

AKFEN REAL ESTATE INVESTMENT TRUST INC.

CITY OF ESKİŞEHİR, DISTRICT OF TEPEBAŞI

BUILDING BLOCK NO. 442, PLOT NO. 37

IBIS ESKİŞEHİR HOTEL

REAL ESTATE APPRAISAL REPORT

Report No: 2016-020-GYO-007

Appraisal Date: 30.12.2016

Date of Report: 06.01.2017



REAL ESTATE CONSULTANCY AND APPRAISAL INC.

İ. 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	:	06.01.2017
Report No	:	2016-020-GYO-007
Appraisal Date	:	30.12.2016
Information Concerning the Property Subject to the Appraisal	:	The real estate having the quality "Land and Office Lodging Building and Masonry Warehouse" with a surface area of 6.806,75 m ² , situated in the city of Eskişehir, district of Tepebaşı, Hoşnudiye Neighborhood, Block no. 442, Plot no. 37
Subject of Study	:	The appraisal report prepared for determining the current market value for the leasehold and annual current lease value of the said real estate.
Land Area of the Real Estate Subject to the Appraisal	:	6.806,75 m ²
Land Area of Closed Spaces of the Real Estate Subject to the Appraisal	:	Ibis Hotel: 5.478 m ² Fitness Center: 941 m ² Restaurant: 250 m ² Total: 6.669 m ² (based on the project and existing conditions)
Zoning Status of the Real Estate Subject to the Appraisal	:	Municipality Service Area

As of the date of 30.12.2016

	Market Value of the Remaining Lease Right for the Real Estate (Euro)	Market Value of the Remaining Lease Right for the Real Estate (TL)
KDV Hariç	3.110.000	11.474.000
KDV Dahil	3.670.000	13.540.000

	Annual Lease Value of the Real Estate (EURO)	Annual Lease Value of the Real Estate (TL)
KDV Hariç	227.000	837.000
KDV Dâhil	268.000	988.000

- 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 13.12.2016 has been taken/accepted as 3,6894 TL, USD as 3,4721 TL.
- 4-) This report has been prepared within the scope of the related Capital Market Legislation.



Names of the persons participating in the report

Certified Appraiser	:	Serkan TANRIÖVER
Certified Appraiser	:	Önder ÖZCAN
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 : 06.01.2017

Report Number : 2016-020-GYO-007

Type of Report : Appraisal report relative to the real estate having the quality “Land and Office Lodging Building and Masonry Warehouse” with a surface area of 6.806,75 m2, situated in the city of Eskişehir, district of Tepebaşı, Neighborhood of Hoşnudiye, Block no. 442, Plot no. 37, for the purpose of determining the current market value and the current lease value in Turkish Lira currency.

Report Issued By : Certified Appraiser Serkan TANRIÖVER

Report Controlled By : Certified Appraiser Önder ÖZCAN

Responsible Appraiser : Responsible Appraiser Neşecan ÇEKİCİ

Capital Market Board Coverage : Yes

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

1.2 Date of Appraisal

On the date of 01.10.2016, the necessary procedures have been initiated for this appraisal report. Subsequently, this report has been concluded on the date of 06.01.2017.

1.3 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 06.09.2016.

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

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



2 INTRODUCTORY INFORMATION CONCERNING THE COMPANY AND THE CLIENT

2.1 Introductory Information Concerning the Appraisal Company

Company Title : EPOS Real Estate Consultancy and Appraisal Inc.

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

2.2 Introductory Information Concerning the Client

Client Title : Akfen Real Estate Investment Trust Inc.

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

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

This study is the appraisal report, prepared in the scope of the Board arrangements, relative to the real estate having the quality "Land and Office Lodging Building and Masonry Warehouse" with a surface area of 6.806,75 m2, fully owned by "Eskişehir Metropolitan Municipality" and situated in the city of Eskişehir, district of Tepebaşı, Hoşnudiye Neighborhood, Block no. 442, Plot no. 37, for the purpose of determining its current net value in Turkish Lira by reducing as of 31.10.2016 the potential revenues to be arisen from operating and leasing of the real estate for the time remaining from 22 year agreement executed.

There are no restrictive constraints in force exercised by the client. During the appraisal study, market surveys, on site determinations, and the agreements made by Akfen Real Estate Investment Trust Inc. with Eskişehir Metropolitan Municipality 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

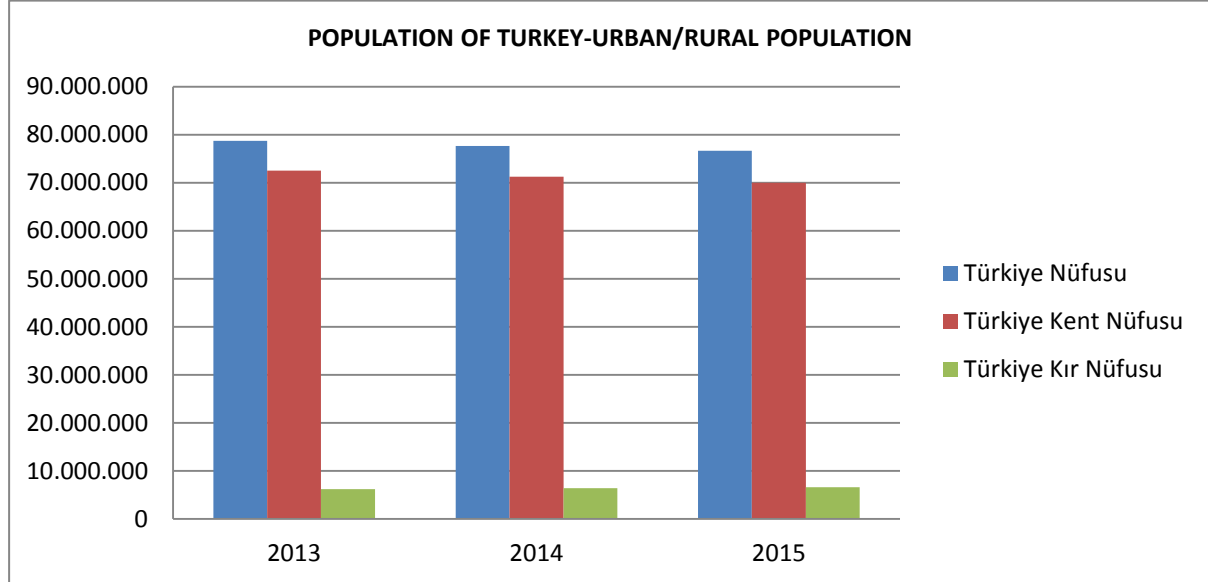
According to the 2015 results of the Address-Based Population Registration System (ADNKS), Turkey has a population of 78.741.053 people. In this population, 50,2% (39,511,191 people) are male, and 49,8% (39,229,862 people) are female.

One of the most important aspects of the population of Turkey is its youth. The population aged between 0 and 14 comprises 24,3% of the total population. However, this ratio has been constantly decreasing since 1965, and the Turkish society is gradually getting older. While the age group 0-14 comprised 41,9% of the population in 1965, it has fallen to 24,3% in 2015. The annual population growth in Turkey is 13,4 per thousand. 92,10% of the population live in the central parts of cities and provinces. The median age in Turkey is 31. The table demonstrates the population data for all of Turkey. It gives a comparison of the data from 2013, 2014 and 2015.

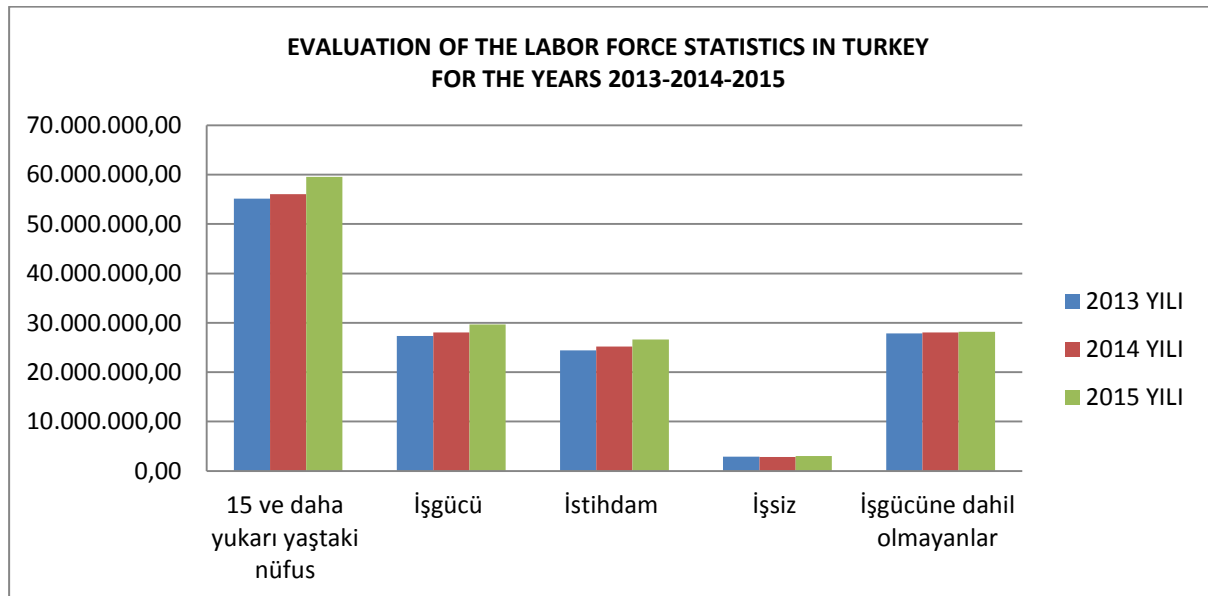
TURKEY			
Rows	2013	2014	2015
Rural Population in Turkey	6,633,451.00	6,409,722.00	6,217,919.00
Urban Population in Turkey	70,034,413.00	71,286,182.00	72,523,134.00
Population in Turkey	76,667,864.00	77,695,904.00	78,741,053.00
Population at the age of 15 and older	55,169,000.00	56,084,000.00	59,584,833.00
Labour Force	27,323,000.00	28,036,000.00	29,678,000.00
Employment	24,433,000.00	25,194,000.00	26,621,000.00
Unemployed	2,890,000.00	2,841,000.00	3,057,000.00
Not Included in the Labour Force	27,846,000.00	28,048,000.00	28,176,000.00
Labour Force Activity	49.50	50.00	51.30
Employment Rate (%)	44.30	44.90	46.00
Unemployment Rate (%)	10.60	10.10	10.30
Non-agricultural Unemployment Rate (%)	12.90	12.30	12.60
Unemployment in young population (ages 15-24) (%)	20.70	19.00	19.30

Population Data of 2013, 2014 and 2015 (Source: Turkish Statistical Institute)

According to the data of 2013, 2014 and 2015, there has been an increase in population, labour force and employment in overall Turkey. Hence, the unemployed population as well as the population not included in the labour force increase as well. The unemployment rate among young population is striking for overall Turkey and urban population.



A second comparison has been made for the overall population data for Turkey for the years 2013-2014-2015. In 2016, the population at the age of 15 and older, the labour force and the employed population increased while the unemployed population and population not included in the labour force increased at a negligible level.



In the light of this data, information on economic overview and the real estate industry will be provided.

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, labour force market, inflation and risks about them, there is no need to interest rate hike, although USA economy is strengthening and unutilized capacity in labour 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 economies 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 debt 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 recoverings 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.
- Deceleration 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

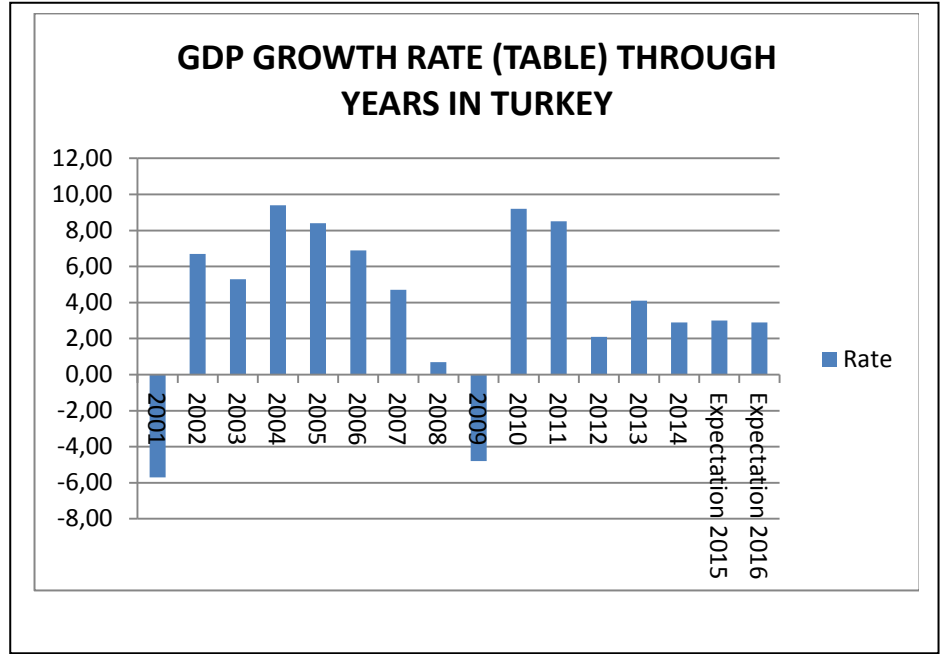
spill-over effect depending on stronger recovering in economic activities of developed economies and facilitating of sanctions for Islamic Republic of Iran.

- 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.

4.2.1 Turkey Economic Outlook

Discipline constructed after 2001 crisis in Turkey economy succeed in issues like public debt, 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 trap, 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

4.3 General Status of the Real Estate Industry

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

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

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

Recently, it is seen that legal regulations concentrated in real estate sector. Moreover, sales of the lands legally actualized in 2012 within the scope of the law “sale of the agricultural estate belonging to Treasury, support for development of forest villagers and assessment of outside of the forest borders on behalf of Treasury”, which is known in public opinion as “2B law”. However, these sales became less than expected and did not influence building sector sufficiently. Advantages of urban renewal law increased growth of real estate sector in 2013.

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

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

- Attraction of investors from different countries for Istanbul as a brand city, and laying the foundations of Istanbul to be a financial center,
- Infrastructure projects that attract attentions (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,

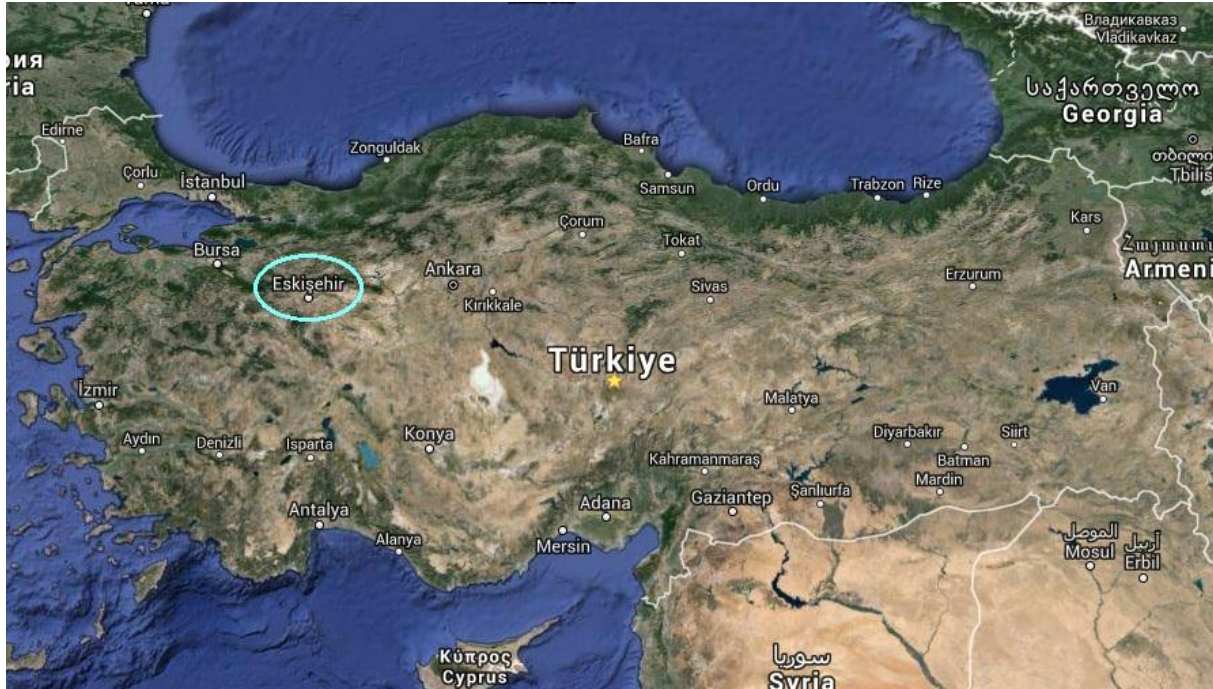
Tendency of procrastination of demand for housing and automotive, which is generally seen before elections, was not influenced this year, on the contrary, these two sectors was quite alive. This may be thought as a kind of protection method of customers related to expectation of increasing demand.

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

4.4 Analysis of the Region Where Real Estate Situated

4.4.1 The City of Eskişehir

Located in the northwest of the Central Anatolia Region, Eskişehir is bordered with Ankara, Düzce, Bilecik in the north; Ankara in the east; Afyon, Konya in the south; while is bordered with Bilecik and Kütahya in the west.



The city center covers an area of approximately 13,653km². Comprising 1,8% of Turkey's total surface area, elevation of the city center from sea level is 792m. Composed of nearly 22% mountains, the share of plains in the land of the city of Eskişehir is around %26 in terms of land forms. Sakarya River and Porsuk Brook are passing within border of the city of Eskişehir.

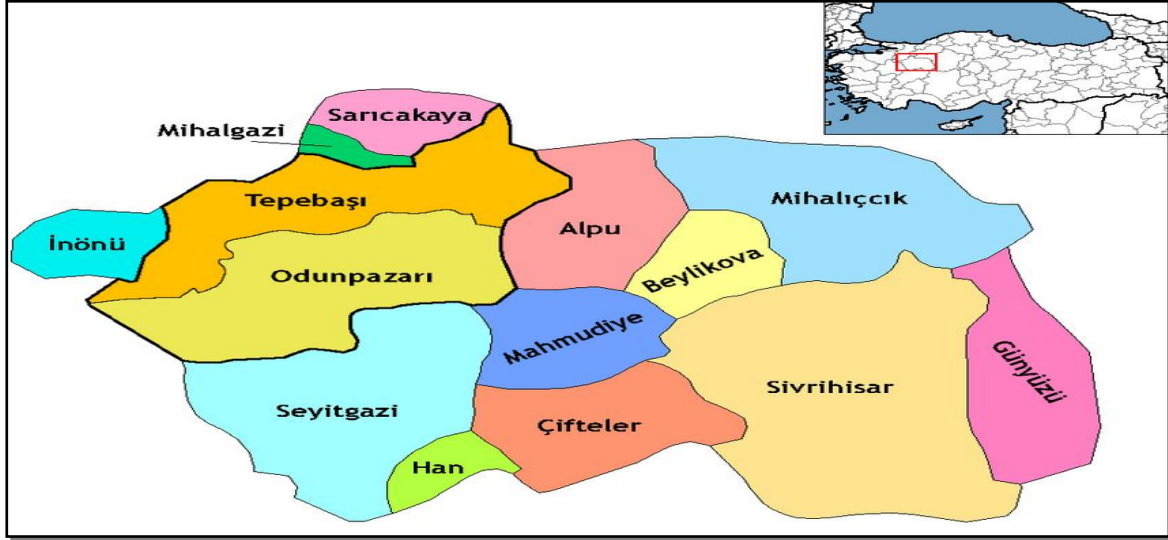
According to 2014 data obtained through address based population registration system (ADNKS), total population throughout the province is 812.320.

TOTAL POPULATION OF THE CITY BY YEARS							
2007	2008	2009	2010	2011	2012	2013	2014
724 849	741 739	755 427	764 584	781 247	789 750	799 724	812.320

According to the reports of the United Nations, being the second city of Turkey offering a quality life in terms of habitability, the annual population growth rate is 13.61 of a thousandth. While the population growth rate in the city is 21.41 of a thousandth while this rate is -9.52 of a thousandth in the country side. When the population consensus data is reviewed, it is seen that migration from

country side to the city center has been increase. The population density throughout the city of Eskişehir is 65, while it is 495 in the city center.

The city of Eskişehir has 14 districts consisted of; Alpu, Beylikova, Çifteler, Günyüzü, Han, İnönü, Mahmudiye, Mihalgazi, Mihaliçcik, Odunpazarı, Sarıcakaya, Seyitgazi, Sivrihisar and Tepebaşı.



The city is one of the important junction points of railroads in Turkey. With the completion of high-speed train line, the traveling time between Eskişehir-Ankara has become 1 hour 15 minutes; while it is 1 hour 30 minutes between Eskişehir-Istanbul. Turkish Airlines flights between Istanbul-Eskişehir were started on 21 June 2007 in the Eskişehir Anadolu Airport. The main highway connection of the Eskişehir is Istanbul-Eskişehir-Ankara state road. Making a disjunction from Adapazarı, this road goes towards south, pass through Bilecik, then directed towards east in Bozüyük and reaches within borders of the city of Eskişehir. This road passing throughout the city in the direction of northwest-southeast constitutes the backbone of the city transportation. The city is connected to other highways through this road. All villages in Eskişehir have accessibility through highways.

Intracity public transportation is the responsibility of the Metropolitan Municipality. For the purpose of providing wholeness of public transportation services in terms of routes and lines, bus and tramcar services have been integrated. Total length of the line is 15 km and plays an important role for intracity transportation. In the town, also boats on the Porsuk Brook are available for a pleasure trip. Because of the advantage provided by its geographical location; being the junction point for the railroads and highways, besides the developments in the agriculture and industry, and the rich underground sources, all these factors have made the city of Eskişehir a significant economical center. When the share of each sector in the economy of the city is considered; the service sector is in the first rank with a share of 61% which is followed by Industry with 28%, and the isdustry sector is followed by agriculture with 11%. Besides Eskişehir Organized Industrial zone, small industrial zone and large public institutions located throughout the province, also a large number of private organizations generating a high added value are available. Major industry segments are food, textile,

locomotive, machine manufacturing, brick, tile and cement. In the small industrial zone, woodworking, metalware workshops, foundry shops, and various manufacturing and work benches provide service.

4.4.2 The District of Tepebaşı

Located in northwest of the city of Eskişehir, the district of Tepebaşı covers a surface area of 976.350 m². The district of Tepebaşı has been settled two sides of the Porsuk Brook passing through Porsuk plain between Bozdağ and Sündiken Mountains and Kütahya Hill, and Porsuk Brook is one of the most significant branches of Sakarya River. Its total population is 323.631 according to the population consensus made by address based population registration system in 2014. 97% of the population lives in the district center while 3% lives in boroughs and villages of the district. 51% of the total population is male while 49% is female.

Population of District of Tepebaşı		
Total	Total	Total
323.631	163.779	159.852

The district is consisted of 53 neighborhoods and 39 villages. The facilities and organizations within the borders of the district such as Anadolu University, Eskişehir Train Station, Eskişehir Intercity Bus Terminal, Anadolu Airport, Eskişehir Sugar Factory, 1st Air Supply Maintenance Centre, TAI (TUSAŞ; Turkish Aerospace Industries, Inc.), TÜLOMSAŞ (Turkish locomotive and wagon building company), 1st Tactical Air Force Command, Officer's Club, Aviation Outdoor Museum, besides Espark, Kanatlı, Neo, and Ismar shopping malls are the core of the social life and the economic cycle. Especially in the district center, development and structuring comply with the zoning plans and earthquake regulations.

As development of Eskişehir city center also takes place within borders of the district, besides new living spaces, also structuring in the existing living spaces is also changing. Following the completion of the project for taking the newly completed railroad under the ground, also urban texture, especially around the railroad route and its vicinity will show a substantial change.

Both students and academicians besides the projects and activities of Anadolu University which is one of the outstanding universities of Turkey and situated within the district also has an important place in the social life of the district. Besides cultural events, also hosting many national and international events, Anadolu University also colors up the life in the district by panel discussions, symposiums, and presentations.

As most of the shopping malls and retail stores of the city of Eskişehir are situated within the borders of the district, this brings a big dynamism in the district. Both shopping malls and other organizations

ensure employment naturally, which means employment is based mainly on service sector. Parallel to the development of the city, the district is proceeding to become the business quarter. Correspondingly, large stores, banks and other representatives of the service sector opens new branches or move their headquarters in the newly developed sections of district.

4.5 Information Regarding the Tourism Industry

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

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

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

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

The revenue obtained in the Tourism industry, from the domestic and foreign tourists in the year of 2014, has increased 6.2%, thus reaching 34,3 billion dollars. The revenue obtained from foreign tourists is 81,5% and from Turkish citizens living abroad and visiting the country is 18,5%.

Furthermore, revenues of 2014 includes 2.950.000 dollars for personal expenditures and 8.302.954.000 dollars for tour package expenditures (Source: Turkish Hoteliers Federation (TUOFED) Tourism Report 2014-Report 9).

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

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

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

4.5.1 Information Regarding the Tourism Industry in Eskişehir

In recent 10 years, the number of both domestic and foreign tourists in Eskişehir has been increased substantially. While 62.000 tourists entered to city in 2000, this figure was reached 200.863 as of end of 2014. It is seen that number of tourists visiting the city has increased substantially in the last 14 years. The dynamism seen in the tourism sector of Eskişehir mostly depends on the investments and publicity made, besides the High-Speed Train (HST) according to Eskişehir Tourism Master Plan 2011-2015 issued, approximately 600.000 tourists, consisted of 560.000 domestic and 40.000 foreign tourists, are expected to visit Eskişehir in 2015.

The number of foreign tourists (2014) is 15.744 and with this figure, its share in Turkey's tourism is 6‰. The number of domestic tourists (2014) is 185.119 and with this figure, its share in Turkey's tourism is 7‰.

DISTRICTS	CHECK-IN NUMBER		
	FOREIGNERS	DOMESTIC	TOTAL
SİVRİHİSAR	-	1.257	1.257
ODUNPAZARI	3.600	58.703	62.303
TEPEBAŞI	12.144	125.159	137.303
TOPLAM	15.744	185.119	200.863

The Number of Foreign and Domestic Tourists Entered Eskişehir to Facilities with a Tourism Operation License, 2014

31 facilities have a bedding capacity of 3.267 in total as of 2011.

	Number of Facilities	Number of Rooms	Number of Beds
Tourism Investment License	3	241	482
Tourism Operation License	16	1047	2079
Municipal License	12	400	706
Tourism Investment License	31	1688	3267

Number of Facilities, Rooms and Beds throughout the Province, 2011

When the accommodation figures are considered, 21.861 persons stayed in hotels and pensions in 2011, and this number increased to 22.764 in 2012. 21% of the foreigner and domestic visitors stayed in hotels and pensions in 2012. The number of visitors who used Eskişehir airport corresponds to 23% of the foreign visitors came to Eskişehir. If foreign visitors coming to Eskişehir use Eskişehir airport, then this number will have a positive reflection on the overnight stay and average length of stay figures for Eskişehir.

	2007	2008	2009	2010	2011
Total Number of Check-Ins	183.133	193.052	193.922	211.849	251.347
Share Rate in Turkey wide (%)	0,42	0,48	0,43	0,40	0,45
Average length of stay	1,68	1,52	1,58	1,57	1,6
Average length of stay (Turkey)	2,94	3,12	3,13	3,3	3,17
Average length of stay for Foreigners	2,41	2,12	2,78	2,58	2,59
Average length of stay for Foreigners (Turkey)	3,79	4,14	4,13	3,97	3,89

T Total Number of Check-Ins and Its Share in Turkey Wide, Average Length of Stay for Turkey and the City, Average length of stay for Foreigners, 2011. Source: Bursa, Eskişehir, Bilecik Development Agency Eskişehir Tourism Specialization Commission Meeting (10.04.2013)

When average length of stay figures is considered, it is seen that the average length of stay in Eskişehir is almost half of the same figure for Turkey. Taking into account that all foreign visitors and almost all domestic visitors have stayed in the facilities situated in the city center, and also considering the fact that average length of stay figures are also low, it is seen that effect of tourism on local economies is low. Also, foreign tourist/domestic tourist ratio staying in the city is low compared to the average number given for Turkey.

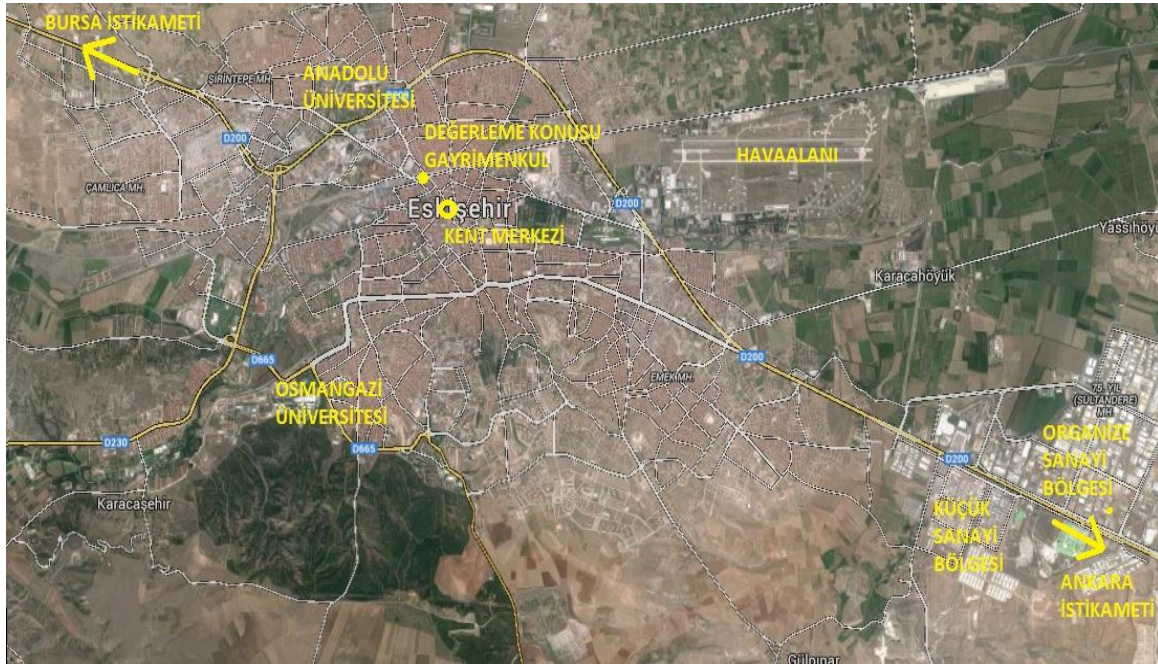
TESİS ADI	Türü*	Kültür ve Turizm Bakanlığı Belgeli	Sınıfı(*5)	Oda Sayısı Toplamı	Yatak Sayısı Toplamı	
ANEMON OTEL	OTEL	Turizm İşletme Belgeli	5*	174	348	Çamlıca Mah. Mustafa Paşa Sok. No:61
SAFFRON OTEL	OTEL	Turizm İşletme Belgeli	4*	79	123	Şeker Mah. Sivrihisar Cad. No:155
DEDEPARK OTEL	OTEL	Turizm İşletme Belgeli	4*	64	84	Yenibağlar Mah. İsmet İnönü Cad. No:132
ATİŞKAN OTEL	OTEL	Turizm İşletme Belgeli	3*	62	125	Yunus Emre Cad. No:87
BÜYÜK OTEL	OTEL	Turizm İşletme Belgeli	3*	93	158	Mustafa Kemalpaşa M.Sivrihisar Cad. No:40
SOYİÇ OTEL	OTEL	Turizm İşletme Belgeli	3*	62	124	Arifiye Mah.Yunus Emre Cad. No:95-97
İBİS OTEL	OTEL	Turizm İşletme Belgeli	3*	108	216	Hoşnudiye Mah. Siloönü Sok.No:5
GRAND NAMLI OTEL	OTEL	Turizm İşletme Belgeli	3*	57	114	Eskibağlar M.Üniversite Cad.No:14
ES ALBATROS OTEL	OTEL	Turizm İşletme Belgeli	3*	82	164	Yenibağlar M.Üniversite Cad.Gün S.No:1
ADA LIFE OTEL	OTEL	Turizm İşletme Belgeli	3*	31	52	İstiklal M.Adalar S.No:2 Odunpazarı
VERMAN OTEL	OTEL	Turizm İşletme Belgeli	3*	49	98	Yenibağlar Mah.Uludağ Sok.No:2/A
ŞAHİNPARK OTEL	OTEL	Turizm İşletme Belgeli	3*	44	88	Asarcıklı Cad. No:80
ROOF GARDEN OTEL	OTEL	Turizm İşletme Belgeli	3*	57	114	Büyükdere Mah.Sarılar Sok.No:4/A
SÖR OTEL	OTEL	Turizm İşletme Belgeli	3*	48	96	Yenibağlar Mah.Türkmen sk.No:20
ZİN OTEL	OTEL	Turizm İşletme Belgeli	3*	41	61	Yeni mahalle Sivrihisar -1/A Cad.No:102
DEMKA OTEL	OTEL	Kısmi Tur.İşletme Belgeli	3*	32	64	Sivrihisar Caddesi No: 102 / Eskişehir
HAS TERMAL OTEL	OTEL	Turizm İşletme Belgeli	2*	48	87	Hamam yolu Cad. No:7
ŞALE OTEL	OTEL	Turizm İşletme Belgeli	2*	43	73	İ.İnönü 1 Cad.No:9
ARSLAN OTEL	OTEL	Turizm İşletme Belgeli	2*	34	74	Deliklitaş Mah.Y.Emre Cad.No:101
ALTINES OTEL	OTEL	Turizm İşletme Belgeli	2*	13	22	K.Fidanlık Karşısı Bursa Yol. Erenler Mev.Y.Söğütönü
SULTAN OTEL	OTEL	Turizm İşletme Belgeli	1*	32	52	Hamam yolu Cad. No:1
GÜRGENCİ APART	OTEL	Turizm İşletme Belgeli	-	35	70	Muttalıp Cad. No:2
ABACI KONAĞI	OTEL	Özel Tesis	-	65	144	Akarbaşı Mh.Türkmen Hoca Sk.No:29
RIXOS	OTEL	Turizm İşletme Belgeli	5*	164	350	Dede Mah. Haktanir Sok., No 1, Bademlik, Odunpazarı
TURUNÇ ESKİŞEHİR OTEL	OTEL	Turizm İşletme Belgeli	5*	130	271	Büyükdere Mah. Bayraktepe Sok. No:4 Odunpazarı
MERLOT OTEL	OTEL	Turizm İşletme Belgeli	4*	80		Hoşnudiye Mah. 738 Sok. No:2
DİVAN EXPRESS	OTEL	Turizm İşletme Belgeli	4*	110		Hosnudiye Mah. 738. Sk. No:7 Tepebaşı

Hotels with a Tourism Operation License Located in Eskişehir

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 Eskişehir Ibis Hotel situated at the postal address Eskişehir ili, Tepebaşı ilçesi, Hoşnudiye Mahallesi, Siloönü Sokak, No: 5, the Sportif Club Fitness Center situated at the postal address Eskişehir ili, Tepebaşı ilçesi, Hoşnudiye Mahallesi, Siloönü Sokak, No: 5/B, and the restaurant building situated at the postal address Eskişehir ili, Tepebaşı ilçesi, Hoşnudiye Mahallesi, Yalın Sokak No:2.



Location of the Real Estate subject to the Appraisal- General View of the City



Location of the Real Estate subject to the Appraisal-Zoomed View

Address explanation; after proceeding almost 80m towards southeast on the Ismet İnönü 1 Avenue from the point situated east of Eskişehir Train Station nearly 320m away it, by turning left hand side towards to Siloönü Street, it is situated on the left hand side 100 m away. The area where this real estate is situated is in the Eskişehir city center at junction of Ismet İnönü 1 Avenue, Cengiz Topel Avenue and HST line taken under the ground. The region is a settlement and commercial zone, its structuring has been completed. Because of its central location, the buildings in the vicinity of the real estate have been used for commercial purposes now, although they were constructed as housing. Ismet İnönü 1 Avenue and Cengiz Topel Avenue are the main urban axes due to intense commercial use. The region having a structuring condition of attached disposition with 3, 4, 5, 7, 8 storeys is very intense area in terms of vehicle and pedestrian traffic.

The real estate is nearly 420m away Eskişehir Train Station, and situated 850m away from Eskişehir city center. On the opposite side of it, Haller Youth Center, Espark AVM; 100m away on Ismet İnönü 1 Avenue, Kanatlı Shopping Mall are located. It is situated 18 km away Odunpazarı district center, 2 km away Anadolu University campus, 5km away Osman Gazi University campus, and 4 km away Neo Shopping Mall. The location of the real estate subject to appraisal offers accessibility through alternative transportation means.

The train line in the north of the real estate subject to appraisal was taken under the ground in 2014. The planning for arranging this region still continues; according to the verbal information given, it is stated that the north of the plot will be arranged as green area, while west of it will be arranged as a square; and the plots with no.12, 19, 33, 38, 39 included to the same block and situated in the southwest of the plot will be expropriated and arranged as green area. If this plan is implemented after approval as stated, this situation will have a positive effect on publicity and accessibility of the real estate.

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

City	:	Eskişehir
District	:	Tepebaşı*
Neighborhood	:	Hoşnudiye Mahallesi
Village	:	-
Street	:	**
Locale	:	-
Section No.	:	***
Block No.	:	442
Plot No.	:	37
Surface Area	:	6.806,75 m ²
Owner	:	Eskişehir Metropolitan Municipality
Nature	:	Land and Office Lodging Building and Masonry Warehouse
Land Title Date	:	21.11.2002
Journal No.	:	7664
Volume No.	:	21
Page No.	:	2063

* In the title deed sent to our company, the district where the real estate is registered is indicated as Central District/2; but in the restriction document related to the real estate the district name is registered as Tepebaşı.

** In the title deed sent to our company, the street where the real estate is registered is indicated as Bağlağ Avenue; but in the restriction document related to the real estate there is no record for street name.

*** In the title deed sent to our company, the section number where the real estate is registered is indicated as 88; but in the restriction document related to the real there is no record for section number.

The real estate subject to the appraisal is registered at the Directorate of Land Registry of the district of Tepebaşı, with the Tepebaşı Neighborhood Volume No. 21, page 2063. Its quality is “Land and Office Lodging Building and Masonry Warehouse” of which owner is “Eskişehir Metropolitan Municipality.”

The title deed information related to the real estate is given in the chart above, while restrictions shown on the same document are given below.

5.2.1 Investigation of the Land Registry of the Real Estate

According to the approved, and which is given in the attachment of this report, land registry record obtained from TAKBIS (Turkish Land Registry and Cadastre Information System) on 20.12.2016 at 15:15 a.m. in the Land Registry Directorate of the District of Tepebaşı, The following restrictions have been noted for the real estate subject to this appraisal.

Annotations Section

- *Registered on 17.03.2009 with journal no. 2954, there is “a lease agreement in favor of Akfen Real Estate Investment Trust Inc., for a period of 22 years, in a consideration of 3.960.000TL. Commencement Date:08.02.2007.”*

Statements Section

- *Registered on 16.04.2012 with journal no. 9355, there is the statement “Group 2 cultural asset need protection”;*
- *Registered on 15.05.2012 with journal no. 11928, there is the statement “Degree 2 real estate cultural asset need protection.”*

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

De There are no buying or selling activities with regard to the real estate subject to the appraisal within the last three years. The following statements have been registered respectively, on 16.04.2012 with journal no. 9355 “Group 2 cultural asset need protection”, on 15.05.2012 with journal no. 11928 “Degree 2 real estate cultural asset need protection.”

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

The title of the real estate subject to this appraisal possessed by Eskişehir Metropolitan Municipality, and there is an annotation thereto in favor of AKFEN Real Estate Investment Trust Inc. for a lease for 22 years.

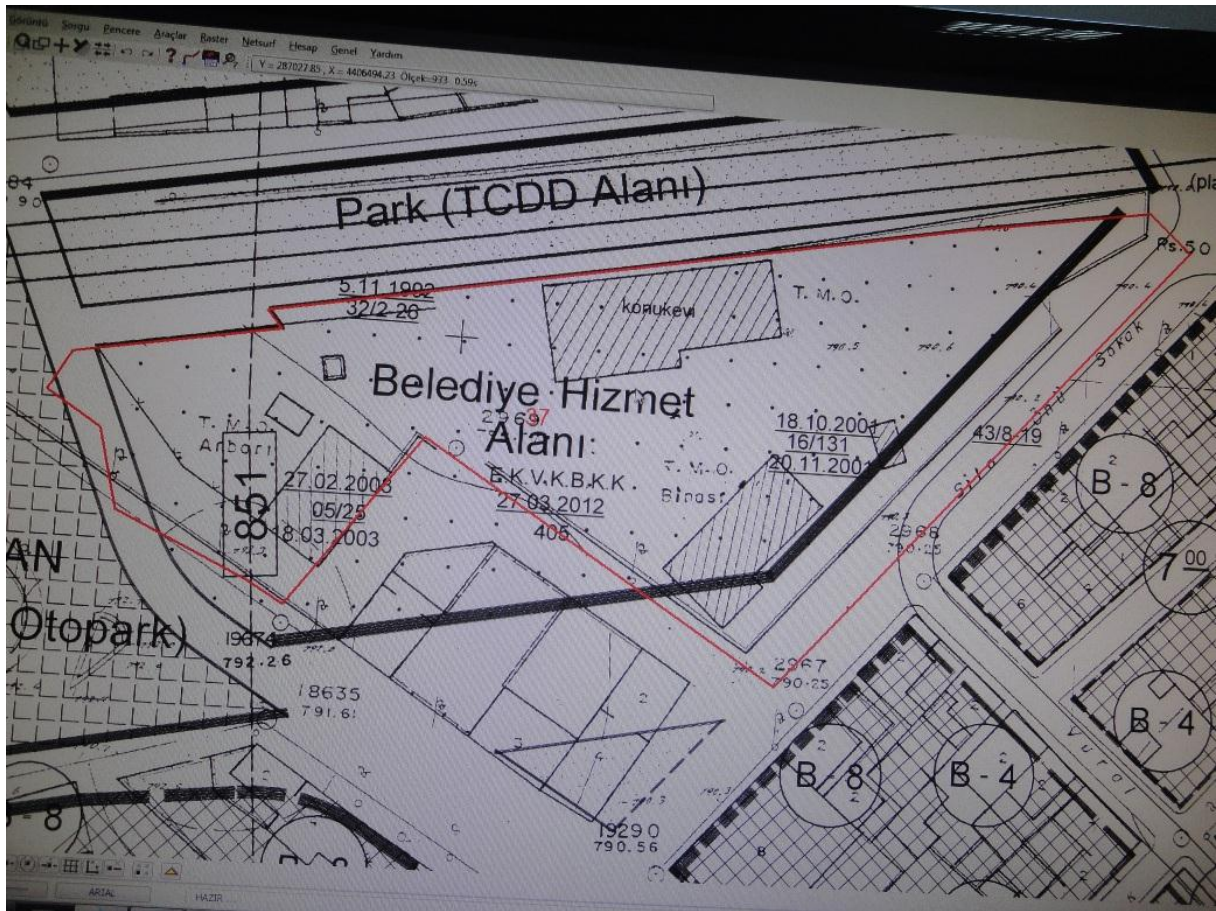
Pursuant to the subparagraph “a” of the Article number 22 of the communiqué, with regard to the real estate investment trusts principles of the Capital Market Board regulations, the Real Estate Investment Trusts “can purchase, sell, lease, lease out and pledge to purchase or sell all sorts of real estate, 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.”

There is no obstacle for the real estate subject to this appraisal from being included in the “real estate investment trusts” portfolio.

5.3 Inspection of the Zoning Information of the Real Estate

According to the information obtained as a result of the inspections made in the Municipality of the District of Tepebaşı, Zoning and Urbanism Directorate on 10.11.2015 and based on the official zoning status certificate with no. M.263.TEP.0.13/9099/22561 of which date is 10.11.2015, enclosed herewith; the zoning status and structuring conditions relative to the real estate subject to the appraisal given below.

Pursuant to the "Implementation Zoning Plan, with a scale of 1/1000, approved on 18.10.2001, zoning of the real estate subject to the appraisal is for a "Municipal Service and Road Area."



In line with the plan, approximately 1.322,00 m² of the land is within the zone to be separated for the road, the areas shown with green color in the sketch to be left to the road have façade to the road, and there are no buildings in these areas.

In the region where the real estate is situated, within the scope of Ankara Istanbul High Speed Train Project and within the framework of the protocol signed between Eskişehir Metropolitan Municipality and the Turkish State Railways for the passage from Eskişehir city center, changes have been made on the Master Plan with a scale 1/5000 and Implementation Zoning Plan with a scale of 1/1000 for taking the railroad under the ground and for transportation and green space arrangements.



Master Plan with a scale 1/5000 was approved upon the decision of Eskişehir Metropolitan Municipal Council dated 13.02.2014 and numbered 59; and also assented by Eskişehir Cultural and Natural Heritage Conservation Board upon the decision dated 28.02.2014 and numbered 2213. During the announcement period, Turkish State Railways filed an objection against the plan regarding the zone belongs to it, the Metropolitan Municipal Council concluded this objection and referred it to Eskişehir Cultural and Natural Heritage Conservation Board for taking their assent. It has been stated that no objection has been filed against the plot no.37 included to block no.442 where the real estate subject to this appraisal is situated.

The Implementation Zoning Plan with a scale of 1/1000 was announced on 10.04.2014 for an announcement period of 1 month, and announcement period was ended on 10.05.2014. As there is an objection filed against the expropriation decision for the plots with no. 12, 19, 33, 38, 39 included to the same block and abreast of the real estate subject to this appraisal, the plan was sent to the Municipal Council on 04.06.2014; the review of the commission still pending. It has been noted that structuring conditions for the region have not changed according to the new plan which is under investigation of the commission within the scope of the objection. It has been also stated that the area where a square will be built according to the plan in the west of the plot where the real estate subject to this appraisal is situated will be reduced by 80 m². As the plan is under investigation within the scope of the objection, the sketch and the plan were not given to our company.

Information was requested from Eskişehir Cultural and Natural Heritage Conservation Board regarding the current zoning status of the real estate subject to this appraisal; the relevant officer stated that the zoning status information should be taken from the Tepebaşı Municipality. It has been stated that the real estate subject to the appraisal has not registered on plot basis and as it is registered on structure basis, they give their opinion on the plan and the plan amendments. It has also noted that changes and implementations on structure basis shall be made under control of the board. Measured drawing for the restaurant situated on the plot is under investigation of the board; the board stated that they would not allow our company to review the drawing without written consent of the architect who prepared the drawing, and therefore it was not investigated.

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

It has been stated that as the title of the real estate subject to the appraisal belongs to Eskişehir Metropolitan Municipality, legal permits and certificates related to construction and occupancy besides architectural project approvals have been given by Eskişehir Metropolitan Municipality, and no document related to this structure exists in the Tepebaşı Municipality.

Eskişehir Metropolitan Municipality Zoning Implementation Division has approved permits and certificates related to construction and occupancy of the building. The officer in the relevant division stated that the construction permits and occupancy permits sent to our company by Akfen Real



Estate Investment Trust Inc. are approved and valid; and there are no other certificates exist in their hand. Construction permits and occupancy permits together with their description are given in the below chart.

	Date and certificate no.	Surface Area	Description
Additional Construction Permit	15.12.2005/2	5.000	Hotel
Additional Construction Permit	27.07.2006/3	868	Swimming Pool and Fitness Center (silo hotel additional block)
Occupancy Permit	2007/6	5.000	Hotel
Occupancy Permit	13.04.2011	868	Multi-purpose tourist facility

Construction and Occupancy Permits

Approved architectural projects of the hotel and the fitness center which are undated have been provided from the Construction Department and these are reviewed. As the architectural project belongs to the restaurant is under investigation of Eskişehir Cultural and Natural Heritage Conservation Regional Board, and as they did not allow their review, it was not possible to review them.

According to the approved architectural projects of the hotel area which are undated, the hotel is consisted of basement+ground floor+6 normal floors+2 attics. Total closed area is 5.478 m². Basement floor is 604m²; ground floor is 763m²; each normal floor 1, 2, 3, 4, 5 and 6 is 586m²; 1st attic is 397m²; 2nd attic 198m².

According to the architectural project of the fitness center which is undated, the building is consisted of basement+ground floor+top floor. Total closed area is 868m². The basement floor with an elevation of -2.90 is 290m², basement floor with an elevation of +0.15 is 195m², ground floor with an elevation of +0.60 is 121m² and 1st floor with an elevation of +4.10 is 260m².

Above mentioned certificates are given in the attachment of this report.

5.3.2 Building Inspection Institution and Maintenance

The real estate related to this appraisal is subject to the Law Regarding Building Inspection with the number 4708 and dated 29.06.2001, and the building inspection has been carried out by Eskişehir Metropolitan Municipality Technical Works Department.

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

Zoning of the real estate subject to the appraisal for “Municipal Service and Road Area” within the scope of the “Implementation Zoning Plan” with a scale of 1/1000, approved on 18.10.2001. After approval of the zoning plan in the region where the real estate is situated, within the scope of Ankara



Istanbul High Speed Train Project and within the framework of the protocol signed between Eskişehir Metropolitan Municipality and the Turkish State Railways for the passage from Eskişehir city center, changes have been made on the Master Plan with a scale 1/5000 and Implementation Zoning Plan with a scale of 1/1000 for taking the railroad under the ground and for transportation and green space arrangements.

Master Plan with a scale 1/5000 was approved upon the decision of Eskişehir Metropolitan Municipal Council dated 13.02.2014 and numbered 59; and also assented by Eskişehir Cultural and Natural Heritage Conservation Board upon the decision dated 28.02.2014 and numbered 2213. During the announcement period, Turkish State Railways filed an objection against the plan regarding the zone belongs to it, the Metropolitan Municipal Council concluded this objection and referred it to Eskişehir Cultural and Natural Heritage Conservation Board for taking their assent. It has been stated that no objection has been filed against the plot no.37 included to block no.442 where the real estate subject to this appraisal is situated.

The Implementation Zoning Plan with a scale of 1/1000 was announced on 10.04.2014 for an announcement period of 1 month, and announcement period was ended on 10.05.2014. As there is an objection filed against the expropriation decision for the plots with no. 12, 19, 33, 38, 39 included to the same block and abreast of the real estate subject to this appraisal, the plan was sent to the Municipal Council on 04.06.2014; the review of the commission still pending. It has been noted that structuring conditions for the region have not changed according to the new plan which is under investigation of the commission within the scope of the objection. During contacts with planning department, it was stated that oppositions were not accepted on the date of 14.05.2015 with number 190, and construction plan is in force by the same date.

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

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

With regard to hotel and fitness center situated on the real estate subject to the appraisal, Zoning Status Certificate, Approved Architectural Project, Construction Permit and Occupancy Permit are available and all necessary permits and certificates have been taken. Our company could not reach Construction Permit or Occupancy Permit with regard to the restaurant; on the other hand its approved architectural project is available.

Hotel and the restaurant building are shown on the layout of the hotel in the architectural project as complying with their current positions. Fitness center is shown in the west end of the plot, but it has been struck through. Fitness center's actual location is in the south end of the plot, in the south of

the hotel. There is no layout for the fitness center given in its architectural project. Fitness center building is recorded on the cadastral map and zoning plan as complying with its current positions.

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

1.322 m² of the real estate subject to this study has to be left for the road within the scope of the Zoning Plan approved in 2001; the areas to be left for the road are near to the road border. They have no negative impact on the current location of the real estate. Amendment on the Master Plan with a scale of 1/5000 and Implementation Zoning Plan with a scale of 1/1000 with regard to the real estate and the region where it is situated are not yet approved, and an objection was filed against the plans during the announcement period; objections still continue to investigate by the board and the commission. Some parts of the real estate subject to the appraisal has to be left for the road within the scope of the plan amendment, the areas to be left for the road have no buildings and at the road border of the plot. There is no change on the zoning plan and structuring conditions. In case the amendment made is approved and the sad areas are left for the road, the surface area of the land will be decreased. However, arrangements (opening a square, demolition of the surrounding buildings, etc.) to be made will affect the value of the real estate positively. There is no negative impact on the current situation of the real estate. There is no obstacle for including the real estate in the portfolio of the real estate investments trust within the scope of the Capital Market Legislation.

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

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

5.4 Physical Characteristics of the Real Estate

5.4.1 Structural Construction Characteristics of the Real Estate

The real estate subject to this appraisal study is located in the city of Eskişehir, district of Tepebaşı, Neighborhood of Hoşnudiye, Block no: 442, Plot no: 37, with a surface area of 6.806,75 m², and having the quality “Land and Office Lodging Building and Masonry Warehouse.”

Block no.442, plot no. 37 has a flat topography. There is the railroad line taken under the ground in the north of the plot, while Siloönü street and Yalın street are located in the south of the plot; Ismet İnönü Avenue is in the west and University Avenue is in the east. On the plot, the building constructed as detached used as IBIS Hotel, restaurant and fitness center are located. In the north of the plot at its border the hotel; in the southeast of it at the façade to Siloönü street the Fitness

center; in the southwest on the Yalın street the restaurant are existed. Hotel and the restaurant are Group 2 registered buildings. Except for the north façade of the plot, it is surrounded with concrete wall with iron railings on top this wall. Landscaping for the plot has been made and there is open car park with a capacity of 29 vehicles which belongs to the hotel. Hotel entrance is from Siloönü street and a private security team is existed. The entrance of the Fitness Center is from Siloönü street and the entrance of the restaurant is from Yalı street. Currently, fitness center has been transforming to restaurant. It will be used as restaurant through rental agreement on the date of 01.07.2015.



Satellite view, locations of the buildings

ESKİŞEHİR IBİS HOTEL is a Group 2 registered building constructed as silo storage and auxiliary premises in 1930s. The building and the land which was belong to the Turkish Grain Board was expropriated on by Eskişehir Metropolitan Municipality on 21.11.2002. In addition to the registered parts of the building, an outbuilding with a floor area of 160m² was constructed and by completely restoring the building, it has been converted to a 3 Star hotel with 108 rooms. Constructed as steel and concrete carcass style, the building is consisted of basement+ground floor+6 normal floors+2 attics according to the approved architectural project. Total closed area is determined as 5.478m² from the drawing. Construction permit and Occupancy permit has been taken for an area of 5.000m². Basement floor covers an area of 604m²; while ground floor covers an area of 763m²; each of the normal floors 1, 2, 3, 4, 5, 6 covers an area of 586m²; 1st attic covers an area of 397m²; 2nd attic covers an area of 198m²dir. As the building was complying with its project, the areas determined from the architectural project have been taken into account.

IBIS ESKIŞEHİR HOTEL		
Floor Name	Project Surface Area (m ²)	Actual Surface Area (m ²)
Basement Floor	604	604
Ground Floor	763	763
1, 2, 3, 4, 5, 6	586	586
1 st Attic	397	397
2 nd Attic	198	198
TOTAL	5.478	5.478

Ibis Eskişehir Hotel's Project and Actual Surface Areas

Basement Floor: The basement floor, of which elevation is -1.85, is below the normal ground level. According to its approved architectural project, it is composed of storerooms for potable water tank and water reserve tank against fire, 2 mechanical rooms, house keeper room, dry cleaning and laundry rooms, men's and ladies locker rooms for the personnel, personnel cafeteria, 2 separate storerooms, boiler room and maintenance room. Its current status complies with the closed area project; depending on the use type, use type and sectioning of some parts have been changed. In the current status, on the basement floor, there are storerooms for potable water tank and water reserve tank against fire, 2 nested electrical board rooms, dry cleaning and laundry rooms, men's and ladies locker rooms for the personnel, personnel cafeteria, 1 cold storeroom, technical room, security chief's room and boiler room. The floors are covered with concrete and ceramics whereas the walls are covered with paint and ceramics over mortar, ceilings are covered with paint over mortar.

Ground Floor: The basement floor, of which elevation is +1.10, is composed of a baggage room, general manager's room, system control room, reception, reception office room, accountants' room, business center, restaurant, bar, kitchen, meeting room, 2 separate ladies-men's WC areas according to its approved architectural project. Its current status complies with the closed area project; depending on the use type, use type of some parts have been changed. Entrance hall is at the east front on the ground floor. Other than the main entrance door, there are also exits to outside from restaurant area, elevator and service area, emergency exit area and fire exit. Main entrance door is power operated and made of Aluminum joinery and glass. The floorings are consisted of carpet, ceramics, marble and wood; on the other hand, walls are covered with ceramics, wooden decorative elements and paint over plaster. Ceilings are suspended ceiling consisted of rock wool and carton-pierre. While windows are Aluminum joinery on this floor, interior doors are wood joinery. In the kitchen, there are stainless steel equipment are available.

1st Floor: The 1st floor, of which elevation is +5.60, is consisted of totally 18 rooms, 6 of them silo rooms while 12 of them standard rooms, according to its approved architectural project. Its current status complies with the closed area and sectioning project. In the common areas, the flooring is consisted of carpet and marble, while walls and ceilings are covered with paint over plaster. Rooms



include bathroom and bedroom sections. The bathroom floors are covered with PVC, paper and ceramics, while ceiling is suspended ceiling. In the bedroom section, floors are covered with laminated parquet, walls are covered with paint over plaster, ceiling is suspended ceiling where inside with spot lights. While windows are Aluminum joinery on this floor, interior doors are wood joinery.

2nd Floor: The 2nd floor, of which elevation is +9.60, is consisted of totally 18 rooms, 6 of them silo rooms while 12 of them standard rooms, according to its approved architectural project. Its current status complies with the closed area and sectioning project. In the common areas, the flooring is consisted of carpet and marble, while walls and ceilings are covered with paint over plaster. Rooms include bathroom and bedroom sections. The bathroom floors are covered with PVC, paper and ceramics, while ceiling is suspended ceiling. In the bedroom section, floors are covered with laminated parquet, walls are covered with paint over plaster, ceiling is suspended ceiling where inside with spot lights. While windows are Aluminum joinery on this floor, interior doors are wood joinery.

3rd Floor: The 3rd floor, of which elevation is +13.60, is consisted of totally 18 rooms, 6 of them silo rooms while 12 of them standard rooms, according to its approved architectural project. Its current status complies with the closed area and sectioning project. In the common areas, the flooring is consisted of carpet and marble, while walls and ceilings are covered with paint over plaster. Rooms include bathroom and bedroom sections. The bathroom floors are covered with PVC, paper and ceramics, while ceiling is suspended ceiling. In the bedroom section, floors are covered with laminated parquet, walls are covered with paint over plaster, ceiling is suspended ceiling where inside with spot lights. While windows are Aluminum joinery on this floor, interior doors are wood joinery.

4th Floor: The 4th floor, of which elevation is +17.60, is consisted of totally 18 rooms, 6 of them silo rooms while 12 of them standard rooms, according to its approved architectural project. Its current status complies with the closed area and sectioning project. In the common areas, the flooring is consisted of carpet and marble, while walls and ceilings are covered with paint over plaster. Rooms include bathroom and bedroom sections. The bathroom floors are covered with PVC, paper and ceramics, while ceiling is suspended ceiling. In the bedroom section, floors are covered with laminated parquet, walls are covered with paint over plaster, ceiling is suspended ceiling where inside with spot lights. While windows are Aluminum joinery on this floor, interior doors are wood joinery.

5th Floor: The 5th floor, of which elevation is +21.60, is consisted of totally 18 rooms, 6 of them silo rooms while 12 of them standard rooms, according to its approved architectural project. Its current status complies with the closed area and sectioning project. In the common areas, the flooring is



consisted of carpet and marble, while walls and ceilings are covered with paint over plaster. Rooms include bathroom and bedroom sections. The bathroom floors are covered with PVC, paper and ceramics, while ceiling is suspended ceiling. In the bedroom section, floors are covered with laminated parquet, walls are covered with paint over plaster, ceiling is suspended ceiling where inside with spot lights. While windows are Aluminum joinery on this floor, interior doors are wood joinery.

6th Floor: The 6th floor, of which elevation is +25.60, is consisted of totally 18 rooms, 6 of them silo rooms while 12 of them standard rooms, according to its approved architectural project. Its current status complies with the closed area and sectioning project. In the common areas, the flooring is consisted of carpet and marble, while walls and ceilings are covered with paint over plaster. Rooms include bathroom and bedroom sections. The bathroom floors are covered with PVC, paper and ceramics, while ceiling is suspended ceiling. In the bedroom section, floors are covered with laminated parquet, walls are covered with paint over plaster, ceiling is suspended ceiling where inside with spot lights. While windows are Aluminum joinery on this floor, interior doors are wood joinery.

1st Attic: Its elevation is +29.10; according to its approved architectural project, it has 2 storerooms and a mechanical room. Its current status complies with the closed area and sectioning project. The flooring is ceramic and its ceiling is painted.

2nd Attic: Its elevation is +32.30; according to its approved architectural project, it has a machine room and garret. Its current status complies with the closed area and sectioning project. The flooring is ceramic and its ceiling is painted.

IBIS ESKIŞEHİR HOTEL							
	1 st Floor	2 nd Floor	3 rd Floor	4 th Floor	5 th Floor	6 th Floor	Total
Standard Rooms	12	12	12	12	12	12	72
Silo Rooms	6	6	6	6	6	6	36
Total	18	18	18	18	18	18	108

Number of standard and Silo Rooms by Hotel Floors in Ibis Eskişehir Hotel

The structural properties of Ibis Hotel are given below:

Structural Characteristics of the Ibis Hotel	
Total Area	According to the Architectural Project and current status: 5.478 m ²
Age	~10 years
Construction Type	Steel and Concrete
Roofing System	Shingle
Disposition	Detached
Number of Floors	10 Storeys (Basement + Ground Floor + 6
Exterior Façade	House paint
Electricity	City Grid
Heating System	Central, Fancoil heating and cooling
Water	City Grid
Sewerage	City Grid
Elevator	Available (2 elevators)
Ventilation System	Available
Fire Escape	Available
Fire Extinguisher Systems	Available
Car Park	Available (Open)
Generator	Available (1 kW)

FITNESS CENTER; according to its approved architectural project, it covers an area of 868 m² in total consisted of 2 basements+ground floor+1 normal floor+ attic. It was constructed as a concrete detached building in 2006. As of the appraisal date, it is used as a fitness center by the lessee. Having a front to the Siloönü Street, the entrance of the building is from this street on the ground floor in the southeast direction. Its total area is 868m² consisted of 290 m² 2nd basement floor, 195 m² 1st basement floor, 123 m² ground floor and 260 m² 1st floor. Construction Permit and Occupancy Permit are taken for 868m², and this figure complies with the area determined from the drawing.

Fitness Center		
Floor Name	Legal Area	Actual Surface Area
2 nd Basement Floor	290	290
1 st Basement Floor	195	195
Ground Floor	123	123
1 st Floor	260	260
Attic	-	-
Total	868	868

Fitness Center Project and Actual Domain on the Basis of Floor Fitness Center

2nd Basement Floor: 2nd basement floor, of which elevation is -2.90, is composed of men's and ladies locker rooms, shower rooms, doctor's room, and pool overflow tank according to its approved



architectural project. As proper with usage area, decoration for 2nd basement floor has been continuing.

1st Basement Floor: 1st basement floor, of which elevation is +0.15, is composed of a swimming pool, sauna and shower rooms according to its approved architectural project. The swimming pool is approximately 167m² and has a depth of 1.45 m. Its current status complies with the project. Floor is under construction as an outdoor area.

Ground Floor: The ground floor, of which elevation is +0.60, is consisted of entrance hall, cloakroom, Office, WC and shop. Decoration has been continuing.

1st Normal Floor: The 1st floor, of which elevation is +4.10, is consisted of step aerobics dance room, fitness area and bar. Decoration has been continuing.

Attic: According to its approved architectural project, it is a closed garret. Access to this area is provided by the stairs made of steel joinery which is mounted onto exterior wall. Decoration has been continuing.

With the agreement on the date of 01.07.2015, it was decided that fitness center will be transformed to restaurant. The structural properties of the fitness center are given below:

Structural Characteristics of the Fitness Center	
Total Area	<u>According to the Architectural Project and current status:</u> 868 m ² <u>According to the Construction Permit and Occupancy Permit:</u> 868 m ²
Age	~9 years
Construction Type	Concrete
Roofing System	Terrace Roof
Disposition	Detached
Number of Floors	4 Storeys (2 Basements + Ground Floor + 1 Normal Floor + Attic)
Exterior Façade	House paint
Electricity	City Grid
Heating System	Central, Fancoil heating and cooling
Water	City Grid
Sewerage	City Grid
Elevator	Not Available
Ventilation System	Available
Fire Escape	Not Available
Fire Extinguisher Systems	Available
Car Park	Not Available
Generator	Not Available

RESTAURANT building is a group 2 registered building. It is situated at the Yalın Street front of the plot. No certificate has been reached regarding construction and occupancy of the building; the measured drawing of the restaurant is under investigation by Eskişehir Cultural and Natural Heritage Conservation Board. Our company was not allowed to review the drawing. Therefore, investigation made in the premise is taken into account. The building, of which renovation was still continuing as of the appraisal date, had been operated as restaurant before date; the renovation is carried out by the lessee in order to operate it again as restaurant. The building is consisted of a basement+ground floor. The basement comprises kitchen and 2 WC, while the ground floor is an open space. Ground floor ceiling is high; according to the measurements and determinations carried out in the building, its use area is 250,00 m². In the front of the restaurant area, a semi closed section, a verandah having approximately 72,00 m² area is built. The façade of the building has tile lining, and its roof is covered with tiles, joinery is consisted of wooden and glass. In the interior, flooring of the kitchen area are covered with ceramics, while WC area is covered with marble, and other use areas are covered with wood. There is garden usage facility at the entrance over İsmet İnönü-1 Street of real estate. Structural characteristics of the restaurant are given below:

Structural Characteristics of the Restaurant	
Total Area	According to the current status: 250 m ²
Age	~10 years
Construction Type	Concrete
Roofing System	Roof tile
Disposition	Detached
Number of Floors	2 Storeys (Basement + Ground Floor)
Exterior Façade	Tile lining
Electricity	City Grid
Heating System	Central, Fancoil heating and cooling
Water	City Grid
Sewerage	City Grid
Elevator	Not Available
Ventilation System	Available
Fire Escape	Not Available
Fire Extinguisher Systems	Available
Car Park	Not Available
Generator	Not Available

5.4.2 Inspections Performed Within the Premises of the Real Estate

- Block no.442 plot no. 37 has no regular from and has a flat topography. The plot has a front to the railroad line which has been taken under the ground in the north, and the length of this north front is approximately 190 m. It has a front to the Cengiz Topel avenue in the west

which is approximately 25 m long. In the south, it has a front to the Siloönü street and its front to this street is approximately 100 m. its front in the west is to the Ismet İnönü Caddesi with an approximate length of 70 m; in the southeast, it has a front to the Yalı street and the length of the front to this street is approximately 100 m.

- The plot has a façade to Ankara-Eskişehir high-speed train and train line in the north; the train line was taken under the ground in 2014. While it was a noise source in the past for the hotel building, taking the train line under the ground has solved the noise problem.
- Eskişehir Ibis hotel was started to operate as 3 Star hotel in April 2007. The landlord is the Eskişehir Metropolitan Municipality and lease out it to Akfen Real Estate Investment Trust Inc. for 22 years.
- Hotel has two different room types, one is silo room and the other is standard room. There is a bathroom in each room. The silo room covers an area of approximately 20m², and the standard room covers an area of approximately 17m².
- There is 1 meeting room, restaurant and lobby found in the hotel.
- The customer portfolio of the hotel is consisted of business travelers and medium income group traveling in summer months.
- The fitness center and the restaurant situated on the plot besides the hotel are subleased to third parties by Akfen Real Estate Investment Trust Inc. Fitness center is operating, on the other hand, as the lessee of the restaurant is newly changed, renovation works still continue.
- The open car park area has a capacity of 29 vehicles and used by the hotel. There is no closed car park area.
- Other issues, considered as external and miscellaneous works, which have been determined on site and included to the scope of the appraisal study are concrete area, landscaping, concrete wall surrounding the plot, and security cabin. External and miscellaneous works have been included as additional cost to the calculations made under the cost approach analysis.

6 FACTORS AFFECTING AND DETERMINING THE VALUE OF THE REAL ESTATE

6.1 Factors that Limit or Negatively Affect the Appraisal Process

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

6.2 Swot Analysis

Strengths

- The real estate subject to this appraisal is situated in Eskişehir city center, at a point where transportation and shopping facilities are available and with high publicity.
- Train station is located at a walking distance to the public transportation vehicles.
- The real estate has been leased out to Akfen Real Estate Investment Trust Inc. by Eskişehir Metropolitan Municipality for 22 years and an annotation regarding the lease has been recorded to the land registry record.
- The hotel is operated under the name Ibis Hotel which is a well-known brand name belongs to ACCOR group which has activity worldwide.

Weaknesses

- There are areas on the plot which will be cut off according to the approved zoning plan.

Opportunities

- There are significant commercial zones, shopping malls and university areas are existed in its vicinity.
- As the train line situated in the north has been taken under the ground, noise and noise pollution factor have been removed.
- In case the zoning plan under the investigation of the commission will be approved and completed as it has been announced, the green area and square arrangements will rise; therefore, publicity and accessibility will be affected positively.

Threats

- There are many hotel investments in the region.
- Fund transfers are expected to be increased by USA Central Bank after ending monetary easing. This situation generally may influence real estate market negatively.

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

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

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

In this study, as the ownership of the real estate subject to the appraisal belongs to the Eskişehir Metropolitan Municipality, Cost analysis Method has been employed. In cost approach, “land value” was determined through exemplary approach.

6.4.1 Exemplary Approach

Since immovable is registered cultural property, exemplary approach was not used. For the appraisal of land value, exemplary approach was used. As a result of investigation in the region, obtained examples were presented on the table below.

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

LAND EXAMPLES

EXAMPLE	LOCATION	CHARACTERSITICS	AREA	EXAMPLE	LOCATION	CHARACTERSITICS
Example 1 (Land)	in Arcade Center	300	Çarşı merkezde ticari kullanıma uygun arsa	980.000TL.	3266	Estekyapı Real Esatate 0222 321 16 96
Example 2 (Land)	Güllük Quarter.	255	Aytaç Caddesi üzerinde 3 kat imarlı konut parseli	580.000 TL.	2274	Lider Real Esatate 0222 225 44 44
Example 3 (Land)	Ertuğrulgazi Quarter.	233	Ara sokak üzerinde, köşe konumlu, garaj üstü 3 kat imarlı konut arsası.	297.000 TL.	1274	Eymen Real Esatate 0222 237 20 20
Example 4 (Land)	North side of real esate	268	On Çavuş Street üzerinde 4 kata imarlı arsa.	350.000 TL.	1305	Yuva Real Esatate 0222 220 49 50
Example 5 (Land)	Ertuğrulgazi Quarter.	8745	E=2.00, Hmax.11 kat yapılaşma koşullu, turizm alanı imarlı otel arsası	21.000.000 TL.	2401	NS Real Esatate 0222 222 13 15

Examples are real estates in recently developing nearest residence area on the west of real estate subjected to appraisal. Demanded unit m² value is in between 980-1.195TL and 3-storey construction is allowed. Real estate subjected to appraisal has advantage of locating in the city center compare to examples. Disadvantage is that zoning status is “Municipality Service Area”.

	Example 1		Example 2		Example 3		Example 4		Example 5	
Area (m ²)	300	m ²	255	m ²	233	m ²	268	m ²	8.745	m ²
Demanded Price (TL)	980.000		580.000		297.000		350.000		21.000.000	
Bargain Price (TL)	882.000		522.000		267.300		315.000		18.900.000	
Unit Price (TL/m ²)	-50%		-35%		-55%		-55%		-20%	
Location Correction (+-%)	35%		35%		35%		35%		0%	
Surface Area Correction (+-%)	0%		0%		0%		0%		30%	
Zoning Status Correction (+-%)	20%		20%		20%		20%		40%	
Corrected Unit Price (TL/m ²)	2793	TL/m ²	1638	TL/m ²	1147	TL/m ²	1175	TL/m ²	1081	TL/m ²
Example Average	1.306									

- Considering investigations in the region and examples above, full property value of land value having parcel subjected to appraisal was estimated as 1. 306 TL/m².

Professional opinion of 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 tourism facility, formation of its vicinity, existence of two hotel buildings on the plot that are operational and bring in revenue, possessing all the required legal permits and classifications, legal status and the prices of the surrounding real estate examples, the land unit sale value has been estimated to be **1.300 TL/m²**.

- 1/3 of unit m² land value was accepted as bare ownership and 2/3 of it was accepted as right of construction value. Unit m² value of construction right of the land at for today was calculated by dividing the remaining time from the right of construction to total time.

Price per Unit Land Value of the Remaining Time for the Right of Construction *	518 TL
Size of the Land	6.806,8 m ²
Total Land Value (TL)	3.526.286 TL
Total Land Value (Euro)	955.789 €

Unit Land Value	1.300 TL
Right of Construction Value Rate	2/3
Remaining Time for Right of Construction (YEARS)	13,15
Unit Land Value	518 TL

When the remaining time value resulting from the right of construction of the land is calculated, for the right of construction value of the land, it has been employed as 2/3 at the first step. Afterwards, the remaining time from the right of construction for 22 years is calculated in order to determine the current unit value of the land for the right of construction hesaplanarak üst hakkının bugünkü birim arsa değeri bulunmuştur.

Unit Land Value of the Remaining Time for the Right of Construction	=(Unit Land Value x The coefficient of the right of construction for 22 years x The remaining time from the right of construction)
Unit Land Value of the Remaining Time for the Right of Construction	=(1.300 TL x 2/3 x 13,15 /22)

6.4.2 Cost Approach

The title of the real estate property is possessed by the Eskişehir Metropolitan Municipality. For estimating the costs for restoration and construction of the existing buildings by the Akfen Real Estate Investment Trust Inc., Cost analysis Method has been employed.

The building cost values in this analysis, with the cost generation approach; the technical specifications of the buildings, construction costs of the buildings that have similar characteristics in the market, restoration costs and realized construction costs for the real estate subject to the appraisal that have been submitted by Akfen Real Estate Investment Trust Inc. have been taken into consideration.

COST SHEET (LAND + BUILDING)

ENCLOSED AREAS		COST		
FLOOR AREAS (m ²)	TOTAL CONSTRUCTION AREA	HOTEL UNIT SQM COST (€)	TOTAL COST (€)	AMORTISED TOTAL COST (**)
1.Basement Floor	604	250	151.000	137.410
Ground Floor	763	700	534.100	486.031
1.Floor	586	700	410.200	373.282
2. Floor	586	700	410.200	373.282
3. Floor	586	700	410.200	373.282
4. Floor	586	700	410.200	373.282
5. Floor	586	700	410.200	373.282
6. Floor	586	700	410.200	373.282
1st Attic	397	430	170.710	155.346
2nd Attic	198	430	85.140	77.477
TOTAL CONSTRUCTION COST	5.478		3.402.150	3.095.957
Restaurant	250	700	175.000	159.250
Fitness	868	525	455.700	414.687
External Miscellaneous Works (***) (€)			250.000	250.000
TOTAL STRUCTURE VALUE (€)			4.282.850	3.919.894
LAND AREA (m2)	6.807		883.109	883.109
TOTAL VALUE(€)			5.166.000	4.803.002
TOTAL VALUE(TL)			19.059.440	17.720.197

(*) 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 appraisal has been conducted by taking into consideration the age and physical status of the real estate. Rate of depreciation was accepted as 8%.

(***) Costs for site concrete, wire fencing on top of walls surrounding the plot, arrangement of open car park, etc. have been roughly estimated.

6.4.3 Cost Discount Approach/ 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 108 rooms and 216 beds.
- A lease agreement for 22 years has been signed by and between the Eskişehir metropolitan Municipality and the Akfen Real Estate Investment Trust Inc. to be commenced on 08.02.2007.
- It has been estimated that the occupancy rate of the hotel in the year of 2017 will be realized as 75% and that this rate will be increased 2% each year, and will be reached 82% in 2021 and 2022 and it will be operated with an occupancy rate of 86% in the subsequent 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 consideration the surveys performed in regard to the tourism industry and in the region, it has been estimated that the average price for a room will be 34 EUR, in the year of 2017. Moreover, it has been anticipated that this price will increase based on the inflation in the Euro Zone (2,5%) annually in the following years.
- Considering the performance of the facility, it has been assumed that the room revenues will constitute 87% of the total revenue, whereas the total department revenues will be around 13%.
- 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 37% in the year of 2017, %40 between 2020-2023 and %43 between 2024-2027 and %45 for the following years.
- The ownership belongs to the Eskişehir Metropolitan Municipality and has a zoning of “Municipal service area”, and it is exempted from real Real Estate Tax.
- According to the information obtained from Akfen Real Estate Investment Trust Inc., it has been acknowledged that the insurance value for the year of 2017 will be of 8.933 Euro and it is estimated that it will remain so in the following years.
- Furniture Fixture Renovation Reserve has been determined based on the agreements made with the ACCOR. Accordingly, it is accepted as 3,5% of the annual gross revenue.

- According to agreement conditions, Akfen Real Estate Investment Trust Inc accepted to pay monthly rent of 9.209 Euro. If 5% of hotel endorsement is more than 110.508 Euro (yearly), this 5% is paid as construction right.
- The agreement with the restaurant was signed on 11.05.2007, and the agreement term has been determined as 10 years. Restaurant income has been determined as 5.170 TL for 2016. Lease value will be increased based on the average value of the annual wholesale price index (WPI – TEFE) and the consumer price index (CPI- TUFİ) at the beginning of each lease year. It has been acknowledged that the increase in the following years will happen on a rate of 2,5% based on the Euro currency.
- According to agreement on 01.07.2015, fitness center, whose monthly rent value is 15.000-TL, will be used as restaurant any more. Rent will be increased every year in proportion to inflation rate.
- 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.
- In the appraisal study, the 10 year Eurobond interest rate of 7,21% has been employed as the “Risk Free Revenue Rate”. (In this appraisal study, the most ready 10 year EURO base Eurobond revenue rate has been employed as the risk free revenue rate.)
- Uncertainty in investments is related with the concept of risk. Height of risk is explained as possibility of law gained revenue than expected. There are two types of risks: systematic risk and unsystematic risk. Systematic risks are classified as interest rate, purchase power risk (inflation), market risk, political risk, exchange risk. Unsystematic risks are classified as business and sector risk, liquidity risk, management risk, risk of cannot fulfill responsibilities, taxation and revenue differences risk. Additional warrant to meet mentioned risk is risk prim. It can be calculated as difference in expected revenues of a risked property and less risked property. In 2006, rebound of economic growth is expected for rising markets and developing economies. Risks balance is still downwards.
- Invested money for immovable is founder element of capital rate. It is defined also as expected average revenue rate or interest rate. Average expected rate from immovable investments must not be less than revenue of safe lending. Accordingly, reduction ratio is determined as 11,18% for “operating model cash flow”.
- Her iki işletme modelinin indirgenmiş pazar değerlerinin ve maliyet yöntemi ile ulaılan değer toplamının aritmetik ortalamasından “Gayrimenkulün gelir yöntemine göre Pazar Değeri” tahmin ve takdir edilmiştir.



- In net present value calculations, mid year factor (0,5) was considered to present more realist value.
- Within the scope of the International Valuation Standards (IVSC), taxes and VAT have not been included in the studies.



CASH FLOW REDUCTION CHART																											
Name of the Hotel		ESKİŞEHİR IBİS			Toplam Oda Sayısı			108		2,0%																	
Land Area (m2)		6.806,75			Sezon Gün Sayısı			365																			
Total Construction Area (m2)		5.478,00																									
Year	0	1	2	3	4	5	6	7	8	9	10	11	12	13													
Date	31.12.2016	31.12.2017	31.12.2018	31.12.2019	31.12.2020	31.12.2021	31.12.2022	31.12.2023	31.12.2024	31.12.2025	31.12.2026	31.12.2027	31.12.2028	08.02.2029													
REVENUES																											
ROOM REVENUES																											
Annual Average Occupancy Rate , %		75%		77%		78%		80%		82%		83%		86%		86%		86%		86%		86%		86%			
Average Room Price, EUR		34		35		36		42		43		44		45		49		50		51		53		55		56	
Total Room Revenues		1.005.210	86,5%	1.050.947	87%	1.098.765	87%	1.305.632	87%	1.378.786	87%	1.413.255	87%	1.466.252	87%	1.658.934	87%	1.700.408	87%	1.742.918	87%	1.786.491	87%	1.864.566	87%	159.265	87%
DEPARTMENT REVENUES																											
Food & Beverage, Meeting		155.720	13%	162.806	13%	170.213	13%	202.260	13%	213.592	13%	218.932	13%	227.142	13%	256.991	13%	263.416	13%	270.001	13%	276.751	13%	288.846	13%	24.672	13%
Telephone & Internet		581	0%	607	0%	635	0%	755	0%	797	0%	817	0%	848	0%	959	0%	983	0%	1.007	0%	1.033	0%	1.078	0%	92	0%
Leases		0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Other Revenues		581	0%	607	0%	635	0%	755	0%	797	0%	817	0%	848	0%	959	0%	983	0%	1.007	0%	1.033	0%	1.078	0%	92	0%
Total Department Revenues		156.882	13,5%	164.021	14%	171.484	14%	203.769	14%	215.186	14%	220.566	14%	228.837	14%	258.909	14%	265.382	14%	272.016	14%	278.816	14%	291.002	14%	24.856	14%
TOTAL REVENUES		1.162.092	100%	1.214.968	100%	1.270.249	100%	1.509.401	100%	1.593.972	100%	1.633.821	100%	1.695.089	100%	1.917.843	100%	1.965.789	100%	2.014.934	100%	2.065.307	100%	2.155.568	100%	184.121	100%
EXPENSES																											
DEPARTMENT EXPENSES																											
Oda Harcamaları		462.397	46%	483.436	46%	505.432	46%	552.543	42%	583.502	42%	598.090	42%	620.518	42%	646.984	39%	663.159	39%	679.738	39%	696.731	39%	689.889	37%	58.928	37%
Yiyecek & İçecek		85.646	55%	89.543	55%	93.617	55%	111.243	55%	117.476	55%	120.413	55%	124.928	55%	141.345	55%	144.879	55%	148.501	55%	152.213	55%	158.865	55%	13.570	55%
Telefon & İnternet		291	50%	304	50%	318	50%	377	50%	398	50%	408	50%	424	50%	479	50%	491	50%	504	50%	516	50%	539	50%	46	50%
Diğer		291	50%	304	50%	318	50%	377	50%	398	50%	408	50%	424	50%	479	50%	491	50%	504	50%	516	50%	539	50%	46	50%
Total Department Expenses		548.624	47%	573.586	47%	599.684	47%	664.541	44%	701.775	44%	719.319	44%	746.294	44%	789.288	41%	809.020	41%	829.246	41%	849.977	41%	849.833	39%	72.590	39%
Net Department Expenses		613.469	53%	641.381	53%	670.564	53%	844.860	56%	892.197	56%	914.502	56%	948.796	56%	1.128.555	59%	1.156.769	59%	1.185.688	59%	1.215.330	59%	1.305.735	61%	111.532	61%
OPERATING EXPENSES																											
Genel Yönetim Giderleri		81.346	7,0%	85.048	7,0%	88.917	7,0%	105.658	7,0%	111.578	7,0%	114.367	7,0%	118.656	7,0%	134.249	7,0%	137.605	7,0%	141.045	7,0%	144.572	7,0%	150.890	7,0%	12.888	7,0%
Pazarlama		17.431	1,5%	18.225	1,5%	19.054	1,5%	22.641	1,5%	23.910	1,5%	24.507	1,5%	25.426	1,5%	28.768	1,5%	29.487	1,5%	30.224	1,5%	30.980	1,5%	32.334	1,5%	2.762	1,5%
Enerji		81.346	7,0%	85.048	7,0%	88.917	7,0%	105.658	7,0%	111.578	7,0%	114.367	7,0%	118.656	7,0%	134.249	7,0%	137.605	7,0%	141.045	7,0%	144.572	7,0%	150.890	7,0%	12.888	7,0%
Total Operating Expenses		180.124		188.320		196.889	16%	233.957	16%	247.066	16%	253.242	16%	262.739	16%	297.266	16%	304.697	16%	312.315	16%	320.123	16%	334.113	16%	28.539	16%
GROSS OPERATING PROFIT		433.344	37%	453.061	37%	473.676	37%	610.903	40%	645.131	40%	661.260	40%	686.057	40%	831.289	43%	852.071	43%	873.373	43%	895.207	43%	971.622	45%	82.993	45%
FIXED EXPENSES																											
Estate Tax		0		0		0		0		0		0		0		0		0		0		0		0		0	
Insurance		8.933		8.933		8.933		8.933		8.933		8.933		8.933		8.933		8.933		8.933		8.933		8.933		8.933	
Furniture and Fixture Renovation Reserve		40.673	3,5%	42.524	3,5%	44.459	3,5%	52.829	3,5%	55.789	3,5%	57.184	3,5%	59.328	3,5%	67.125	3,5%	68.803	3,5%	70.523	3,5%	72.286	3,5%	75.445	3,5%	6.444	3,5%
Fixed Lease to be paid to Eskişehir Municipality		110.508		110.508		110.508		110.508		110.508		110.508		110.508		110.508		110.508		110.508		110.508		110.508		9.209	
Revenue Lease to be paid to Eskişehir Municipality, 5%		58.105	0	60.748	0	63.512	0	75.470	0	79.699	0	81.691	0	84.754	0	95.892	0	98.289	0	100.747	0	103.265		107.778		9.206	
Lease to be paid to Eskişehir Municipality		110.508		110.508		110.508		110.508		110.508		110.508		110.508		110.508		110.508		110.508		110.508		110.508		9.209	
Total fixed expenses		160.114		161.965		163.900		172.270		175.230		176.625		178.769		186.566		188.244		189.964		191.727		194.886		24.586	
TOTAL EXPENSES		888.862	76%	923.871	76%	960.473	76%	1.070.768	71%	1.124.070	71%	1.149.186	70%	1.187.802	70%	1.273.119	66%	1.301.961	66%	1.331.524	66%	1.361.827	66%	1.378.831	64%	125.715	68%
NET OPERATING REVENUE		273.230	24%	291.097	24%	309.776	24%	438.633	29%	469.901	29%	484.635	30%	507.288	30%	644.724	34%	663.828	34%	683.409	34%	703.481	34%	776.736	36%	58.406	32%
NET CASH FLOW		273.230		291.097		309.776		438.633		469.901		484.635		507.288		644.724		663.828		683.409		703.481		776.736		58.406	
CUMULATIVE CASH FLOW		273.230		564.327		874.103		1.312.736		1.782.637		2.267.272		2.774.560		3.419.283		4.083.111		4.766.520		5.470.001		6.246.737		6.305.144	
RESTAURANT LEASE REVENUE		17.769		18.214		18.669		19.136		19.614		20.105		20.607		21.122		21.650		22.192		22.746		23.315		1.991	
FITNESS CENTER LEASE REVENUE		51.166		52.445		53.756		55.100		56.477		57.889		59.336		60.820		62.340		63.899		65.496		67.134		5.734	
TOTAL NET CASH FLOW		342.165		361.755		382.201		512.868		545.993		562.629		587.231		726.666		747.818		769.500		791.723		867.185		66.132	

Risk Free Revenue Rate	7,21%	7,21%	7,21%
Risk Premium	3,61%	3,97%	4,33%
Discount Rate	10,82%	11,18%	11,54%
NET CURRENT VALUE (Euro)	3.214.019	3.152.407	3.092.541
NET APPROXIMATE CURRENT VALUE (Euro)	3.210.000	3.150.000	3.090.000
NET APPROXIMATE CURRENT VALUE (TL)	11.843.000	11.622.000	11.400.000

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

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

- For the hotel subject to this appraisal study, for which Akfen Real Estate Investment Trust Inc. has a “Construction Right”, it has been established that, for the annual lease amount, the international hotel operating company Accor Group will pay 22% (twenty two) of its gross profit for Novotel Hotel, 25% (twenty five) of its gross profit for the Ibis Hotel or the amount higher than 70% of its adjusted gross profit (AGOP) for the year of 2015. Pursuant to the agreement terms, from the year of 2016 onwards, the share ratio of the adjusted gross profit (AGOP) has been established at 72,5%.
- The Adjusted Gross Operating Profit (AGOP) has been calculated by subtracting a ratio of 4% operator share, which will be paid to ACCOR, from the gross operating profit (GOP) and a ratio of 4% Furniture Fixture and Renovation Reserve from the gross revenue.

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

Renovation Reserve

- The “Construction Right” of the hotel subject to this appraisal study belongs to Akfen Real Estate Investment Trust Inc. and the hotel is being operated by the international hotel operating company Accor Group. It has been assumed that the hotel will be operated according to the current concept, throughout the duration of the “Construction Right.
- Euro has been the currency used in the study, with an exchange rate of 1 EURO = 3,0898 TL. Throughout the course of the studies, the Euro Zone inflation rate of 2,5% has been employed as the inflation rate. It has been assumed that the facility will be operating for 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 was assumed that renewal studies will be conducted by tenant.
- 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 12.864Euro 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 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 49 years. It has been assumed that the risk premiums in obtaining the lease revenue will be low for Akfen Real Estate Investment Trust Inc. and, therefore, it has been calculated accordingly. The discount rate has been estimated at 7,50% by adding a 2,70% “Risk Premium” to the 4,80% to the Risk Free Revenue.
- In net present value calculations, mid year factor (0,5) was considered to present more realist value.
- Within the scope of the International Valuation Standards (IVSC), taxes and VAT have not been included in the studies.



AKFEN OBTAINED LEASE																										
LEASE OBTAINED FROM IBIS HOTEL REVENUE	290.523		303.742		317.562		377.350		398.493		408.455		423.772		479.461		491.447		503.733		516.327		538.892		46.030	
Operator Share	46.484	4%	48.599	4%	50.810	4%	60.376	4%	63.759	4%	65.353	4%	67.804	4%	76.714	4%	78.632	4%	80.597	4%	82.612	4%	86.223	4%	7.365	4%
Mobilya Demirbaş Yenileme Rezervi	46.484	4%	48.599	4%	50.810	4%	60.376	4%	63.759	4%	65.353	4%	67.804	4%	76.714	4%	78.632	4%	80.597	4%	82.612	4%	86.223	4%	7.365	4%
NOVOTEL OTEL AGOP	246.773		258.001		269.740		355.359		375.270		384.652		399.076		491.450		503.736		516.329		529.238		579.403		49.491	
KULLANILAN NOVOTEL KİRA GELİRİ	290.523		303.742		317.562		377.350		398.493		408.455		423.772		491.450		503.736		516.329		529.238		579.403		49.491	
Emlak Vergisi	0		0		0		0		0		0		0		0		0		0		0		0		0	
Şigorta	8.933		8.933		8.933		8.933		8.933		8.933		8.933		8.933		8.933		8.933		8.933		8.933		8.933	
Furniture Fixture and Renovation Reserve 5%	2.324		2.430		2.540		3.019		3.188		3.268		3.390		3.836		3.932		4.030		4.131		4.311		368	
Lease to be paid to Eskişehir Municipality	110.508		110.508		110.508		110.508		110.508		110.508		110.508		110.508		110.508		110.508		110.508		110.508		9.209	
LEASE CASH FLOW	168.758		181.871	0	195.581	0	254.890	0	275.864	0	285.747	0	300.941	0	368.173	0	380.363	0	392.858	0	405.666	0	455.651	0	30.980	0
RESTAURANT LEASE REVENUE	17.769		18.214		18.669		19.136		19.614		20.105		20.607		21.122		21.650		22.192		22.746		23.315		1.991	
FITNESS CENTER LEASE REVENUE	51.166		52.445		53.756		55.100		56.477		57.889		59.336		60.820		62.340		63.899		65.496		67.134		5.734	
TOTAL NET CASH FLOW	237.693		252.529		268.006		329.126		351.955		363.740		380.885		450.115		464.354		478.949		493.909		546.100		38.706	

Lease Model Cash Flow and Net Current Value

Risk Free Revenue Rate	7,21%	7,21%	7,21%
Risk Premium	2,52%	2,88%	3,24%
Discount Rate	9,73%	10,09%	10,45%
NET CURRENT VALUE (Euro)	2.014.087	1.974.925	1.936.889
NET APPROXIMATE CURRENT VALUE (Euro)	2.010.000	1.970.000	1.940.000
NET APPROXIMATE CURRENT VALUE (TL)	7.416.000	7.268.000	7.157.000

Fitness Center Lease Model Cash Flow and Net Current Value

Risk Free Revenue Rate	7,21%	7,21%	7,21%
Risk Premium	2,52%	2,88%	3,24%
Discount Rate	9,73%	10,09%	10,45%
NET CURRENT VALUE (Euro)	415.863	408.819	401.967
NET APPROXIMATE CURRENT VALUE (Euro)	420.000	410.000	400.000
NET APPROXIMATE CURRENT VALUE (TL)	1.550.000	1.513.000	1.476.000

Restaurant Lease Model Cash Flow and Net Current Value

Risk Free Revenue Rate	7,21%	7,21%	7,21%
Risk Premium	2,52%	2,88%	3,24%
Discount Rate	9,73%	10,09%	10,45%
NET CURRENT VALUE (Euro)	144.427	141.980	139.601
NET APPROXIMATE CURRENT VALUE (Euro)	140.000	140.000	140.000
NET APPROXIMATE CURRENT VALUE (TL)	517.000	517.000	517.000

6.4.5 Lease Value Analysis and Taxes Employed

The lease value of the construction right subject to the appraisal has been calculated taking into consideration the revenue discount method and the average cash flow value. 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 **227.000.- EURO (837.000-TL)**. The discount rate has been determined to be of 10,08%.

Date	31.12.2016	31.12.2017
Annual Lease Revenue	0	237.693
Net Current Value of the Annual Lease Value (EURO)	227.000	
Date	837.000	



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

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

6.4.7 Most Effective and Most Productive Use Analysis

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

6.4.8 Appraisal Analysis of Common or Divided Parts

There are no common spaces on the plot.

7 APPRAISAL OF ANALYSIS RESULTS

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

On the grounds that the real estate subject to this appraisal study consists of a property operating as a revenue bringing hotel, Cost Approach Methods have been employed.

The real estate subject to this appraisal study is an income generating property, and for such properties, the value calculated by use of revenue approach and lease value analysis gives a more healthier result. Therefore, in the final value appreciation, the value calculated based on the cost method has been ignored.

The total value in the cost method, including the land, has been calculated as **4.803.002 EURO (17.720.197 TL)**

As a result of the discount of the potential revenue of the structure on the plot that will be generated during the remainder of the 22 years lease agreement, in accordance with the revenue discount approach, the net current value of the HOTEL has been calculated to be **3.150.000.- EURO (11.622.000.- TL)**. The amount determined to be paid to the Akfen Real Estate Investment Trust Inc. by the Accor Group, with the use of the lease revenue discount method, is **1.970.000.- EURO (7.268.000.- TL)**.

The lease revenues from the restaurant and the fitness center which are additional premises of the hotel have been calculated separately. Accordingly, net current lease revenue obtained from the restaurant section has been calculated as **140.000.- EURO (517.000.- TL)**, while net current lease value obtained from the Fitness Center has been calculated as **410.000.- EURO (1.513.000.- TL)**.

The final value of the hotel has been calculated to be **3.110.000.-EURO (11.474.000.- TL)**, by adding leases revenues obtained from the restaurant and the fitness center to the approximate arithmetic average of the value calculated by both of two methods.

The lease value of the real estate, since the date of 31.12.2015, has been calculated by taking into consideration the average cash flow of the first year and sum of lease revenues obtained from the restaurant and the fitness center, in accordance with the revenue discount approach and the lease revenue. The annual lease value of the real estate has been calculated by reducing the annual average net cash flow to the day when the appraisal study is performed. Pursuant to this calculation, the annual lease value has been determined to be **227.000.- EURO (837.000.- TL)**.

During the course of this study, the revenue discount approach and revenue discount pursuant to the lease revenues approaches are employed for appraisal.

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, thus, the final appraisal has been determined by calculating the average of their outcome. The insurance policy belonging to the real estate subject to the appraisal study has been supplied by Akfen Real Estate Investment Trust Inc. and has been enclosed herewith. Accordingly, it has been noted that the insurance value of the real estate is 5.466.297 Euro.

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

Report dated 02.01.2015 with no. 2014-020-GYO-008 has been prepared for real estate subjected to appraisal.

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

There are no obstacles to prevent the rights and benefits in connection with the Block no. **442**, Plot No. 37, to be employed as right of the real estate (lease rights), within the scope of the Capital Market Board Regulations.

OUTCOME

7.5 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.

7.6 Final Appraisal

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

As of the date of 30.12.2016

	Market Value of the Remaining Lease Right for the Real Estate (Euro)	Market Value of the Remaining Lease Right for the Real Estate (TL)
KDV Hariç	3.110.000	11.474.000
KDV Dahil	3.670.000	13.540.000

	Annual Lease Value of the Real Estate (EURO)	Annual Lease Value of the Real Estate (TL)
KDV Hariç	227.000	837.000
KDV Dâhil	268.000	988.000

- 1-) The appraised value is the current value regarding the cash sale price.
- 2-) The VAT ratio has been established at 18%.
- 3-) The currency rates dated 13.12.2016 have been established at 1,-USD = 3,4721 TL, 1 EURO= 3,6894 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.

Serkan TANRIÖVER
Certified Appraiser
SPK License No:401162



Önder ÖZCAN
Certified Appraiser
SPK License No:402145



Neşecan Çekici
Responsible Appraiser
SPK License No:400177





8 APPENDIX

1. Title Deed Photocopies
2. Approved Restrictions Document
3. Approved Zoning Status Document
4. Construction Licenses/Permits
5. Occupancy Permit
6. Architectural Project, Cover Page, Condition and Floor Plans
7. Lease Agreement signed with the Municipality
8. Accotel Operating Agreement
9. Fitness Center Lease Agreement
10. Restaurant Lease Agreement
11. Business Starting and Operating License/Permit
12. Tourism Operating Document
13. Tourism Investment Document
14. Insurance Policies
16. Backgrounds
17. SPK Certificate Samples