

AKFEN REAL ESTATE INVESTMENT TRUST INC.

CITY OF ISTANBUL, DISTRICT OF ZEYTİNBURNU

BUILDING BLOCK NO. 774, PLOT NO. 55

NOVOTEL and IBIS HOTEL

Report No: 2016-020-GYO-012

Appraisal Date: 30.12.2016

Date of Report: 06.01.2017



REAL ESTATE CONSULTANCY AND APPRAISAL INC.

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-012
Appraisal Date	:	30.12.2016
Information Concerning the Property Subject to the Appraisal	:	“Ground Floor + 12 Regular Floors Hotel Room and Ground Floor + 7 Regular Floors Hotel Building and Their Land” quality real estate in the city of Istanbul, district of Zeytinburnu, Block no: 774, Plot No: 55”
Subject of Study	:	Appraisal Of The Current Value Of The Construction And Annual Lease Value Of The Real Estate
Land Area of the Real Estate Subject to the Appraisal	:	11.720,00 m ²
Land Area of Closed Spaces of the Real Estate Subject to the Appraisal	:	Novotel: 10.901 m ² Ibis Hotel: 6.461 m ² Total: 17.362 m ² (According to the Project and the Current Status)
Zoning Status of the Real Estate Subject to the Appraisal	:	Tourism Facility Area

As of the date of 30.12.2016

	Market Value of the Remaining Construction of the Real Estate (EURO)	Market Value of the Remaining Construction of the Real Estate (TL)
VAT Excluded	46.113.000	170.118.000
VAT Included	54.413.340	200.739.240

	Annual Lease Value of the Real Estate (EURO)	Annual Lease Value of the Real Estate (TL)
VAT Excluded	1.365.000	5.036.000
VAT Included	1.611.000	5.942.000

- 1-) The appraised value is the current value regarding the cash sale price.
- 2-) The VAT ratio has been established at 18%.
- 3-) The currency rates have been established at 1 EUR = 3,6894 TL, 1,-USD = 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	:	Taner DÜNER
Certified Appraiser	:	Dilek YILMAZ AYDIN
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-012

Type of Report : Appraisal report relative to the “Ground Floor + 12 Regular Floors and Ground Floor + 7 Regular Floors Building and Their Land” quality real estate with a surface area of 11.720,00 m², situated in the city of Istanbul, district of Zeytinburnu, Block no. 774, Plot no. 55, for the purpose of determining the current market value of the remaining construction right and the current lease of the real estate value in Turkish Lira currency.

1.2 Information Regarding the Responsible Appraiser that Prepared the Appraisal Report

Report issued by : Certified Appraiser, Taner DÜNER

Report controlled by : Certified Appraiser, Dilek YILMAZ AYDIN

Responsible Appraiser : Responsible Appraiser Neşecan ÇEKİCİ

Capital Market Board Coverage : Yes

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

1.3 Date of Appraisal

On the date of 10.10.2016, the necessary procedures have been initiated for this appraisal report. Subsequently, the report has been concluded on the date of 06.01.2017

1.4 Reference Agreement

This Appraisal Report has been prepared pursuant to the provisions of the Reference Agreement executed between our company and Akfen Real Estate Investment Trust Inc. on the date of 06.09.2016 .

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

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



2 INTRODUCTORY INFORMATION CONCERNING THE COMPANY AND THE CLIENT

2.1 Introductory Information Concerning the Appraisal Company

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

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

2.2 Introductory Information Concerning the Client

Client Title : Akfen GYO A.Ş.

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

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

The Appraisal report relative to the "Ground Floor + 12 Regular Floors and Ground Floor + 7 Regular Floors Building and Their Land" quality real estate with a surface area of 11.720,00 m², situated in the city of Istanbul, district of Zeytinburnu, Block no. 774, Plot no. 55, has been prepared for the purpose of determining its sale and lease value.

With reference to the 06.09.2016 dated request by Akfen Real Estate Investment Trust Inc., the property subject to this appraisal report belongs to the Treasury and has been allocated with a lease agreement, with the starting date of 04.12.2003, for the duration of 49 years, on behalf of Akfen Real Estate Investment Trust Inc.. The potential revenue, in regards to its use or leasing, has been evaluated; moreover, there are no restrictive constraints in force exercised by the client. During the appraisal studies, the market research, the onsite surveys and the existing lease agreements that Akfen Real Estate Investment Trust Inc. has made with the Treasury and the Accor Group have all been taken into account.

3 VALUE DEFINITIONS DESCRIPTION OF APPRAISAL METHODS

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

3.1 Exemplary Comparison Approach (Market Approach)

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

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

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

The Market Value Approach depends on the following assumptions:

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

3.2 Cost Approach

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

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



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

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

3.3 Revenue Discount Approach

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

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

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

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

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

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

4.1 General and Socio-economic Data

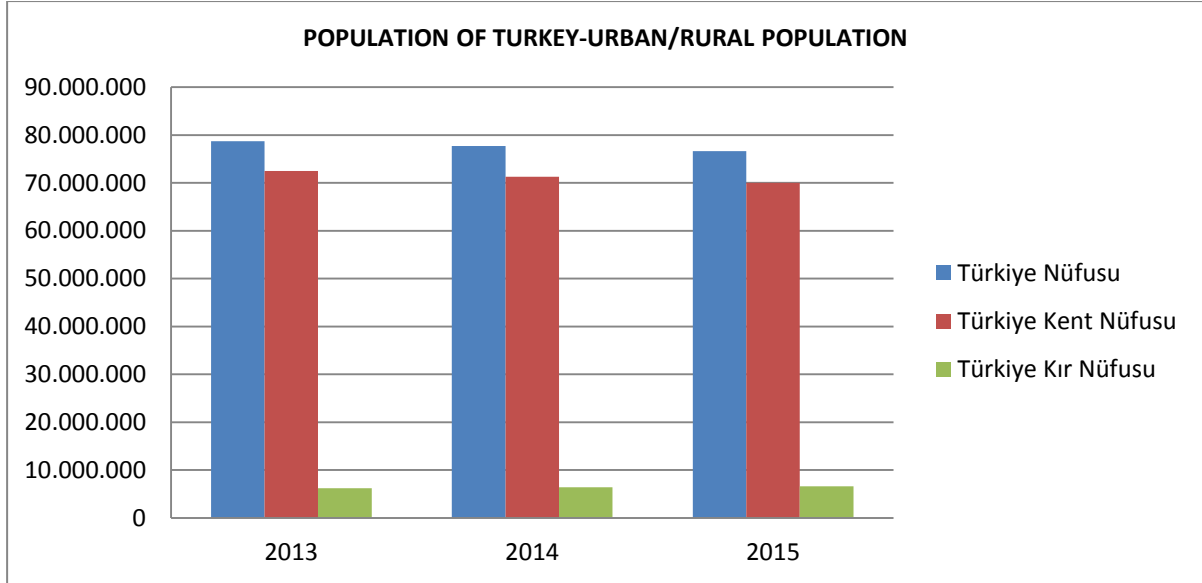
According to the 2015 results of the Address-Based Population Registration System (ADNKS), Turkey has a population of 78.741.053 people. In this population, 50,2% (39,511,191 people) are male, and 49,8% (39,229,862 people) are female.

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.

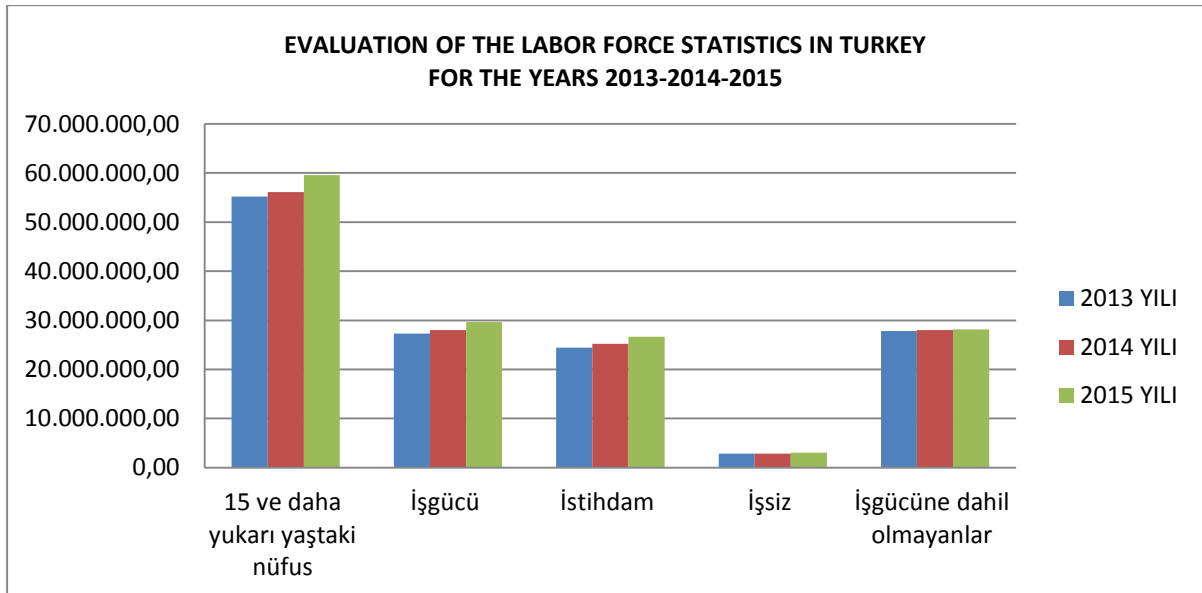
TURKEY			
Rows	2013	2014	2015
Rural Population in Turkey	6,633,451.00	6,409,722.00	6,217,919.00
Urban Population in Turkey	70,034,413.00	71,286,182.00	72,523,134.00
Population in Turkey	76,667,864.00	77,695,904.00	78,741,053.00
Population at the age of 15 and older	55,169,000.00	56,084,000.00	59,584,833.00
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.

4.1.1 Global Economic Overview

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

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

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

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

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

In Fed meeting on September 2015, it was stated that (except for one member) concerns regarding China and other developing countries increased value of dollar and decreased value commodities, and by taking into consideration economic outlook, labor force market, inflation and risks about them, there is no need to interest rate hike, although USA economy is strengthening and unutilized capacity in labor force is decreasing.

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

- Global growth rate in 2015 was expected as 3,10 %. This rate fell 0,30 % of year 2014. It is also 0,20 % under of rate 3,30 %, which was stated in World Economic Outlook (WEO) report January 2015. Expectancy of decrease was revised compare to previous report.
- Expectancies of main countries and regions stayed indeterminate and unbalanced. Recovering of developed countries compare to recent years, and for developing economics and markets recession is foreseen again like previous 5 years. Some increasing market economies and growth of countries exported petrol represent weak hopes.
- Decreasing commodity price, reduced share capital increase negative risks of developing economies, pressure on market and financial market instability, and therefore Fed tightens financial conditions regarding developing countries considering expected increasing interest and worsening global economic outlook.
- Developed and developing countries have an important role as middle or long term alliances one of which has decrease in growth rate and one of which has modest recovering.
- Crisis leaved high rate of private and public deficit, financial sector weakness, low rate of investments for some developed countries having low growth rate. For developing countries, on the other hand, demographic transitions, investment explosions, revised growth in China, decrease in commodity price and reregulation of the market is required.
- Volatility was related with Greece dept meetings of Chinese authorities on June-July, sharp drop of Chinese stock market and policy incentives.
- Increasing policy interests of USA and worsening global outlook tightened more financial situation of developing countries since last spring. Dollar, bond and long-term local currency bond interests increased nearly 50-60 basis point and stock prices decreased, exchange rate devalorized or pressured.
- As a result of nuclear agreement with Iran and low global demand, petrol prices decreased. Falling production activity in China, investment explosion in mining sector decreased metal prices.
- Countries implemented flexible exchange regime and exported commodities lost large amount of money.
- Developing economies experienced more sharp loss. Major developed economy currencies experienced modest mobility.
- This global factors and country specific developments indicate relatively weaker revival compare to predicted amounts for 2015 and 2016 modest increase in growth expected for

developed economies increase chance of loss for the next year. Developments of this year reflect a modest recovering of euro and returning of Japan to a positive growth, and additionally falling in petrol prices and devaluation of money for some conditions.

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

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

- Decreasing growth is expected for China even if it is gradually. Weakness in commodity prices, slower global growth than expected and possibility of tighter global financial conditions become a burden to low-income countries. While Chinese authorities implement reforms towards decreasing financial infirmity strengthening role of market powers in economy, they confront tradeoffs in their projection of transition to growth depending on consumption without deceleration of activity.
- Some countries, especially the ones with rich sources, have wide current account deficit due to foreign direct investment. Correspondingly they are more vulnerable towards foreign financial shock.
- Risk balance is still downward. Low level of petrol and other commodities can constitute an upward demand for commodity importers in some level. However, this complicates the demand for commodity importers so some of them already confront with nervous initiation conditions.
- Vulnerability of rising markets in terms of continuing fall in commodity prices and sharp rise in American Dollar is still proceeding and this may force balance sheet of companies in some countries further.

The Fed meeting in September 2015 stated that the concerns for China and other developing countries has led to valuation of US dollars as well as a devaluation of commodities, and all members, excluding one member, stated that an interest rate hike is not necessary considering the economic overview, labour market, inflation and related risks, although the US economy was strengthened and the idle capacity in the labour market decreased.

December 2015 saw a quarter point hike in the interest rate after a decade, and the interest rate went up to 0,25-0,50 percent.

However, the transition to an 'interest rate hike' that would essentially mark the end of monetary easing happened in late 2015.

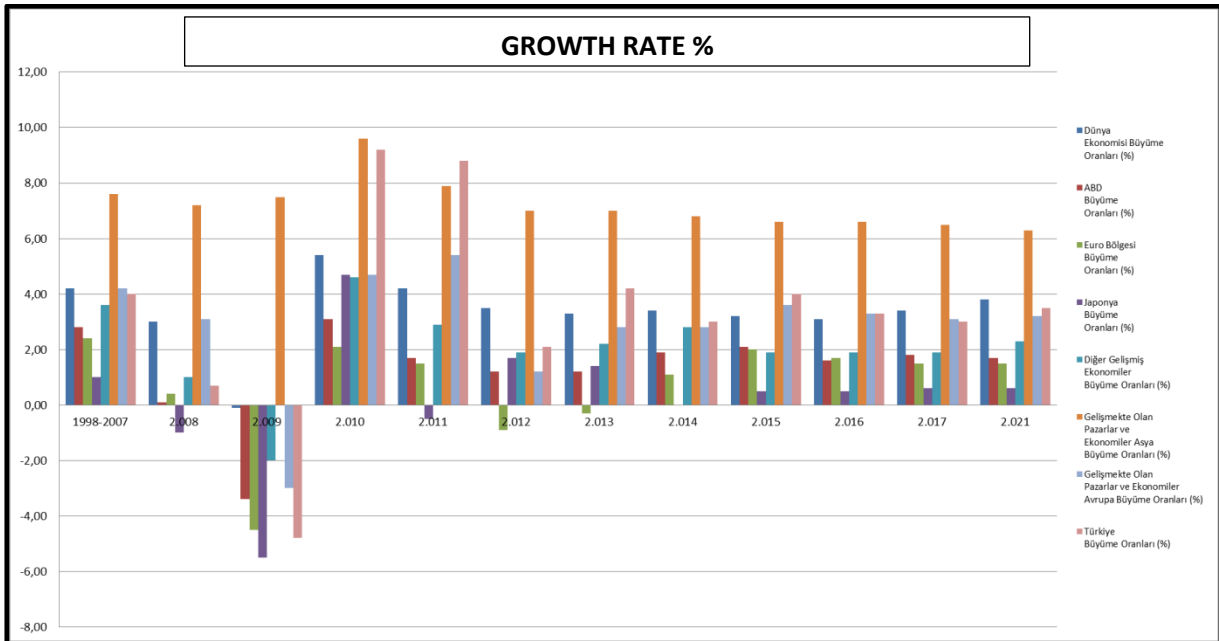
In 2016, Fed kept the interest rate intact at its meetings in January, March and April. In the meetings of June 2016 and September 2016, the US Federal Reserve Banks (Fed) announced that the interest rates would not be changed.

Maintaining its regular behaviour in the recent period, Fed wants to see an economic improvement that would allow gradual hikes in interest rates. It is observed that the Fed intends to increase the interest rates before the end of 2016.

The global growth rate for 2016 is estimated to be 3,10%. This rate is 0,10% less than the rate in 2015. It is also 0,10% less than the estimates in the April 2017 World Economic Overview (WEO) report. It is estimated the global economy will grow by 3,40% in 2017, and by 3,80% in 2021.

Years	Word Growth Rate (%)	USD Growth Rate (%)	Euro Region Growth Rate (%)	Japan Growth Rate (%)	Other Advanced Economies Growth Rate (%)	Emerging Markets and Economies Asia Growth Rate (%)	Emerging Markets and Economies Europe Growth Rate (%)	Turkey Growth Rate (%)
1998-2007	4,20	2,80	2,40	1,00	3,60	7,60	4,20	4,00
2.008	3,00	0,10	0,40	-1,00	1,00	7,20	3,10	0,70
2.009	-0,10	-3,40	-4,50	-5,50	-2,00	7,50	-3,00	-4,80
2.010	5,40	3,10	2,10	4,70	4,60	9,60	4,70	9,20
2.011	4,20	1,70	1,50	-0,50	2,90	7,90	5,40	8,80
2.012	3,50	1,20	-0,90	1,70	1,90	7,00	1,20	2,10
2.013	3,30	1,20	-0,30	1,40	2,20	7,00	2,80	4,20
2.014	3,40	1,90	1,10	0,00	2,80	6,80	2,80	3,00
2.015	3,20	2,10	2,00	0,50	1,90	6,60	3,60	4,00
2.016	3,10	1,60	1,70	0,50	1,90	6,60	3,30	3,30
2.017	3,40	1,80	1,50	0,60	1,90	6,50	3,10	3,00
2.021	3,80	1,70	1,50	0,60	2,30	6,30	3,20	3,50

Source: The data has been extracted from the "World Economic Overview Report" in October 2016.



Source: The data has been extracted from the "World Economic Overview Report" in October 2016.

The US economy, with the 3,40% recession after the crisis of 2009, has grown by approximately 3,10% in 2010. Growth rates were between 1 and 2% across the years.

The Euro zone, after -4,50% recession with the crisis in 2009, grew by 2,10% in 2010, and by 1,50% in 2011. The regional economy, shrinking for two consecutive years in 2012 and 2013, reached the growth rates between 1,00 and 2,00% after this year.

Japan, after -5,50% recession with the crisis in 2009, grew by 4,70% in 2010. The regional economy, which had a falling trend again in 20011, constantly achieved small growth rates except for the standstill in 2014.

The other developed economies grew by 1 and 3% percent for other years than the 2,00% recession in 2009.

In developing economies of Asia, the economic growth was approximately 6,30 to 9,60% every year.

The growth rates (%) in Developing Markets and Economies of Europe were 1,20 to 5,40% on the average for all years except for the -3,00% recession in 2009. (Turkey has also been classified in the area of developing markets and economies.)

The “World Economic Overview Report” of October 2016, which is issued by the IMF twice a year, has made the following deductions:

- ✓ The main unexpected development in the recent months has been the vote in the Great Britain in favour of leaving the EU. The markets have reacted in an ensuring way to the surprise rejection of Brexit Vote in the referendum. However, the future of the institutional and commercial agreements between the UK and the EU is ambiguous, and its ultimate impact is unclear.
- ✓ With the expectations of low interest rates, lessening concerns for expectations following pro-growth policies and stabilization of some commodity prices in developed economies, the accurate financial market sensitivity has been improved in developing economies.
- ✓ Expectations sharply vary among countries. While robust growth rates were achieved in developing Asia and India, a sharp slowdown is observed in Saharan Africa.
- ✓ The uncertainty in developed economies and a curbed overview that is subject to downside risks may further ignite political dissatisfaction.
- ✓ Many developing markets face the challenge of policies that force them to comply with weaker commodity prices.
- ✓ These concerning expectations make it necessary to produce a political response that will improve growth and shall stand on a wide basis in managing weaknesses.
- ✓ The complexity of current expectations, long-term trends, new shocks and ongoing revisions continues.
- ✓ These factors entail too much uncertainty for future economic expectation as well as a suppressed basis for overall growth.

- ✓ Major ongoing rearrangements/alignments (which is particularly important for developing countries) include a rebalance of China, long-term fall of commodity exporter, macro-economic programs and structural compliance.
- ✓ The basic economic scenario estimates a global growth at the rate of 3,10%. It is estimated that the rate might go up to 3,40% next year.
- ✓ This estimate reflects a weaker US economic activity than expected and a significant negative risk arising from the Brexit vote.
- ✓ It is estimated that the growth in developing markets and economies will slightly improve in 2016 to reach 4,20%, following a recession for 5 consecutive years. The overview of these markets is irregular and weaker than the past.
- ✓ As financing conditions are facilitated by expectations of low interest rates in developing countries, the other factors suppress the activity. This includes the recession in China, and a new negative economic scattering is taking place.
- ✓ There is less confidence in resource-intensive investments and imports, and a constant alignment of commodity exporters with lower incomes leads to negative scattering of persisting weak demand in developed economies, internal conflicts, political disputes and geopolitical tensions.
- ✓ An improvement is expected in 2017 with better expectations in developing markets and economies and a slight revitalization in their economies. An improvement in investments is expected, as well as a decrease in stocks.
- ✓ Facilitating monetary policy rates has helped to bridle inflation. Malaysia and Indonesia, as well as Russia and Turkey implemented this policy simultaneously

4.2 Turkey Economic Outlook

Discipline constructed after 2001 crisis in Turkey economy succeed in issues like public dept, banking rates, budget balance and until 2008 growth rate continuously increased. Economies developed in between 2008-2012 influenced by global crisis at least. In this process, increase in yearly growth rate relieved world economy. Countries like Turkey had brilliant performance after crisis. Recovering abilities of developing countries are more rapid than developed economies. However, the main problem of these economies is that they cannot keep gaining and stability. Turkey has problems like lack of savings, unemployment, problems regarding general level of prices, added values of import and export items, balance of exchange, middle-income trick, current deficit, demand failure, technology deficiency, political and geographical risks. Average growth rate of Turkey is 4,8% for 92 years period. Briefly, potential growth rate in full employment level is 6-7%.

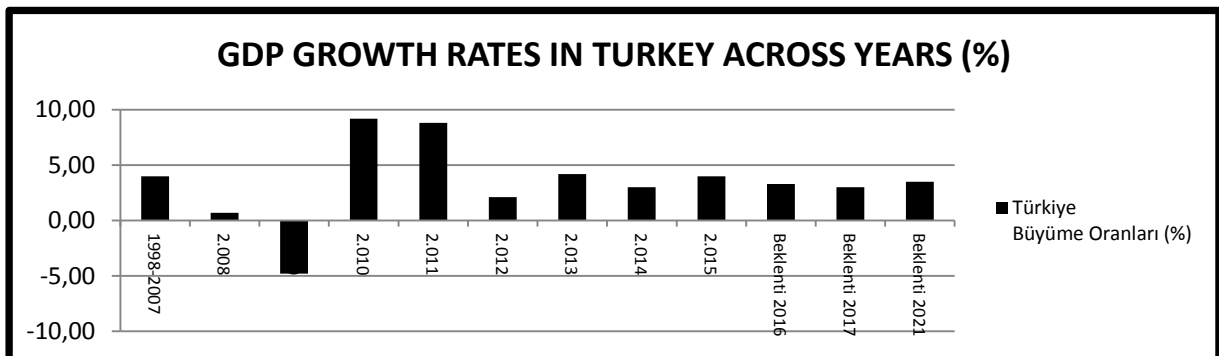
IMF argued that political uncertainty will decrease domestic demand and revised growth expectancies downwardly in its evaluation regarding Turkey economy in World Economic Outlook Report.

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.

YEARS	1998-2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2021
TURKEY GROWTH RATE %	4,00	0,70	-4,80	9,20	8,80	2,10	4,20	3,00	4,00	3,30	3,00	3,50

Source: Word Economic 2016 October World Overview Report



The “World Economic Overview Report” of October 2016, which is issued by the IMF twice a year, has made the following deductions for Turkey:

- ✓ The feelings towards developing economies have improved. The reason is pressure of the expansions in economic recovery, and the improvement in long-term real interest rates and net asset values.
- ✓ However, in supporting economic activity with the loosening in macro-economies, the uncertainties following the recent terrorist attacks and the failed attempt of coup may affect the growth rates in 2016-2017.
- ✓ It will sustain its current expenses and monetary expenses in parallel to “Medium-term program of 2016-2018 on the basis of financial projections, current trends and policies.”
- ✓ The estimates for broad money and broad long money are based on IMF projections. It is estimated to develop with a fixed spreading rate against US instruments interest rate that is similar to the short-term deposit rate.
- ✓ In its assessment of the Turkish economy, IMG claims that political uncertainty will lead to a decrease in domestic demand, and has revised its growth expectations to downward.
- ✓ According to the World Economic Outlook Report, the GDP growth rate, which was 4,00% in 2015, will be 3,30% in 2016, 3,00% in 2017, and 3,50% in 2021.
- ✓ Wholesale price index (WPI) was 8,80% in 2015. It is estimated that the index will be 9,10% in 2016, and will continue to rise in 2017 to 9,10%, and to 6,20% in 2021.
- ✓ The current account balance will be -4,50% in 2015. It is estimated that the balance will be -4,40% in 2016, -5,60% in 2016, and increase to -5,60% in 2021.

Moody's, an international credit rating institution, has revised Turkey's credit score from “Baa3” to “Ba1”, and defined its rating overview as “static.”

4.2.1 General Status of the Real Estate Industry

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

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

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

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

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

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

- Attraction of investors from different countries for Istanbul as a brand city, and laying the foundations of Istanbul to be a financial center,
- Infrastructure projects that attract attentions (3rd bosphorus bridge, all tunnel projects in bosphorus, 3rd airport, metro projects in metropolitans etc.)
- Increasing transportation opportunities, widening metropolitan borders and growing living spaces,

- Urban renewal and related regulations,
- Continuing rural to urban migration,
- Effect of natural demand as a result of having young population,
- Changing nuclear family concept,
- Precautions for housing purchase and saving incentives to keep sector alive,

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

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

It is estimated that in 2016 a stable rise in the real estate industry in Turkey will rely on political and economic stability, the interest of foreign investors in Turkey and high growth rates of Turkish economy. Housing sales to foreigners is expected to be static due to the stagnation in other developing countries. The reasons for the increase in asset prices include expanding monetary policy, positive course of economic growth, abundance of liquidity, new inventions, financial liberalization, financial innovations, facilitation of borrowing capabilities and a significant rise in loans, changes in portfolio structure and government policies.

As a result of economic decisions of the central government, the sales in construction industry, which is the main pillar of economy, as well as real estate sales are expected to increase.

The introduction of new directions of Banking Regulation and Supervision Agency (BDDK) which brings changes to loaning transactions and to debit and credit cards aims to regulate the number of installments on credit cards, increase the maturity limit in consumer loans from 36 months to 48 months, bring new regulations on personal loans across the industry and to vitalize economy.

Moving the limit of the ratio of the mortgage loan to the value of the housing which is taken as a collateral from 75% to 80%, the campaigns launched by Emlak Konut GYO and GYODER after the coup attempt of July 15th, decreasing the VAT to 8% for houses larger than 150 square meters aim at accelerating the construction industry, which is the main pillar of economy, and pushing the sales of real estate.

Although there have been economic contractions in a global scale, these decisions along with the young population structure of Turkey, continued migration to urban areas, and large-scale project



with ongoing investment lead to an expectation that real estate sales will maintain its trend in 2017 as it happened in 2016, and will continue to increase.

4.3 Analysis of the Region Where the Real Estate is Situated

4.3.1 The City of Istanbul

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

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



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

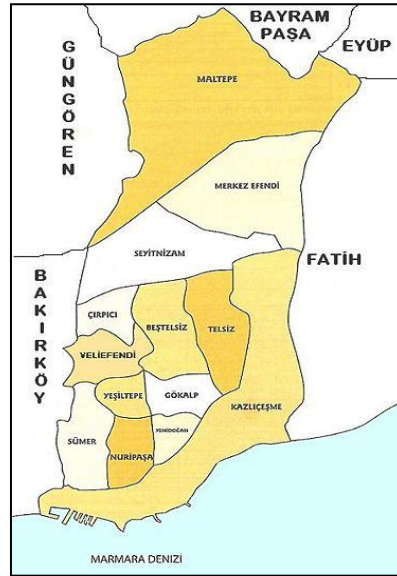
According to the Address-Based Population Registration System (ANDKS) developed by the Turkish Statistical Institution (TUIK) in the year of 2015, the Total Population of Istanbul has been determined to be 14.657.434.

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

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

4.3.2 District of Zeytinburnu

Zeytinburnu İlçesi, havalimanına 15-20 dakikalık mesafede bulunmaktadır. İlçenin toprakları 29 derece doğu boylamı ve 41 derece kuzey enlemi üzerinde bulunmaktadır. Bu enlem ve boylam dereceleri üzerinde yaklaşık olarak bir dikdörtgene benzeyen şekliyle 11.16 km²'lik yer kaplar. Mahalle sayısı 13, cadde sayısı 58, sokak sayısı da 970'dir. İlçe topraklarının güneyden kuzeye uzunluğu 5.5 km., doğu-batı doğrultusundaki genişliği 2.5 km.'yi bulmaktadır. Doğusunda Fatih, batısında Bakırköy ve Güngören, kuzeyinde Bayrampaşa ve Eyüp, güneyinde Marmara Denizi bulunmaktadır. Bu yüzden ilçenin ikliminde nem etkili rol oynar. İlçe topraklarının denizden ortalama yüksekliği 30-35 metredir. Deniz kıyısından içerilere doğru hiçbir engele rastlanmaz. İlçenin doğu kesimi Marmara Denizi'nden kuzeye doğru az bir meyille yükselir. Bu yükseklik Maltepe Mahallesi'nde 51 metreyi bulur. Sirkeci-Florya sahil yolu ilçenin güneyinden, Avrupa ve Asya kıtasını bağlayan uluslararası E-5 Karayolu da ilçe sınırları içerisinde geçmektedir. Devlet Karayolu uzunluğu 5 km., İl Yolu uzunluğu 3 km.'dir. Uluslararası yol uzunluğu ise 3 km.'dir.

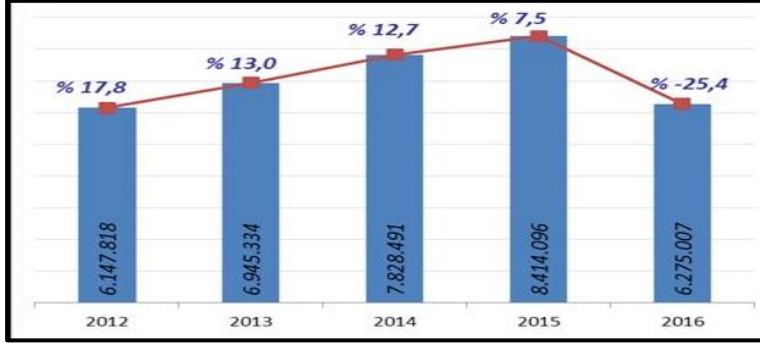


The district is composed of 13 neighborhoods: Beşelsiz, Çırpıcı, Gökalp, Kazlıçeşme, Maltepe, Merkez Efendi, Nuri Paşa, Seyit Nizam, Sumer, Telsiz, Veli Efendi, Yenidoğan and Yeşiltepe.

According to the Address based Population Registration System, as of the end of the year of 2015, the district has reached the population of 289.685. When neighborhood population development is analyzed, it is seen that Sumer, Telsiz, Veliefendi and Çırpıcı have the highest amounts.

4.3.3 Information Regarding the Tourism Industry in Istanbul and the Hotel Market

According to 2016 data of Istanbul Provincial Directorate of Culture and Tourism, the number of foreigners arriving in Istanbul in January-August 2016 increased by 7,50% in comparison to years 2015 and 2014. A comparison of August 2016 with August 2015 reveals that the number decreased by 25,40%. According to the latest figures, the number of foreigners fell behind the number in 2013.



Source: Numbers of Foreigners in January-November in the Last Five Years Istanbul Provincial Directorate of Culture and Tourism, August 2016)

Looking at 11 months of the year, there has been an increase every year as compared to the previous year; and the rate of this increase is gradually falling.

	TÜRKİYE			İSTANBUL			2014'e Göre Değişim Oranı (Aylık)	2014'e Göre Değişim Oranı (Kümülatif)	2015'e Göre Değişim Oranı (Aylık)	2015'e Göre Değişim Oranı (Kümülatif)
	2014	2015	2016	2014	2015	20106				
OCAK	1.146.815	1.250.941	1.170.333	635.283	691.496	692.172	8,8	8,8	0,1	0,1
ŞUBAT	1.352.184	1.383.343	1.240.633	696.054	732.202	674.465	5,2	6,9	-7,9	-4
MART	1.851.980	1.895.940	1.652.511	866.985	944.931	783.164	9	7,7	-17,1	-9,2
NİSAN	2.652.071	2.437.263	1.753.045	1.014.662	1.037.506	715.161	2,3	6	-31,1	-15,9
MAYIS	3.900.096	3.804.158	2.485.411	1.079.598	1.182.906	869.446	9,6	6,9	-26,5	-18,6
HAZİRAN	4.335.075	4.123.109	2.438.293	1.090.284	1.091.357	707.050	0,1	5,5	-35,2	-21,8
TEMMUZ	5.214.519	5.480.502	3.468.202	1.155.407	1.400.183	924.686	21,2	8,3	-34	-24,2
AĞUSTOS	5.283.333	5.130.967	?	1.290.218	1.333.515	908.663	3,4	7,5	-31,8	-25,4
EYLÜL	4.352.429	4.251.870	?	1.181.742	1.205.089	?	2	6,8	?	?
EKİM	3.439.554	3.301.194	?	1.132.655	1.125.263		-0,7	5,9	?	?
KASIM	1.729.803	1.720.554	?	844.289	848.420		0,5	5,5	?	?
ARALIK	1.580.041	?	?	855.806	821.809		-4	4,8	?	?
				11.842.983	12.414.677					

*Source: Numbers of Foreigners Arriving in Istanbul, Istanbul Provincial Directorate of Culture and Tourism, August 2016)

YERİ	Avrupa	Anadolu	Tesis Sayısı	Avrupa	Anadolu	Avrupa	Anadolu	Yatak Sayısı
TÜRÜ	Tesis Sayısı		Toplam	Oda Sayısı		Yatak Sayısı		Toplam
Özel Tesis	104	9	113	3.845	359	10.211	719	10.930
Butik Otel	13	2	15	639	42	1.356	84	1.440
Beş Yıldızlı Otel	70	18	88	18.044	4.701	36.603	9.400	46.003
Dört Yıldızlı Otel	96	10	106	11.197	927	22.426	1.833	24.259
Üç Yıldızlı Otel	93	14	107	5.433	725	10.628	1.386	12.014
İki Yıldızlı Otel	38	5	43	1.329	170	2.529	342	2.871
Tek Yıldızlı Otel	7	1	8	222	19	417	38	455
Apart Otel	2	1	3	58	36	154	72	226
Pansiyon	3	1	4	26	9	52	18	70
Motel	1	-	1	32	-	64	-	64
Hostel	1	-	1	123	-	166	-	166
TOPLAM	428	61	489	40.948	6.988	84.606	13.892	98.498

*Source: Accommodation Facilities with "Operation Permit" from the Ministry of Culture and Tourism, Istanbul Provincial Directorate of Culture and Tourism, August 2016)

A total of 489 facilities located on the Asian and European sides have a total bed capacity of 98,498. There are also accommodation facilities with permits issued by the municipality in Istanbul. The total bed capacity of these facilities is estimated at 70,000.

YERİ	Avrupa	Anadolu	Tesis Sayısı	Avrupa	Anadolu	Avrupa	Anadolu	Yatak Sayısı
TÜRÜ	Tesis Sayısı		Toplam	Oda Sayısı		Yatak Sayısı		Toplam
Özel Tesis	19	-	19	949	-	1.379	-	1.379
Butik Otel	17	-	17	648	-	1.302	-	1.302
Beş Yıldızlı Otel	33	6	39	9.830	1.245	19.295	2.620	21.915
Dört Yıldızlı Otel	52	12	64	5.749	1.819	11.364	3.670	15.034
Üç Yıldızlı Otel	49	10	59	2.639	1.108	5.264	2.172	7.436
İki Yıldızlı Otel	6	1	7	116	20	221	40	261
Tek Yıldızlı Otel	1	-	1	10	-	20	-	20
Hostel	1	-	1	30	-	60	-	60
TOPLAM	178	29	207	19.971	4.192	38.905	8.502	47.407

*Source: ACCOMMODATION FACILITIES WITH TOURISM INVESTMENT CERTIFICATES (ISTANBUL) Istanbul Provincial Directorate of Tourism - December 2015)

There are 207 hotels being constructed in Istanbul, with a total bed capacity of 47,407.

4.3.4 Information with Regard to the Hotel Market in Zeytinburnu

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

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

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

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

* It has been noted that the special prices given for companies vary between 50 – 120 Euros, breakfast included.

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

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

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

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



Satellite Images of the Vicinity of Novotel and Ibis Hotel

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

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

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

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

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

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



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

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

5.2.1 Investigation of the Land Registry of the Real Estate

According to the inspections performed at the Land Registry Office, on the date of 01.11.2016, land titles with regard to the real estate subject to the appraisal have been provided below. The document has been enclosed herewith.

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

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

Annotations Section Volume no. 7, page no. 604

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

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

- The “right of construction” has been allocated independently and permanently. Surface area of 11.720,00 m², Starting Date: 04.12.2003, Duration: 49 Years, Owner/Lessor: Akfen Real Estate Investment Trust Inc. Dated 04.12.2003 and Roll No: 6650.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5.3 Inspection of the Zoning Information of the Real Estate

According to the inspections carried out at the Municipality of Zeytinburnu Zoning and Urbanism Directorate, on the date of 22.12.2016 and the number of 32042687, and to the zoning plan section that is enclosed, the zoning status of the real estate has been provided below:

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

- * Construction Example 2,50 (For the Tourism Facilities),
- * Hmax (Max Height) = cannot exceed 70m.
- * “Applied according to the concept project and approved by the Metropolitan Municipality” statement is included.
- * Pursuant to the information obtained from the Municipality of Zeytinburnu Zoning Directorate, the following change has been made in the plan notes of the real estate’s legend on the date of 28.02.2012.

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

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

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

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

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

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

5.3.2 Building Inspection Institution and Maintenance

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

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

There is not any change within the last three years.

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

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

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

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

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

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

5.4 Physical Characteristics of the Real Estate

5.4.1 Structural Construction Characteristics of the Real Estate

The real estate subject to this appraisal study consists of “Ground Floor + 12 Regular Floors Hotel Building and Ground Floor + 7 Regular Floors Hotel Building and Their Land”, located in the city of Istanbul, district of Zeytinburnu, Neighborhood of Zeytinburnu, Block no: 774, Plot no: 5, with a surface area of 11.720,00 m².

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

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

The construction permit obtained for the real estate subject to the appraisal is for the surface area of 26.372,00 m² and, considering that the building has been constructed in accordance with the approved architectural project, the appraisal report has been based on the enclosed surface area.

The total construction area is of 26.372,00 m². The NOVOTEL construction area has 16.649 m², while the IBIS Hotel construction area has 9.723 m². There are 208 rooms at the Novotel, while there are 228 at the Ibis Hotel.

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

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

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

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

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

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

The hotel surface area, including the construction area, is of 17.361,32 m²; according to the zoning status, 1,48 of the 2,50 comparable right has been used. According to the current zoning status, there is an area of 11.938,68 m² construction right included in the comparable, on the plot that has an area of 29.300 m² that is included in the construction right.

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

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

Hotel Volume Details

Conference Rooms:

There is a total of 4 multi-functional and dividable conference rooms; these have high ceilings and the necessary acoustic precautions have been taken; in addition, they possess a shared secretary area. The conference rooms have a common exit to the foyer area with 166 m². The rooms support technical equipment (Barco vision, sound scheme and regular illumination system).

Rooms:

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

communication rooms, 4 of them are disabled rooms, 6 of them suites and 160 of them are standard rooms. The room floors, each having an area of 772 m², constitute an enclosed area of 8.492 m² in total. In the **Ibis Hotel**, there are 11 rooms on the ground floor and 31 on each of the remaining floors, making a total of 228 rooms. 18 of these rooms are sofa bed rooms, 42 of them are desk bed rooms, 45 of them are twin rooms, 6 of them are VIP rooms, 2 of them disabled and 115 of them are standard rooms. The first floor having an enclosed area of 858 m² and 845 m² on the rest of the remaining floors, making a total of 5.928 m² of enclosed area. In Ibis Hotel, the ground floor, together with the 3rd, 5th and 7th floors are smoking floors, as is the case with Novotel on the 4th, 5th, 6th and 12th floors. The rooms have access to air conditioning, minibar, internet connection, satellite television channels, direct telephone line, mini fridge, kettle, tea-coffee set up, hairdryer, fire extinguisher system, sound - announcement system, electronic door lock, private safe, 24 hours rooms service and dry cleaning services. Furthermore, Novotel provides fitness center, sauna, massage rooms and 1 outdoor pool to its customers.

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

5.4.2 Inspections Performed Within the Premises of the Real Estate

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

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



- The entrance to the Hotel is made from the coastal road.
- Ground Floor's furnitures have been renovated, in 2016
- The Hotels are closely situated to major arterial roads and easily accessed.
- There are customer and service elevators, fire alarm and extinguisher systems, ventilation, air conditioning and heating systems available in the hotels.
- The hotel has a closed car park.
- The empty areas of the plot that are not within the building are covered in asphalt; there are partially green spaces. There is a pool in front of the Hotel.
- Other items of note, which have been included in the appraisal report, that have been detected in the area, are the substation building, concrete spaces, landscape works, concrete wall encompassing the plot, sentry box and ornamental pool. The cost of external and miscellaneous works has been included as additional cost to the calculations made according to the cost approach.
- The visitor entries to the facilities are made on the ground floor from different entrances.

6 FACTORS AFFECTING AND DETERMINING THE VALUE OF THE REAL ESTATE

6.1 Factors that Limit or Negatively Affect the Appraisal Process

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

6.2 Swot Analysis

Strengths

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

Weaknesses

- There are many competing hotels nearby.

Opportunities

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

Threats

- The recession in global markets and security concerns have a negative impact on tourism industry.
- The hotels in the nearby area will lead to an increase in the bed capacity and competition in the area.

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

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

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

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

6.4.1 Exemplary Approach

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

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

No	Area	Price (TL)	Price (USD)	Price (Euro)	Explanation	Land Unit Price (TL/m ²)	Land Unit Price t (USD/m ²)	Land Unit Price (Euro/m ²)
Example 1	8500	104.163.000	30.000.000	28.182.630	Commercial+Residential-Faced E-5 road	12.254	3.529	3.316
Example 2	5000	46.873.350	13.500.000	12.682.183	Commercial (Kazlıçeşme Neighborhood.)	9.375	2.700	2.536
Example 3	36000	1.215.235.000	350.000.000	328.797.348	Preferred using (Kazlıçeşme Neighborhood.)	33.757	9.722	9.133
Example 4	1600	29.512.850	8.500.000	7.985.078	Commercial+Residential (Kazlıçeşme Neighborhood.)	18.446	5.313	4.991

- Possible bargain rates, purchase sale expenses and real estate agent commissions on the sale prices of the properties that are for sale have been taken into consideration.
- No examples with similar characteristics and size compared to the real estate have been found; an estimate has been made for unit price per m² of the properties that are for sale from owners. However, the investments (Zeyport Project, Marmaray, etc.) made in recent times in the area caused the lands even with lower unit price per m² to rise to astronomical amounts.

- As a result of researches and interviews at the related area, by considering examples above, sales values of lands, which are similar with subjected immovable in terms of construction, were predicted:

	Example 1	Example 2	Example 3	Example4
Demanded Price	104.163.000 TL	46.873.350 TL	1.215.235.000 TL	29.512.850 TL
Room for Negotiation	20%	15%	25%	15%
Value after bargaining	83.330.400 TL	39.842.348 TL	911.426.250 TL	25.085.923 TL
Size (m ²)	8.500	5.000	36000	1600
Unit m ² Sales Value	9.803,58	7.968,47	25.317,40	15.678,70
Location Correction	50%	40%	0%	6%
Surface Area Correction	0%	10%	-10%	-22%
Zoning Status Correction	0%	0%	0%	10%
Total Correction Coefficient	150%	150%	90%	94%
Corrected Price per Unit (USD)	14.705	11.953	22.786	14.738
Average	16.045 TL			

Professional Opinion Appraisal Expert:

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 **16.000 TL/m²**.

- Full property value for land value of parcel subjected to appraisal was estimated as 16.000 TL/m² (4.341 €/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 *	7.597 TL
Size of the Land	11.720,0 m ²
Total Land Value (TL)	89.040.109 TL
Total Land Value (Euro)	24.090.939 €

Unit Land Value	16.000 TL
Right of Construction Value Rate	2/3
Remaining Time for Right of Construction (YEARS)	34,9
Price per Unit Land Value of the Remaining Time for the Right of Construction *	7.597 TL

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

Unit Land Value of the Remaining Time for the Right of Construction	=(Unit Land Value x The coefficient of the right of construction for 49 years x The remaining time from the right of construction)
Unit Land Value of the Remaining Time for the Right of Construction	=(16.000 TL x 2/3 x 34,6 /49)

6.5 Cost Approach

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

COST TABLE (LAND + BUILDING)

ENCLOSED AREAS				UNIT COSTS (EURO)(*)			AMORTIZED COST (€) (**)
	NOVOTEL	IBIS HOTEL		NOVOTEL	IBIS OTEL	TOTAL COST	Amortisation Rate %11)
2 ND Basement Floor	1.468	734	2.202	450	450	990.900	881.901
1 ST Basement Floor	3.474	1.861	5.335	450	450	2.400.750	2.136.668
Ground Floor	2.197	1.245	3.442	1.100	1.000	3.661.700	3.258.913
1 ST Regular Floor	1.018	858	1.876	1.100	1.000	1.977.800	1.760.242
2 ND Regular Floor	772	845	1.617	1.100	1.000	1.694.200	1.507.838
3 RD Regular Floor	772	845	1.617	1.100	1.000	1.694.200	1.507.838
4 TH Regular Floor	772	845	1.617	1.100	1.000	1.694.200	1.507.838
5 TH Regular Floor	772	845	1.617	1.100	1.000	1.694.200	1.507.838
6 TH Regular Floor	772	845	1.617	1.100	1.000	1.694.200	1.507.838
7 TH Regular Floor	772	845	1.617	1.100	1.000	1.694.200	1.507.838
8 TH Regular Floor	772		772	1.100		849.200	755.788
9 TH Regular Floor	772		772	1.100		849.200	755.788
11 TH Regular Floor	772		772	1.100		849.200	755.788
12 TH Regular Floor	772		772	1.100		849.200	755.788
TOTAL CONSTRUCTION COST							20.863.692
External Miscellaneous Works (***) (€)							650.000
TOTAL STRUCTURE VALUE (€)							21.513.692
LAND VALUE (€)							24.090.939
TOTAL VALUE (€)							45.605.000

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

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

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

6.5.1 Cost Discount / Development Approach

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

NOVOTEL PROJECTION:

- The NOVOTEL consists of 208 rooms.
- It has been estimated that the occupancy rate of the hotel in the year of 2016 will be of 73% and that this rate will increase until the year of 2021, which will then reach 85%, thus continuing in this manner, in the following years.
- It has been assumed that the hotel will be operating for 365 days a year.
- The hotel prices have been calculated based on the room-breakfast system. Taking into account the performance of the hotel in the previous year, along with the surveys performed in regards to the tourism industry in the area, it has been estimated that the average price for a room will be 57 EUR, in the year of 2017. Moreover, it has been anticipated that this price will increase annually based on the inflation rate in the Euro Zone (2,5%).
- Considering the performance of the facility, it has been assumed that the room revenues will constitute 74% of the total revenue, whereas the total department revenues will be around 26%.
- The gross operating profit has been calculated by subtracting the department and operating expenses from the total revenues. It has been determined that the Gross Operating Profit (GOP) in the hotel will be of 40% in the year of 2016.
- It has been acknowledged that the office Tamaris Turizm A.Ş. has been leased inside of the NOVOTEL, thus generating a lease revenue of 8.610 Euro for the year of 2016; furthermore, this amount will be directly transferred to Akfen Real Estate Investment Trust Inc.
- It has been acknowledged that the lease value of the office leased by Tamaris Turizm will increase at a rate of 2,5% annually.

IBIS HOTEL PROJECTION:

- The hotel subject to the appraisal consists of 228 rooms.
- It has been estimated that the occupancy rate of the hotel will be of 61% in the year of 2016 and of 83% in the year of 2021, thus continuing in this manner, in the following years.
- It has been assumed that the hotel will be operating for 365 days a year.
- The hotel prices have been calculated based on the room-breakfast system. Taking into account the performance of the hotel in the previous year, along with the surveys performed in regards to the tourism industry in the area, it has been estimated that the average price

for a room will be 52 EUR, in the year of 2017. Moreover, it has been anticipated that this price will increase 2,5% and 5% until 2021, and after 2021 annually based on the inflation rate in the Euro Zone (2,5%).

- Considering the performance of the facility, it has been assumed that the room revenues will constitute 86,5% of the total revenue, whereas the total department revenues will be around 13,5%.
- The gross operating profit has been calculated by subtracting the department and operating expenses from the total revenues. It has been determined that the Gross Operating Profit (GOP) in the hotel will be of 45% in the year of 2016 and that it will remain stable in the following years.

General Acceptances (For NOVOTEL and IBIS HOTEL)

- Both of the hotels are exempt from real estate taxes.
- According to the information obtained from Akfen Real Estate Investment Trust Inc., it has been acknowledged that the insurance value for the year of 2016 will be of 66.479 Euro and that it will remain Therefore, on account of the estimation made that there will not be any increases in the insurance premium by Akfen Real Estate Investment Trust Inc. in the following years.
- Furniture Fixture Renovation Reserve has been acknowledged to be 3,5% of the annual gross revenue.
- The annually paid "Right of Construction" value has been accepted in accordance with the lease agreement signed between Akfen Real Estate Investment Trust Inc. and the Treasury.
- It has been agreed upon in accordance with the lease agreement between Akfen Real Estate Investment Trust Inc. and the Treasury that the annual "Right of Construction" value to be paid for the year of 2017 is 127.146 and that it will increase 3% annually.
- With the completion of the 49 years' time period, the construction right will terminate and the land together with the facilities found within will be transferred to the Treasury in operable condition.
- In the appraisal study, the 10 year Eurobond interest rate of 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 2017, 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”.



CASH FLOW DISCOUNT TABLO																																																																																																			
Name of the Hotel																																																																																																			
Land Area (m2)																																																																																																			
Total Construction Area (m2)																																																																																																			
Year	19			20			21			22			23			24			25			26			27			28			29			30			31			32			33			34			36																																																		
Date	31.12.2035			31.12.2036			31.12.2037			31.12.2038			31.12.2039			31.12.2040			31.12.2041			31.12.2042			31.12.2043			31.12.2044			31.12.2045			31.12.2046			31.12.2047			31.12.2048			31.12.2049			31.12.2050			31.12.2056																																																		
Agreement Duration																																																																																																			
REVENUES																																																																																																			
ROOM REVENUES																																																																																																			
Annual Average Occupancy, %																																																																																																			
	85%			85%			85%			85%			85%			85%			85%			85%			85%			85%			85%			85%			85%			85%			85%			85%																																																					
Average Room Price, EUR																																																																																																			
	113			116			119			122			125			128			131			134			138			141			145			148			152			156			160			164			168																																																		
Total Room Revenues	7.290.223			74%			7.472.478			74%			7.659.290			74%			7.850.772			74%			8.047.042			74%			8.248.218			74%			8.454.423			74%			8.665.784			74%			8.882.428			74%			9.104.489			74%			9.332.101			74%			9.565.404			74%			9.804.539			74%			10.049.653			74%			10.300.894			74%			10.558.416			74%			9.920.512		
DEPARTMENT REVENUES																																																																																																			
TOTAL REVENUES																																																																																																			
	9.851.652			100%			10.097.944			100%			10.350.392			100%			10.609.152			100%			10.874.381			100%			11.146.240			100%			11.424.896			100%			11.710.519			100%			12.003.282			100%			12.303.364			100%			12.610.948			100%			12.926.222			100%			13.249.377			100%			13.580.612			100%			13.920.127			100%			14.268.130			100%			13.406.097		
EXPENSES																																																																																																			
DEPARTMENT EXPENSES																																																																																																			
Total Department Expenses																																																																																																			
	3.410.888			35%			3.496.161			35%			3.583.565			35%			3.673.154			35%			3.764.982			35%			3.859.107			35%			3.955.585			35%			4.054.474			35%			4.155.836			35%			4.259.732			35%			4.366.225			35%			4.475.381			35%			4.587.266			35%			4.701.947			35%			4.819.496			35%			4.939.983			35%			4.641.526		
Net Department Revenues																																																																																																			
	6.440.764			65%			6.601.783			65%			6.766.828			65%			6.935.998			65%			7.109.398			65%			7.287.133			65%			7.469.312			65%			7.656.044			65%			7.847.446			65%			8.043.632			65%			8.244.722			65%			8.450.840			65%			8.662.112			65%			8.878.664			65%			9.100.631			65%			9.328.147			65%			8.764.571		
OPERATING EXPENSES																																																																																																			
Total Operating Expenses																																																																																																			
	1.527.006			16%			1.565.181			16%			1.604.311			16%			1.644.419			16%			1.685.529			16%			1.727.667			16%			1.770.859			16%			1.815.130			16%			1.860.509			16%			1.907.021			16%			1.954.697			16%			2.003.564			16%			2.053.653			16%			2.104.995			16%			2.157.620			16%			2.211.560			16%			2.077.945		
GROSS OPERATING PROFIT																																																																																																			
	4.913.758			50%			5.036.602			50%			5.162.517			50%			5.291.580			50%			5.423.869			50%			5.559.466			50%			5.698.453			50%			5.840.914			50%			5.986.937			50%			6.136.610			50%			6.290.026			50%			6.447.276			50%			6.608.458			50%			6.773.670			50%			6.943.011			50%			7.116.587			50%			6.686.626		
Akfen 3rd Party Revenue																																																																																																			
	13.764						14.108						14.461						14.822						15.193						15.573						15.962						16.361						16.770						17.189						17.619						18.060						18.511						18.974						19.448						19.934						18.730		



IBIS Hotel Cash Flow

Year	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
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	31.12.2029	31.12.2030	31.12.2031	31.12.2032	31.12.2033	31.12.2034
Agreement Duration																			
REVENUES																			
ROOM REVENUES																			
Annual Average Occupancy , %		61%	65%	67%	70%	75%	78%	78%	83%	83%	83%	83%	83%	83%	83%	83%	83%	83%	83%
Average Room Price, EUR		52	60	65	70	74	77	81	85	87	89	92	94	96	99	101	104	106	109
Total Room Revenues		2.639.738	87%	3.245.580	87%	3.624.231	87%	4.077.780	87%	4.587.503	87%	5.009.553	87%	5.260.030	87%	5.877.072	6.023.999	6.174.599	6.328.964
DEPARTMENT REVENUES																			
Yiyecek & İçecek-Toplantı		381.465	13%	469.014	13%	523.733	13%	589.275	13%	662.934	13%	723.924	13%	760.120	13%	849.288	870.520	892.283	914.590
Telefon & İnternet		15.259	1%	18.761	1%	20.949	1%	23.571	1%	26.517	1%	28.957	1%	30.405	1%	33.972	34.821	35.691	36.584
Diğer Gelirler		15.259	1%	18.761	1%	20.949	1%	23.571	1%	26.517	1%	28.957	1%	30.405	1%	33.972	34.821	35.691	36.584
Total Department Revenues		411.982	14%	506.536	14%	565.631	14%	636.417	14%	715.969	14%	781.838	14%	820.930	14%	917.231	940.162	963.666	987.757
TOTAL REVENUES		3.051.721	100%	3.752.116	100%	4.189.862	100%	4.714.197	100%	5.303.471	100%	5.791.390	100%	6.080.960	100%	6.794.303	6.964.161	7.138.265	7.316.722
EXPENSES																			
DEPARTMENT EXPENSES																			
Total Department Expenses		1.263.412	41%	1.618.287	43%	1.734.603	41%	1.718.325	36%	1.703.740	36%	1.859.036	32%	1.951.988	32%	2.180.971	2.235.496	2.291.383	2.348.668
Net Department Revenues		1.788.308	59%	2.133.828	57%	2.455.259	59%	2.995.872	64%	3.599.731	68%	3.932.354	68%	4.128.972	68%	4.613.332	4.728.665	4.846.882	4.968.054
OPERATING EXPENSES																			
Total Operating Expenses		411.982		506.536		565.631	14%	636.417	14%	715.969	14%	781.838	14%	820.930	14%	917.231	940.162	963.666	987.757
GROSS OPERATING PROFIT		1.376.326	45%	1.627.293	43%	1.889.628	45%	2.359.455	50%	2.883.762	54%	3.150.516	54%	3.308.042	54%	3.696.101	3.788.504	3.883.216	3.980.297

Year	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	35	36
Date	31.12.2035	31.12.2036	31.12.2037	31.12.2038	31.12.2039	31.12.2040	31.12.2041	31.12.2042	31.12.2043	31.12.2044	31.12.2045	31.12.2046	31.12.2047	31.12.2048	31.12.2049	31.12.2050	18.11.2051
Agreement Duration																	
REVENUES																	
ROOM REVENUES																	
Annual Average Occupancy , %	83%	83%	83%	83%	83%	83%	83%	83%	83%	83%	83%	83%	83%	83%	83%	83%	83%
Average Room Price, EUR	112	114	117	120	123	126	129	133	136	139	143	146	150	154	158	162	166
Total Room Revenues	7.711.228	7.904.009	8.101.609	8.304.149	8.511.753	8.724.547	8.942.661	9.166.227	9.395.383	9.630.267	9.871.024	10.117.800	10.370.745	10.630.013	10.895.764	11.168.158	10.493.415
DEPARTMENT REVENUES																	
Yiyecek & İçecek-Toplantı	1.114.339	1.142.198	1.170.753	1.200.022	1.230.022	1.260.773	1.292.292	1.324.599	1.357.714	1.391.657	1.426.449	1.462.110	1.498.663	1.536.129	1.574.532	1.613.896	1.516.389
Telefon & İnternet	44.574	45.688	46.830	48.001	49.201	50.431	51.692	52.984	54.309	55.666	57.058	58.484	59.947	61.445	62.981	64.556	60.656
Diğer Gelirler	44.574	45.688	46.830	48.001	49.201	50.431	51.692	52.984	54.309	55.666	57.058	58.484	59.947	61.445	62.981	64.556	60.656
Total Department Revenues	1.203.486	1.233.574	1.264.413	1.296.023	1.328.424	1.361.635	1.395.675	1.430.567	1.466.331	1.502.990	1.540.564	1.579.079	1.618.556	1.659.019	1.700.495	1.743.007	1.637.701
TOTAL REVENUES	8.914.715	9.137.583	9.366.022	9.600.173	9.840.177	10.086.181	10.338.336	10.596.794	10.861.714	11.133.257	11.411.589	11.696.878	11.989.300	12.289.033	12.596.259	12.911.165	12.131.115
EXPENSES																	
DEPARTMENT EXPENSES																	
Total Department Expenses	2.861.623	2.933.164	3.006.493	3.081.655	3.158.697	3.237.664	3.318.606	3.401.571	3.486.610	3.573.776	3.663.120	3.754.698	3.848.565	3.944.780	4.043.399	4.144.484	3.894.088
Net Department Revenues	6.053.091	6.204.419	6.359.529	6.518.517	6.681.480	6.848.517	7.019.730	7.195.223	7.375.104	7.559.482	7.748.469	7.942.180	8.140.735	8.344.253	8.552.860	8.766.681	8.237.027
OPERATING EXPENSES																	
Total Operating Expenses	1.203.486	1.233.574	1.264.413	1.296.023	1.328.424	1.361.635	1.395.675	1.430.567	1.466.331	1.502.990	1.540.564	1.579.079	1.618.556	1.659.019	1.700.495	1.743.007	1.637.701



NOVOTEL and IBIS Hotel Net Cash Flow

Years	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	
Dates	31.12.2016	31.12.2017	31.12.2018	31.12.2019	31.12.2020	31.12.2021	31.12.2022	31.12.2023	31.12.2024	31.12.2025	31.12.2026	31.12.2027	31.12.2028	31.12.2029	31.12.2030	31.12.2031	31.12.2032	31.12.2033	31.12.2034	31.12.2035	31.12.2036	31.12.2037	31.12.2038	
NOVOTEL TOTAL REVENUE			3.801.130	4.534.681	5.179.913	5.730.934	6.175.836	6.401.903	7.325.254	7.508.385	7.696.095	7.888.497	8.085.710	8.287.853	8.495.049	8.707.425	8.925.111	9.148.239	9.376.944	9.611.368	9.851.652	10.097.944	10.350.392	10.609.152
IBIS HOTEL TOTAL REVENUE	0	0	3.051.721	3.752.116	4.189.862	4.714.197	5.303.471	5.791.390	6.080.960	6.794.303	6.964.161	7.138.265	7.316.722	7.499.640	7.687.131	7.879.309	8.076.292	8.278.199	8.485.154	8.697.283	8.914.715	9.137.583	9.366.022	9.600.173
NOVOTEL GROSS OPERATING PROFIT (Euro)	0	0	1.525.298	1.819.654	2.078.733	2.858.447	3.080.352	3.193.109	3.653.654	3.744.995	3.838.620	3.934.585	4.032.950	4.133.774	4.237.118	4.343.046	4.451.622	4.562.913	4.676.985	4.793.910	4.913.758	5.036.602	5.162.517	5.291.580
IBIS HOTEL GROSS OPERATING PROFIT (Euro)	0	0	1.376.326	1.627.293	1.889.628	2.359.455	2.883.762	3.150.516	3.308.042	3.696.101	3.788.504	3.883.216	3.980.297	4.079.804	4.181.799	4.286.344	4.393.503	4.503.340	4.615.924	4.731.322	4.849.605	4.970.845	5.095.116	5.222.494
Akfen 3rd Party Lease Revenue		8.825	9.046	9.272	9.504	9.741	9.985	10.234	10.490	10.752	11.021	11.297	11.579	11.869	12.165	12.469	12.781	13.101	13.428	13.764	14.108	14.461	14.822	
FIXED EXPENSES		492.284	560.626	613.289	665.727	716.433	752.855	811.859	856.755	877.536	898.861	920.743	943.197	966.238	989.881	1.014.143	1.039.039	1.064.586	1.090.802	1.117.704	1.145.310	1.173.638	1.202.709	
Real Estate Tax																								
Insurance		56.760	56.760	56.760	56.760	56.760	56.760	56.760	56.760	56.760	56.760	56.760	56.760	56.760	56.760	56.760	56.760	56.760	56.760	56.760	56.760	56.760	56.760	
Furniture Fixture Renovation Reserve	0	239.850	290.038	327.942	365.580	401.776	426.765	469.217	500.594	513.109	525.937	539.085	552.562	566.376	580.536	595.049	609.925	625.173	640.803	656.823	673.243	690.075	707.326	
Annual Construction Right Value (Euro)		127.146	130.960	134.889	138.936	143.104	147.397	151.819	156.374	161.065	165.897	170.874	176.000	181.280	186.718	192.320	198.089	204.032	210.153	216.458	222.951	229.640	236.529	
Seperate Share for the Construction Right From the Hotel Revenue		68.529	82.868	93.698	104.451	114.793	121.933	134.062	143.027	146.603	150.268	154.024	157.875	161.822	165.867	170.014	174.264	178.621	183.087	187.664	192.355	197.164	202.093	
HOTELS TOTAL NET OPERATING REVENUE		2.418.165	2.895.366	3.364.344	4.561.679	5.257.423	5.600.755	6.160.072	6.594.832	6.760.339	6.929.962	7.103.800	7.281.960	7.464.548	7.651.674	7.843.451	8.039.995	8.241.424	8.447.858	8.659.423	8.876.245	9.098.455	9.326.187	

	28	29	30	31	32	33	34	35	36	37	38	39	40
Years	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051
Dates	31.12.2039	31.12.2040	31.12.2041	31.12.2042	31.12.2043	31.12.2044	31.12.2045	31.12.2046	31.12.2047	31.12.2048	31.12.2049	31.12.2050	18.11.2051
NOVOTEL TOTAL REVENUE	10.874.381	11.146.240	11.424.896	11.710.519	12.003.282	12.303.364	12.610.948	12.926.222	13.249.377	13.580.612	13.920.127	14.268.130	13.406.097
IBIS HOTEL TOTAL REVENUE	9.840.177	10.086.181	10.338.336	10.596.794	10.861.714	11.133.257	11.411.589	11.696.878	11.989.300	12.289.033	12.596.259	12.911.165	12.131.115
NOVOTEL GROSS OPERATING PROFIT (Euro)	5.423.869	5.559.466	5.698.453	5.840.914	5.986.937	6.136.610	6.290.026	6.447.276	6.608.458	6.773.670	6.943.011	7.116.587	6.686.626
IBIS HOTEL GROSS OPERATING PROFIT (Euro)	5.353.056	5.486.883	5.624.055	5.764.656	5.908.773	6.056.492	6.207.904	6.363.102	6.522.179	6.685.234	6.852.365	7.023.674	6.599.327
Akfen 3rd Party Lease Revenue	15.193	15.573	15.962	16.361	16.770	17.189	17.619	18.060	18.511	18.974	19.448	19.934	18.730
FIXED EXPENSES	1.232.540	1.263.153	1.294.567	1.326.805	1.359.887	1.393.836	1.428.675	1.464.427	1.501.117	1.538.769	1.577.409	1.617.062	1.553.285
Real Estate Tax													
Insurance	56.760	56.760	56.760	56.760	56.760	56.760	56.760	56.760	56.760	56.760	56.760	56.760	56.760
Furniture Fixture Renovation Reserve	725.010	743.135	761.713	780.756	800.275	820.282	840.789	861.808	883.354	905.438	928.073	951.275	893.802
Annual Construction Right Value (Euro)	243.625	250.934	258.462	266.215	274.202	282.428	290.901	299.628	308.617	317.875	327.411	337.234	347.351
Seperate Share for the Construction Right From the Hotel Revenue	207.146	212.324	217.632	223.073	228.650	234.366	240.225	246.231	252.387	258.696	265.164	271.793	255.372
HOTELS TOTAL NET OPERATING REVENUE	9.559.578	9.798.769	10.043.902	10.295.127	10.552.593	10.816.456	11.086.874	11.364.010	11.648.031	11.939.108	12.237.415	12.543.133	11.751.398

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

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

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

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

- The “Construction Right” of the hotel subject to this appraisal study belongs to Akfen Real Estate Investment Trust Inc. and the hotel is being operated by the international hotel operating company Accor Group. It has been assumed that the hotel will be operated according to the current concept, throughout the duration of the “Construction Right”.
- It has been assumed that the facility will be operating for 365 days a year.
- It has been agreed upon in accordance with the lease agreement between Akfen Real Estate Investment Trust Inc. and the Treasury that the annual “Right of Construction” value to be paid for the year of 2017 is 127.146 and that it will increase 3% annually.
- The renovation expenses, which will be met by the investor for the lease of the hotel, have been based on the ratio of 5% of the renovation expenses calculated in the lease alternative.
- Both of the hotels are exempt from real estate taxes.
- According to the information obtained from Akfen Real Estate Investment Trust Inc., it has been acknowledged that the insurance value for the year of 2017 will be of 56.760 Euro and that it will remain so, on account of the estimation made that there will not be any increases in the insurance premium by Akfen Real Estate Investment Trust Inc. in the following years.

- It has been acknowledged that office Tamaris Turizm A.Ş. has leased inside NOVOTEL will generate lease revenue of 8.825 Euro for the year of 2017 and that this amount will be directly transferred to Akfen Real Estate Investment Trust Inc.
- It has been acknowledged that the lease value of the office leased by Tamaris Turizm will increase 2,5% annually.
- The lease revenue generated in relation to the hotel leased out to the Accor Group has been guaranteed with a lease agreement for the duration of 25 years. It has been assumed that the risk premiums in obtaining the lease revenue will be low for Akfen Real Estate Investment Trust Inc. and, therefore, it has been calculated accordingly. The discount rate has been estimated at 10,09 %.
- In the course of the studies, the exchange rate for 1 EUR has been acknowledged at 3,6960 TL, in accordance with the 13.12.2016 dated buying rate exchange of the Central Bank of Turkey.
- Throughout the course of the studies, the Euro Zone inflation rate of 2,5% has been employed as the inflation rate.
- Within the scope of the International Valuation Standards (IVSC), taxes and VAT have not been included in the studies.



Novotel and Ibis Hotel Lease Revenues

Years Dates	2039 31.12.2039	2040 31.12.2040	2041 31.12.2041	2042 31.12.2042	2043 31.12.2043	2044 31.12.2044	2045 31.12.2045	2046 31.12.2046	2047 31.12.2047	2048 31.12.2048	2049 31.12.2049	2050 31.12.2050	2051 18.11.2051
NOVOTEL TOTAL REVENUE	10.874.381	11.146.240	11.424.896	11.710.519	12.003.282	12.303.364	12.610.948	12.926.222	13.249.377	13.580.612	13.920.127	14.268.130	13.406.097
IBIS HOTEL TOTAL REVENUE	9.840.177	10.086.181	10.338.336	10.596.794	10.861.714	11.133.257	11.411.589	11.696.878	11.989.300	12.289.033	12.596.259	12.911.165	12.131.115
NOVOTEL GROSS OPERATING PROFIT (Euro)	5.423.869	5.559.466	5.698.453	5.840.914	5.986.937	6.136.610	6.290.026	6.447.276	6.608.458	6.773.670	6.943.011	7.116.587	6.686.626
IBIS HOTEL GROSS OPERATING PROFIT (Euro)	5.353.056	5.486.883	5.624.055	5.764.656	5.908.773	6.056.492	6.207.904	6.363.102	6.522.179	6.685.234	6.852.365	7.023.674	6.599.327
Akfen 3rd Party Lease Revenue	15.193	15.573	15.962	16.361	16.770	17.189	17.619	18.060	18.511	18.974	19.448	19.934	18.730
FIXED EXPENSES	1.232.540	1.263.153	1.294.567	1.326.805	1.359.887	1.393.836	1.428.675	1.464.427	1.501.117	1.538.769	1.577.409	1.617.062	1.553.285
Real Estate Tax													
Insurance	56.760	56.760	56.760	56.760	56.760	56.760	56.760	56.760	56.760	56.760	56.760	56.760	56.760
Furniture Fixture Renovation Reserve	725.010	743.135	761.713	780.756	800.275	820.282	840.789	861.808	883.354	905.438	928.073	951.275	893.802
Annual Construction Right Value (Euro)	243.625	250.934	258.462	266.215	274.202	282.428	290.901	299.628	308.617	317.875	327.411	337.234	347.351
Seperate Share for the Construction Right From the Hotel Revenue	207.146	212.324	217.632	223.073	228.650	234.366	240.225	246.231	252.387	258.696	265.164	271.793	255.372
HOTELS TOTAL NET OPERATING REVENUE	9.559.578	9.798.769	10.043.902	10.295.127	10.552.593	10.816.456	11.086.874	11.364.010	11.648.031	11.939.108	12.237.415	12.543.133	11.751.398

AKFEN OBTAINED LEASE													
LEASE REVENUE FROM NOVOTEL TOTAL REVENUE	2.392.364	2.452.173	2.513.477	2.576.314	2.640.722	2.706.740	2.774.409	2.843.769	2.914.863	2.987.735	3.062.428	3.138.989	2.949.341
Operator Share	434.975	445.850	456.996	468.421	480.131	492.135	504.438	517.049	529.975	543.224	556.805	570.725	536.244
Furniture Fixture Renovation Reserve	434.975	445.850	456.996	468.421	480.131	492.135	504.438	517.049	529.975	543.224	556.805	570.725	536.244
Total Novotel AGOP	3.301.591	3.384.131	3.468.734	3.555.453	3.644.339	3.735.447	3.828.834	3.924.554	4.022.668	4.123.235	4.226.316	4.331.974	4.070.250
USED NOVOTEL HOTEL LEASE REVENUE	3.301.591	3.384.131	3.468.734	3.555.453	3.644.339	3.735.447	3.828.834	3.924.554	4.022.668	4.123.235	4.226.316	4.331.974	4.070.250
LEASE REVENUE FROM IBIS HOTEL TOTAL REVENUE	2.460.044	2.521.545	2.584.584	2.649.199	2.715.429	2.783.314	2.852.897	2.924.220	2.997.325	3.072.258	3.149.065	3.227.791	3.032.779
Operator Share	393.607	403.447	413.533	423.872	434.469	445.330	456.464	467.875	479.572	491.561	503.850	516.447	485.245
Furniture Fixture Renovation Reserve	393.607	403.447	413.533	423.872	434.469	445.330	456.464	467.875	479.572	491.561	503.850	516.447	485.245
Total Novotel AGOP	3.310.236	3.392.991	3.477.816	3.564.762	3.653.881	3.745.228	3.838.858	3.934.830	4.033.201	4.134.031	4.237.381	4.343.316	4.080.907
USED IBIS HOTEL LEASE REVENUE	3.310.236	3.392.991	3.477.816	3.564.762	3.653.881	3.745.228	3.838.858	3.934.830	4.033.201	4.134.031	4.237.381	4.343.316	4.080.907
USED TOTAL HOTEL LEASE REVENUE	6.611.827	6.777.122	6.946.550	7.120.214	7.298.220	7.480.675	7.667.692	7.859.384	8.055.869	8.257.266	8.463.697	8.675.290	8.151.158
Real Estate Tax	0	0	0	0	0	0	0	0	0	0	0	0	0
Insurance	56.760	56.760	56.760	56.760	56.760	56.760	56.760	56.760	56.760	56.760	56.760	56.760	56.760
Furniture Fixture Renovation Reserve (5%)	41.429	42.465	43.526	44.615	45.730	46.873	48.045	49.246	50.477	51.739	53.033	54.359	51.074
Annual Construction Right Value	243.625	250.934	258.462	266.215	274.202	282.428	290.901	299.628	308.617	317.875	327.411	337.234	347.351
Seperate Share for the Construction Right From the Hotel Revenue	207.146	212.324	217.632	223.073	228.650	234.366	240.225	246.231	252.387	258.696	265.164	271.793	255.372
Seperate Share for the Construction Right From the Hotel Lease Revenue	66.118	67.771	69.466	71.202	72.982	74.807	76.677	78.594	80.559	82.573	84.637	86.753	81.512
AKFEN LEASE REVENUE	5.996.749	6.146.868	6.300.705	6.458.349	6.619.895	6.785.441	6.955.084	7.128.925	7.307.069	7.489.622	7.676.692	7.868.391	7.359.089
Akfen 3rd Party Lease Revenue	15.193	15.573	15.962	16.361	16.770	17.189	17.619	18.060	18.511	18.974	19.448	19.934	18.730
AKFEN TOTAL LEASE REVENUE	6.011.942	6.162.441	6.316.667	6.474.710	6.636.666	6.802.630	6.972.703	7.146.985	7.325.580	7.508.596	7.696.140	7.888.326	7.377.819

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)	39.583.728	38.001.793	36.516.669
NET APPROXIMATE CURRENT VALUE (Euro)	39.580.000	38.000.000	36.520.000
NET APPROXIMATE CURRENT VALUE (TL)	146.026.000	140.197.000	134.737.000

6.5.3 Lease Value Analysis of the Data Employed

The lease value of the construction right subject to the appraisal has been calculated taking into consideration the revenue discount method and the average cash flow value. The annual lease value of the real estate has been calculated by reducing the 1st year cash flow average to the appraisal day. According to this calculation, the annual lease value of the hotel is **1.365.000.- EUR (5.036.000 - Turkish Liras)**. The discount rate has been determined to be of 10,09 %.

Date	31.12.2016	31.12.2017
Annual Lease Revenue	0	1.431.835
Net Current Value of the Annual Lease Value (EURO)	1.365.000	
Net Current Value of the Annual Lease Value (TL)	5.036.000	

6.5.4 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”.

6.5.5 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.

6.5.6 Appraisal Analysis of Common or Divided Parts

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

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

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

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

The total value in the cost method has been calculated at **45.605.000 Euro (168.556.000 TL)**.

As a result of the discount of the potential revenue of the structure on the plot that will be generated during the remainder of the 49 years of the lease agreement, in accordance with the revenue discount approach, the net current value of the HOTEL has been calculated to be **54.220.000 Euro (200.039.000.- 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 **38.000.000 Euro (140.197.000.- TL)**. The final value of the hotel has been calculated to be **46.113.000 Euro (170.118.000.- TL)**, based on the approximate arithmetic average of the value calculated by both of the methods.

The lease value of the real estate, since the date of 30.12.2016, has been calculated by taking into consideration the average cash flow of the first year, in accordance with the revenue discount approach and the lease revenue. The annual lease value of the real estate has been calculated by reducing the annual average net cash flow to the day when the appraisal study is performed. Pursuant to this calculation, the annual lease value has been determined to be **1.365.000 EURO (5.036.000.-TL)**.

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

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

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



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

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

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

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

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

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

And report with no. 2015-020-GYO-013 was prepared by our company;

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

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

8 OUTCOME

8.1 The Concluding Sentence of the Appraiser

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

8.2 Final Appraisal

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

As of the date of 30.12.2016

	Market Value of the Remaining Construction of the Real Estate (EURO)	Market Value of the Remaining Construction of the Real Estate (TL)
VAT Excluded	46.113.000	170.118.000
VAT Included	54.413.340	200.739.240

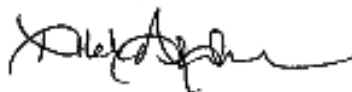
	Annual Lease Value of the Real Estate (EURO)	Annual Lease Value of the Real Estate (TL)
VAT Excluded	1.365.000	5.036.000
VAT Included	1.611.000	5.942.000

- 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.

Taner DÜNER
SPK License No: 401431
Certified Appraiser



Dilek YILMAZ AYDIN
SPK License No: 400566
Certified Appraiser



Neşecan ÇEKİCİ
SPK License No:400177
Responsible Appraiser





9 APPENDIX

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