annual Gross Revenue		95.819	3,5%	103.855	3,5%	112.456	3,5%	121.030	3,5%	127.158	3,5%	133.595	3,5%	136.935	3,5%	140.358	3,5%	143.867	3,5%	147.464	3,5%	
Total Constant Cost		109.249		117.285		125.886		134.460		167.453		174.696		178.866		183.144		187.534		192.038		
Total Cost	0	57%	1.568.623	54%	1.604.164	52%	1.684.521	51%	1.756.648	52%	1.871.763	51%	1.965.287	51%	2.014.222	51%	2.064.385	51%	2.115.805	51%	2.168.516	
NET OPERATING PROFIT	0	43%	1.169.055	46%	1.363.125	48%	1.528.498	49%	1.701.363	48%	1.761.310	49%	1.851.710	49%	1.898.200	49%	1.945.848	49%	1.994.683	49%	2.044.735	
Final Value													24.657.099									
Cash Flow		1.169.055		1.363.125		1.528.498		1.701.363		1.761.310		1.851.710		1.898.200		1.945.848		1.994.683		26.701.834		
CUMULATIVE CASH FLOW	0	1.169.055		2.532.181		4.060.678		5.762.041		7.523.351		9.375.061		11.273.261		13.219.109		15.213.792		17.258.527		

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)	21.292.758	20.620.760	19.976.903
NET APPROXIMATE CURRENT VALUE (Euro)	21.290.000	20.620.000	19.980.000
Risk Free Revenue Rate	65.782.000	63.712.000	61.734.000

6.4.4. 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 A.Ş; 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 2017.
- 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 in the study that the hotel will be operated in the current concept.
- 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.

- According to the information obtained from Akfen Real Estate Investment Trust Inc., it has been acknowledged that it will be exempted from the real Real Estate Tax until the 2019 year; and an amount of 26.865 Euro (92.631.-TL) shall be paid for the year of 2019; and it will increase at the rate of 3% in the following years.
- According to the information obtained from Akfen Real Estate Investment Trust Inc., it has been acknowledged that the insurance value for the year of 2016 will be of 13.430 Euro and that it will remain so, on account of the estimation made that there will not be any increases in the insurance premium by Akfen Real Estate Investment Trust Inc. in the following years.
- The capitalization rate has been determined as 6% in determination of the terminal value of the hotel in terms of the rental value cash flow.
- 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 reduction ratio has been estimated at 8, 00% by adding a 5, 90% “Risk Premium” to the 3, 10% to the Risk Free Revenue.
- In the course of the studies, the exchange rate for 1 EURO has been acknowledged at 3,0898TL, in accordance with the 02.11.2015 dated buying rate exchange of the Central Bank of Turkey.
- Throughout the course of the studies, the Euro Zone inflation rate of 2,5% has been employed as the inflation rate.
- Within the scope of the International Valuation Standards (IVSC), taxes and VAT have not been included in the studies.
- A more realistic Net Present Value appeared through adding mid-year factor (0,5) into the net present value calculations.

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										
Akfen's Lease revenue																					
Lease from IBIS OTEL's Revenue	0	25,00%	684.420	0	741.822	0	803.255	0	864.503	0	908.268	0	954.249	0	978.106	0	1.002.558	0	1.027.622	0	1.053.313
Operating Company's Share	0	4,00%	109.507	0	118.692	0	128.521	0	138.320	0	145.323	0	152.680	0	156.497	0	160.409	0	164.420	0	168.530
Furniture Fixture Renovation Reserve	0	4,00%	109.507	0	118.692	0	128.521	0	138.320	0	145.323	0	152.680	0	156.497	0	160.409	0	164.420	0	168.530
IBIS OTEL OTEL AGOP	0	72,5%	767.985	72,5%	901.195	72,5%	1.013.073	1	1.130.407	1	1.187.634	1	1.247.758	1	1.278.952	1	1.310.926	1	1.343.699	1	1.377.292
USED of IBIS HOTEL Revenue		767.985		901.195		1.013.073		1.130.407		1.187.634		1.247.758		1.278.952		1.310.926		1.343.699		1.377.292	
Real Estate Task	0	0	0	0	0	26.865	27.671	28.501	29.356	30.237	31.144										
Insurance	0	13.430	13.430	13.430	13.430	13.430	13.430	13.430	13.430	13.430	13.430										
Renovation Expenses	0	5,00%	5.475	5,00%	5.935	5,00%	6.426	5,00%	6.916	5,00%	7.266	5,00%	7.634	5,00%	7.825	5,00%	8.020	5,00%	8.221	5,00%	8.427
Right of Construction Expenses (Land)	0	0	0	0	0	0	0	0	0	0	0										
Lease Cash Flow	0	749.080		881.830		993.217		1.110.061		1.140.073		1.199.023		1.229.196		1.260.119		1.291.811		1.324.291	
Final Value												22.623.309									
Cash Flow		749.080		881.830		993.217		1.110.061		1.140.073		1.199.023		1.229.196		1.260.119		1.291.811		23.947.600	
CUMULATIVE CASH FLOW		749.080		1.630.910		2.624.127		3.734.188		4.874.261		6.073.285		7.302.481		8.562.600		9.854.412		11.178.703	

Risk Free Revenue Rate	4,80%	4,80%	4,80%
Risk Premium	2,70%	3,20%	3,70%
Discount Rate	7,50%	8,00%	8,50%
NET CURRENT VALUE (Euro)	19.079.737	18.417.373	17.784.114
NET APPROXIMATE CURRENT VALUE (Euro)	19.080.000	18.420.000	17.780.000
NET APPROXIMATE CURRENT VALUE (TL)	58.953.000	56.914.000	54.937.000

6.4.5. Value Analysis and Taxes Employed

The lease value of the real estate 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 1st year cash flow average to the appraisal day. According to this calculation, the annual lease value of the hotel is **923.000.- EURO (2.852.000 TL)**. The discount rate has been determined to be of 8,00%.

Date	31.12.2015	31.12.2016
Annual Lease Revenue	0	959.068

Net Current Value of the Annual Lease	
Value (EURO)	923.000
Net Current Value of the Annual Lease	
Value (TL)	2.852.000

6.4.6. Empty Land and Project Values of Land on Which the Project is Developed

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

6.4.7. Most Active and Most Productive Utilization Analysis

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

6.4.8. Appraisal Analysis of Common or Divided Parts

There is a hotel which is in service under the name of HOTEL 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.

7. EVALUATION OF RESULT ANALYSIS

7.1. Alignment of Different Appraisal Methods and Analysis Results, together with the Explanation of the Method and the Motives of Their Eligibility

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.

The total value including the land according to the cost method has been calculated as approximately **9.011.000 Euro (27.841.000 TL)**. The value found in the cost method has not been taken into consideration since it will not give a robust result in terms of the real estates based on the operational potential.

As a result of the discount of the potential revenue of the structure on the plot in accordance with the revenue discount approach, the net current value of the HOTEL has been calculated to be **20.620.000 Euro (63.712.200 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 reduction method, is **18.420.000 Euro (56.914.000 TL)**. The final value of the hotel has been calculated to be **19.520.000 Euro (60.313.000 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 1st year cash flow average to the appraisal day. According to this calculation, the annual lease value of the hotel is **923.000.- EURO (2.852.000- 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 value found in the cost method has not been taken into consideration since it will not give a robust result in terms of the real estates based on the operational potential. 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 1st model the revenue obtained by operating the real estate without a brand name has been calculated and in the 2nd 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 subjected a report numbered 2014-020-GYO-012 on 02.01.2015 had been prepared by us and it has revised on 02.12.2015 with the number of 2014-020-GYO-REV-12 and on 08.12.2015 with the number of 020-GYO-REV2-012.

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 is not any obstacle for the real estate at Block No. 404, Plot No. 39 with a surface area of 1.755,37m² to be included in the portfolio within the scope of the Capital Market Legislation.

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 resulting value has been presented in the following chart:

As of 31.12.2015

	Annual Market Value of the Real Estate (EURO)	Annual Market Value of the Real Estate (TL)
VAT Excluded	19.520.000	60.313.000
VAT Included	23.034.000	71.170.000


	Annual Market Value of the Real Estate (EURO)	Annual Market Value of the Real Estate (TL)
VAT Excluded	923.000	2.850.000
VAT Included	1.089.000	3.365.000

- 1-) The appraised value is the current value regarding the cash sale price.
 - 2-) The VAT ratio has been established at 18%.
 - 3-) In this report, Euro buying rate of exchange on 02.11.2015 has been taken/accepted as 3,098 TL.
 - 4-) This report has been prepared within the scope of the related Capital Market Legislation.
- We respectfully submit our expert report representing the situation and our appraisal.

Kemal ÇETİN
Certified Appraiser
CML Certificate no:404903

Taner DÜNER
Certified Appraiser
CML Certificate no:401431

Neşecan Çekici
Responsible Appraiser
CML Certificate no:400177



9. APPENDIX

1. Title Deed Photocopies
2. Title Deed Restrictions Document
3. Development Status Certificate.
4. Building Licenses
5. Occupancy Permit
6. Approved Architectural Project
7. Lease Agreement with Accor Group
8. Tourism Investment Document
9. Tourism Business Document
10. Business Starting and Operating License/Permit
11. The written document given by bank
12. Photographs
13. Backgrounds
14. SPK Certificate Samples