

# **AKFEN REAL ESTATE INVESTMENT TRUST INC.**

**CITY OF TRABZON, DISTRICT OF YOMRA**

**BUILDING BLOCK NO. 209, PLOT NO. 12**

**KAŞÜSTÜ NOVOTEL PROJECT**

**REAL ESTATE APPRAISAL REPORT**

**Report No: 2015-020-GYO-004**

**Appraisal Date: 31.12.2015**

**Date of Report: 08.01.2016**



**REAL ESTATE CONSULTANCY AND APPRAISAL INC.**

**i. APPRAISAL REPORT SUMMARY**

<b>Person/Entity Requesting the Appraisal</b>	:	Akfen Real Estate Investment Trust Inc.
<b>Institution Preparing the Report</b>	:	Epos Real Estate Consultancy and Appraisal Inc.
<b>Date of Report</b>	:	08.01.2016
<b>Report No</b>	:	2015-020-GYO-004
<b>Appraisal Date</b>	:	01.10.2015-31.12.2015
<b>Information Concerning the Property Subject to the Appraisal</b>	:	Real Estate consisting of a "Concrete Hotel with Appurtenances and Land" with a surface area of 13.450,71 m <sup>2</sup> , located in the city of Trabzon, district of Yomra, Neighborhood of Kaşüstü/Cumhuriyet, Locality of Yalı, Section No: G43b02c1c2ad2, Block No: 209, Plot No: 12
<b>Subject of Study</b>	:	Determining the market value of the construction right of the real estate subject to the appraisal and the updated market value of the annual lease.
<b>Land Area of the Real Estate Subject to the Appraisal</b>	:	13.450,71 m <sup>2</sup>
<b>Land Area of the Closed Spaces of the Real Estate Subject to the Appraisal</b>	:	15,232 m <sup>2</sup>
<b>Zoning Status of the Real Estate Subject to the Appraisal</b>	:	Central Office Block

**As of 31.12.2015**

	<b>Market Value of the Remaining Construction Right of the Real Estate (EURO)</b>	<b>Market Value of the Remaining Construction Right of the Real Estate (TL)</b>
<b>VAT Excluded</b>	<b>39.990.000</b>	<b>123.561.000</b>
<b>VAT Included</b>	<b>47.188.200</b>	<b>145.801.980</b>

	<b>Annual Lease Value of the Real Estate (EURO)</b>	<b>Annual Lease Value of the Real Estate (TL)</b>
<b>VAT Excluded</b>	<b>2.266.000</b>	<b>7.001.000</b>
<b>VAT Included</b>	<b>2.674.000</b>	<b>8.261.000</b>

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

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

3-) In this report, Euro buying rate of exchange on 02.11.2015 has been taken/accepted as 3,098 TL, USD as 2,8035 TL.

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

**Names of the persons participating in the report**

<b>Certified Appraiser</b>	:	Serkan TANRIÖVER
<b>Certified Appraiser</b>	:	Önder ÖZCAN
<b>Responsible Appraiser</b>	:	Neşecan ÇEKİCİ

## **Declaration of Conformity**

- The findings hereby presented in this report are correct, within the scope of the information that the Appraisers had at their disposal.
- The analysis and their respective results are limited only according to the specified assumptions and conditions.
- The appraisers have no connection whatsoever to the property subject to the appraisal nor will they ever have.
- The appraisers are not biased in relation to the real estate and the related parties.
- The appraisal cost does not depend on any single part, analysis opinion or the results of the report.
- The appraisers have carried out the appraisal pursuant to the moral principles and performance standards.
- The appraisers meet the necessary professional education terms and possess the sufficient experience.
- The analysis, opinions and resulting values have been prepared in accordance with the International Valuation Standards (IVS - UDES).

## **Assumptions**

- The value stated within this report is the value specified on the date of its preparation. The appraisers cannot be held responsible for the economic and/or physical changes that might affect the value herein stated, occurring after the date of this report.
- No comments in this report (even though the matters in question are discussed in the continuation of the report) have been made with the purpose of clarifying legal affairs, matters that might require special research and specialty or other issues that are beyond the scope of the area of expertise of the appraisers.
- No changes have been made to the information pertaining to the property. The authorities that provide the information related to the property and legal descriptions are generally accepted to be trustworthy; however, no guarantees are given with regard to their truthfulness.
- Documents and corresponding related information are found in the report as they have been procured from public institutions.

- The photographs, maps, images and diagrams have been used for illustrative purposes only, in the interest of further comprehending the matters mentioned in the report; thus, they cannot be used as a reliable reference for any other purpose.
- The projections subject to this appraisal have been performed in order to help the appraisal process by taking into account a stable economic process, in the case of a demand during the current market conditions. The projections depend on the variable market conditions, which the appraisers cannot accurately discern; moreover, it is possible that the value might be affected from these variable conditions.
- The appraisers do not possess the necessary qualifications to determine the dangerous or health threatening materials found within or in the proximity of the property. Throughout the value appraisal, it is assumed that such materials that might decrease the value are considered to be inexistent. No responsibility is accepted concerning this matter.
- Predictions and projections or business estimates included in this appraisal report depend on the current market conditions and short term supply, together with demand factors and a stable economy; consequently, these may present changes to plausible future conditions. No responsibility is accepted in the event that the opinions and results presented in the report are affected due to economic changes that might occur after its herein date.
- Unless stated otherwise, underground resources have not been taken into consideration.
- It is not possible for the appraisers to carry out a soil contamination investigation, in the matter of the property in question. For this reason, to the extent that it can be seen, it has been determined that there is no cause for concern in regard to soil contamination.
- On account of the area in question being an established earthquake zone, the subject of ground stability cannot be clarified without the performance of detailed geological surveys. For this reason, in behalf of the appraisal studies, it has been assumed that there are no negative issues presently concerning the ground.
- Soil investigation and soil contamination studies in real estate fall within the scope of the "Environmental Geophysics" field. Our company does not employ such a specialization, thus did not perform a detailed investigation regarding the aforementioned matter. However, in accordance with the observations carried at the locale, it has been established that the real estate poses no threat to the environment. For this reason, this appraisal has been carried out taking into consideration that there have not been any negative effects against the environment.

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## 1 REPORT INFORMATION

### 1.1 The Date, Number and Type of the Appraisal Report

**Date of Report** : 08.01.2016

**Report Number** : 2015-020-GYO-004

**Type of Report** : Appraisal report relative to the “Concrete Hotel with Appurtenances and Land” with a surface area of 13.450,71 m<sup>2</sup>, located in the city of Trabzon, district of Yomra, Neighborhood of Kaşüstü/Cumhuriyet, Locality of Yalı, Section No: G43b02c1c2ad2, Block No: 209, Plot No: 12, for the purpose of determining the current market value of its construction right and the current lease value in Turkish Lira currency.

### 1.2 Information Regarding the Responsible Appraiser that has prepared the Appraisal Report

**Report Issued By** : Certified Appraiser Serkan TANRIÖVER

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

**Responsible Appraiser** : Responsible Appraiser Neşecan ÇEKİCİ

**Capital Market Board Coverage** : Yes

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

### 1.3 Date of Appraisal

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

### 1.4 Reference Agreement

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

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

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



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

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

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

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

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

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

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

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

The Appraisal report relative to the "Concrete Hotel with Appurtenances and Land" quality real estate, with a surface area of 13.450,71 m<sup>2</sup>, located in the city of Trabzon, district of Yomra, Neighborhood of Kaşüstü/Cumhuriyet, Locality of Yalı, Section No: G43b02c1c2ad2, Block No: 209, Plot No: 12, has been hereby prepared for the purpose of determining its sale and lease value.

With reference to the 19.08.2015 dated request of Akfen Real Estate Investment Trust, the property subject to this appraisal report belongs to Trabzon World Trade Center Inc. with a Construction Right agreement dated 27.02.2008, to be operated for the remaining time of its 49 years duration, on behalf of Akfen Real Estate Investment Trust. The potential revenue in relation to its use or leasing has been evaluated. 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 agreement between Akfen Real Estate Investment Trust Inc. and Trabzon World Trade Center Inc. have all been taken into account.



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

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

#### **3.1 Exemplary Comparison Approach (Market Value Approach)**

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

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

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

The Market Value Approach depends on the assumptions below.

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 result of the Address Based Population Registration System (ADNKS) for the year of 2014, from the date of 31.12.2014, the population of Turkey is established to be 77.695.904. 50,17% of this number (corresponding approximately to 38.984.302) represents men and 49,83% (corresponding approximately to 38.711.602) represents women.

One of the most significant characteristics of the Turkish population is the fact that it is comprised of a young population, with the 0-14 year group constituting approximately 24.3% of the population. However, this number has been in continuous decline since the year of 1965 and the population of Turkey is gradually getting older. While the 0-14 age group constituted 41,9% of the population in the year of 1965, it represented 24,3% in the year of 2014.

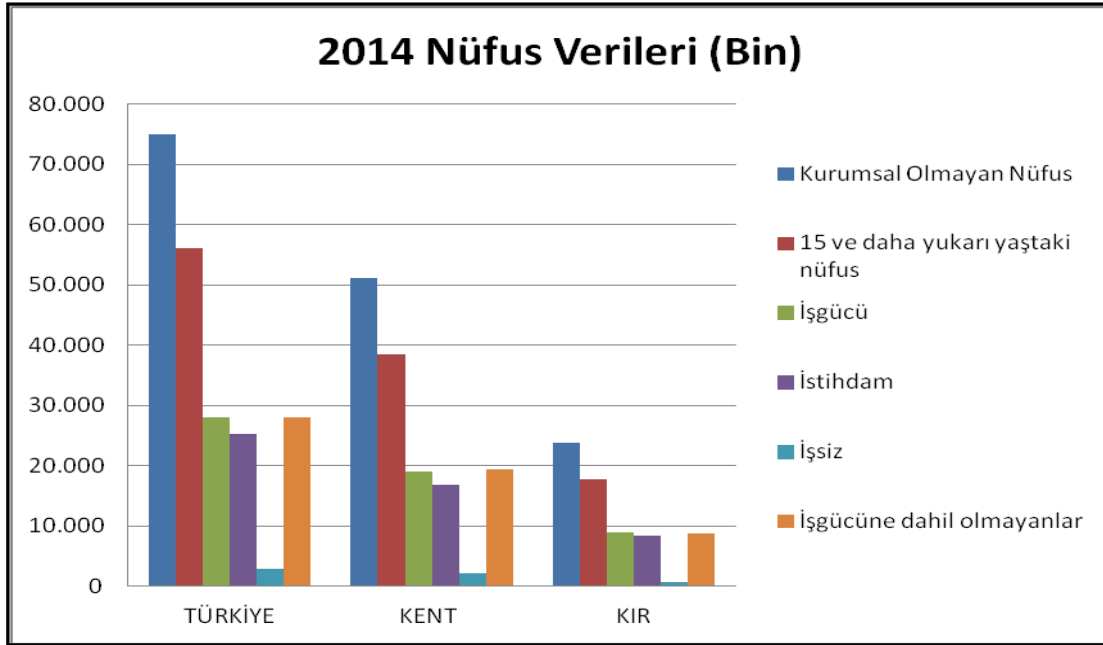
The annual population growth rate in Turkey is 13,4th of a thousand. 91,8% of the population resides in cities and districts. The average age in Turkey is 30,7. According to the data obtained, 96,1% of the Turkish population is literate. The 15-64 age group, which corresponds to the working age group, makes up 67,7% of the population (corresponding approximately to 52.640.512 people). When the ramifications of the employment into industries is observed, it is concluded that 51% represents services, 21,1% agriculture, 20,5% industry and 7,4% construction.

The analysis of the Turkish population information has been provided below in terms of Turkey in general, cities and country. The data with regard to the years 2013 and 2014 has been compared.

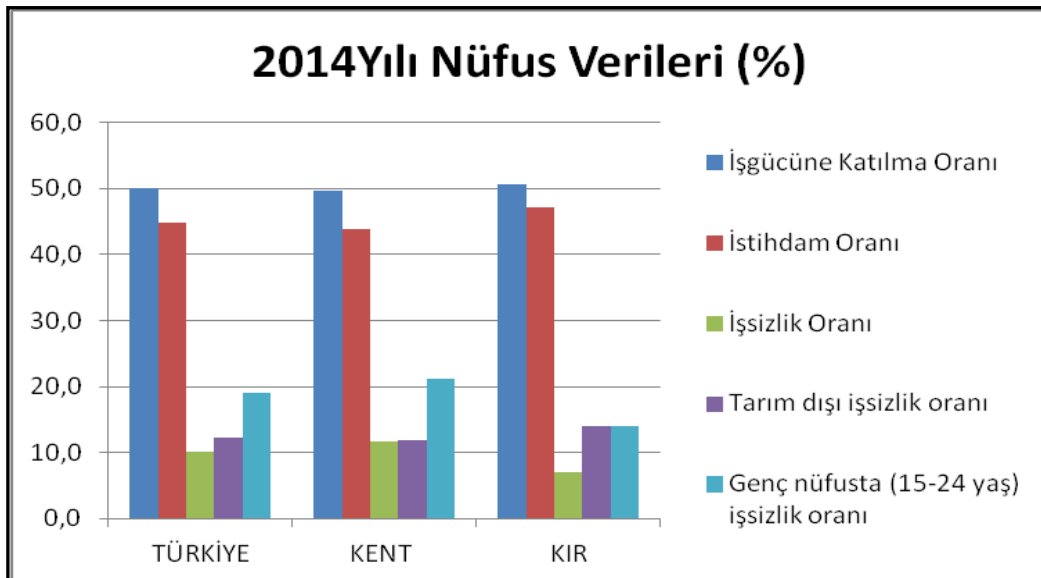
	TURKEY		CITY		COUNTRY	
	2013	2014	2013	2014	2013	2014
<b>Non institutional Population (000)</b>	74.033	74.947	50.675	51.129	23.358	23.818
<b>Population of and above 15 years of age (000)</b>	55.169	56.084	37.916	38.372	17.253	17.712
<b>Labor force (000)</b>	27.323	28.036	18.418	19.056	8.905	8.980
<b>Employment (000)</b>	24.433	25.194	16.196	16.849	8.237	8.346
<b>Unemployment (000)</b>	2.890	2.841	2.223	2.207	668	634
<b>Not Included in the Labor Force (000)</b>	27.846	28.048	19.498	19.316	8.348	8.733
<b>Participation in the Labor Force Rate (%)</b>	49,5	50,0	48,6	49,7	51,6	50,7
<b>Employment Rate (%)</b>	44,3	44,9	42,7	43,9	47,7	47,1
<b>Unemployment Rate (%)</b>	10,6	10,1	12,1	11,6	7,5	7,1
<b>Indescribable Unemployment Rate (%)</b>	12,9	12,3	12,3	11,9	15,5	14,1
<b>Unemployment Rate in Young Population (15-24 age group) (%)</b>	20,7	19,0	22,3	21,2	17,0	14,0

*Population Data for the years of 2013 and 2014 (Source: Turkish Statistical Institute – TUIK)*

When the data relative to the years of 2013 and 2014 is evaluated, it can be observed that the population, labor force and employment are on the rise for Turkey in general, as well as the cities and the country. Nonetheless, unemployment has also increased. While those that are not included in the labor force are in decline in the cities, this number has been noted to rise in the country side. In addition, the increase in participation in the labor force and the employment rates in the city, with regard to the overall rates, has drawn attention. The unemployment rate has been verified to increase in all of the three groups. Meanwhile, the unemployment rate among the young population in Turkey in general, together with the cities, is another important topic to consider.



Furthermore, a second comparison is made based in Turkey in general, the city and the country side, with regard to the population data for the year of 2014 provided in the table. It is remarkable that graphs of Turkey in general and city graphs are similar in terms of distribution.



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

#### **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 I monetary policy'. For this purpose, many methods were implemented like interest discount, bond intake, property intake and funding of financial system, and activating credit mechanisms. Through this kind of monetary policy, financial stabilization, and by stimulating consumption and investment, growth was aimed as a final goal to get rid of crisis.

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

In Fed meeting on September 2015, it was stated that (except for one member) concerns regarding China and other developing countries increased value of dollar and decreased value commodities, and by taking into consideration economic outlook, labour force market, inflation and risks about

them, there is no need to interest rate hike, although USA economy is strengthening and unutilized capacity in labour force is decreasing.

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

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



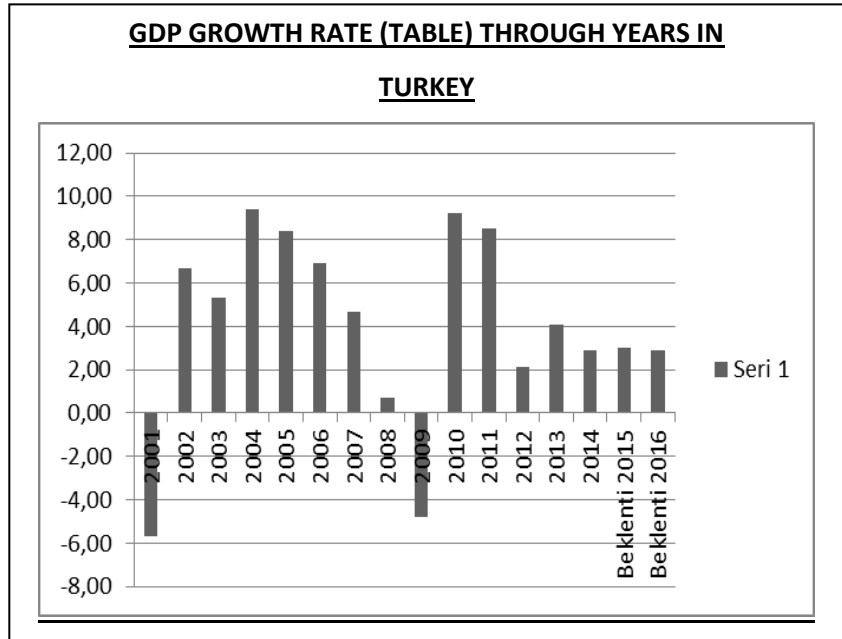
- This global factors and country specific developments indicate relatively weaker revival compare to predicted amounts for 2015 and 2016 modest increase in growth expected for developed economies increase chance of loss for the next year. Developments of this year reflect a modest recovering of euro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

#### **4.1.2 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%.

TURKEY GROWTH RATES (%)	
2001	-5,70
2002	6,70
2003	5,30
2004	9,40
2005	8,40
2006	6,90
2007	4,70
2008	0,70
2009	-4,80
2010	9,20
2011	8,50
2012	2,10
2013	4,10
2014	2,90
Expectation 2015	3,00
Expectation 2016	2,90
Source:TCBM and IMF REPORT	



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

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

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

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

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

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

especially real estate sector because of above-mentioned reasons. Preferred exchange rate is below the value in period of 01.10.2015 and 20.11.2015. For this reason, in the appraisal report, exchange rate on the date of 02.11.2015 in accordance with central bank data since it is nearest value to the current exchange value in the market.

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

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

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

#### **4.2 General Status of the Real Estate Industry**

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

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

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

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

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

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

- Attraction of investors from different countries for Istanbul as a brand city, and laying the foundations of Istanbul to be a financial center,
- Infrastructure projects that attract attentions (3<sup>rd</sup> bosphorus bridge, all tunnel projects in bosphorus, 3<sup>rd</sup> airport, metro projects in metropolitans etc.)
- Increasing transportation opportunities, widening metropolitan borders and growing living spaces,
- Urban renewal and related regulations,
- Continuing rural to urban migration,
- Effect of natural demand as a result of having young population,
- Changing nuclear family concept,
- Precautions for housing purchase and saving incentives to keep sector alive,

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

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

#### **4.3 Information Regarding the Tourism Industry**

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

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

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

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

The revenue obtained in the Tourism industry, from the domestic and foreign tourists in the year of 2014, has increased 6.2%, thus reaching 34,3 billion dollars.

The revenue obtained from foreign tourists is 81,5% and from Turkish citizens living abroad and visiting the country is 18,5%. Furthermore, revenues of 2014 includes 2.950.000 dollars for personal expenditures and 8.302.954.000 dollars for tour package expenditures (*Source: Turkish Hoteliers Federation (TUOFED) Tourism Report 2014-Report 9*).

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

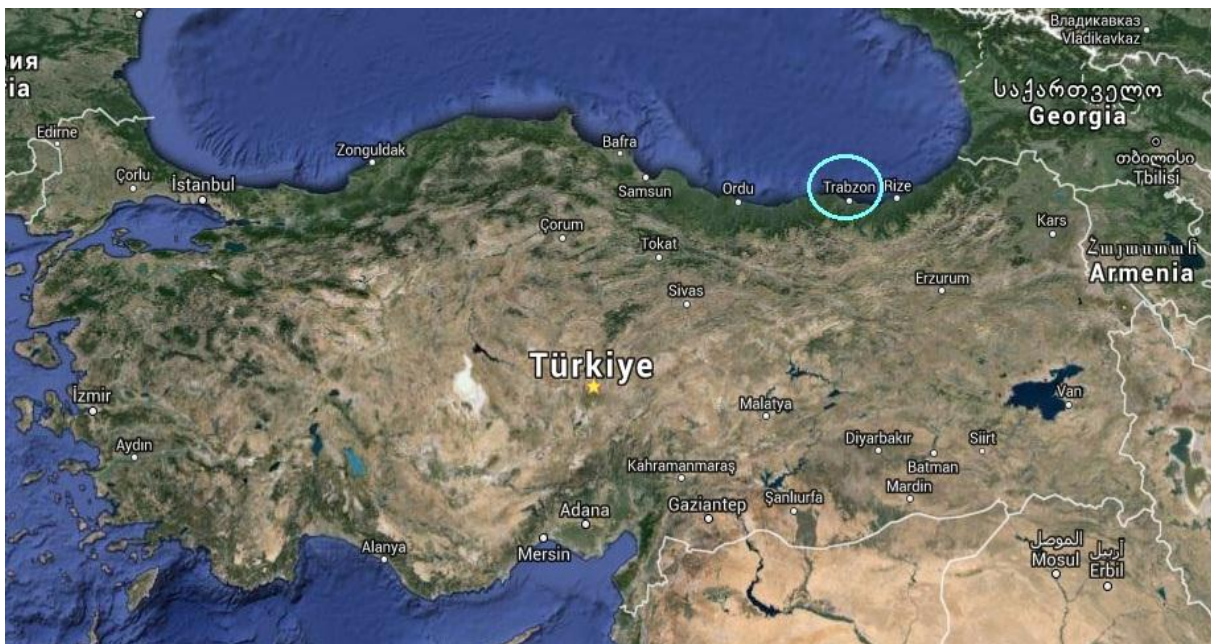
According to the real estate report for the year of 2014, which Deloitte has prepared for Turkey, one interesting topic is the Tourism Strategy of the Ministry of Culture and Tourism for the year of 2023. The target visitor number is set for 63 million and the total planned revenue (from foreign visitors) is 86 billion dollars. The aim is to enter the top 5.



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

##### 4.4.1 The City of Trabzon

The city of Trabzon has a surface area of 4,664 km<sup>2</sup>. Trabzon is surrounded by the city of Rize to the east, the city of Giresun to the west, the cities of Gümüşhane and Bayburt to the south and the Black Sea to the north. 67% of its lands consist of mountains, with 33% of these being covered with plateaus; the mountains located to the south of the city reach all the way to the coast, in the forms of valleys between ridges, intermittently covering areas amounting to 2.000 m<sup>2</sup>. Rich in underground natural resources, the city of Trabzon possesses mines that have been operating since the 17<sup>th</sup> century and are still being operated by local and foreign companies, in the present day.



*Provincial Map of Trabzon and its location in Turkey*

In accordance with the Address Based Population Registration results, the population of Trabzon is of 766.782. The economy of the city is mostly based on livestock and agriculture; whereas 65% of the population earns their living from these activities, the remaining 35% is employed in areas such as commerce, industry, handcraft, transportation, construction and other service industries.

Even though the city of Trabzon is a culturally and socially developed city, it could not yet achieve a desired economic progression. Simultaneously, the city has a significant role in air transportation, on account of being the only city with an airport in the Eastern Black Sea region.

Tea and hazelnuts are important livelihoods of the region. Moreover, the livestock production has more of a focus on dairy and dairy products. Despite the fact that fishing constitutes another major source of income for the city of Trabzon, fish production has suffered a perceivable decline as a result of the continuous pollution of the Black Sea.

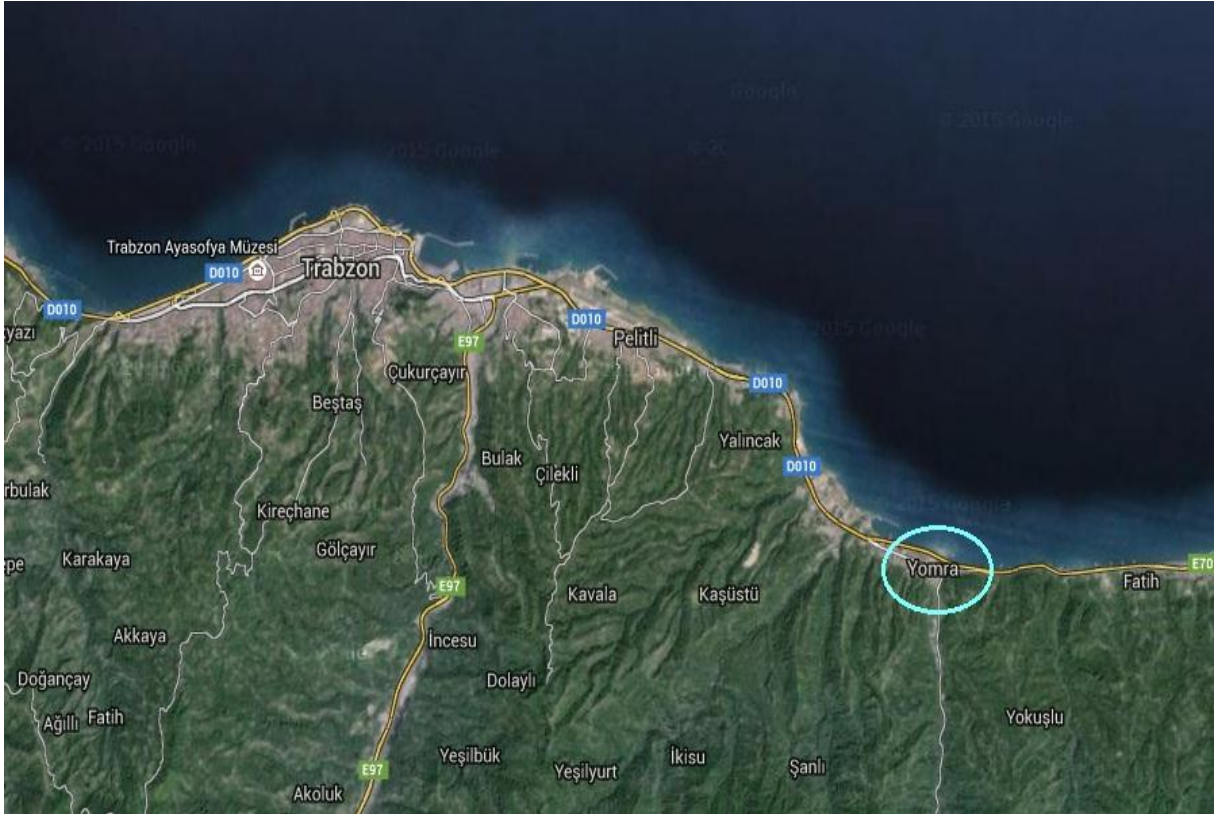
As an alternative to maritime fishing, there are 85 Trout Facilities operating in the inland water sources today.

Predominant goods, which are being produced in the city and can be considered as an industry, consist of flour and bran, dairy products, fish oil, ready wear and outfits, shoes, wood, concrete poles, tires and rubber products, PVC tubes, copper, zinc, lead, aluminum, lead products, tubes, galvanized sheet, brick, metal, automotive supply industry and surgical stitches.

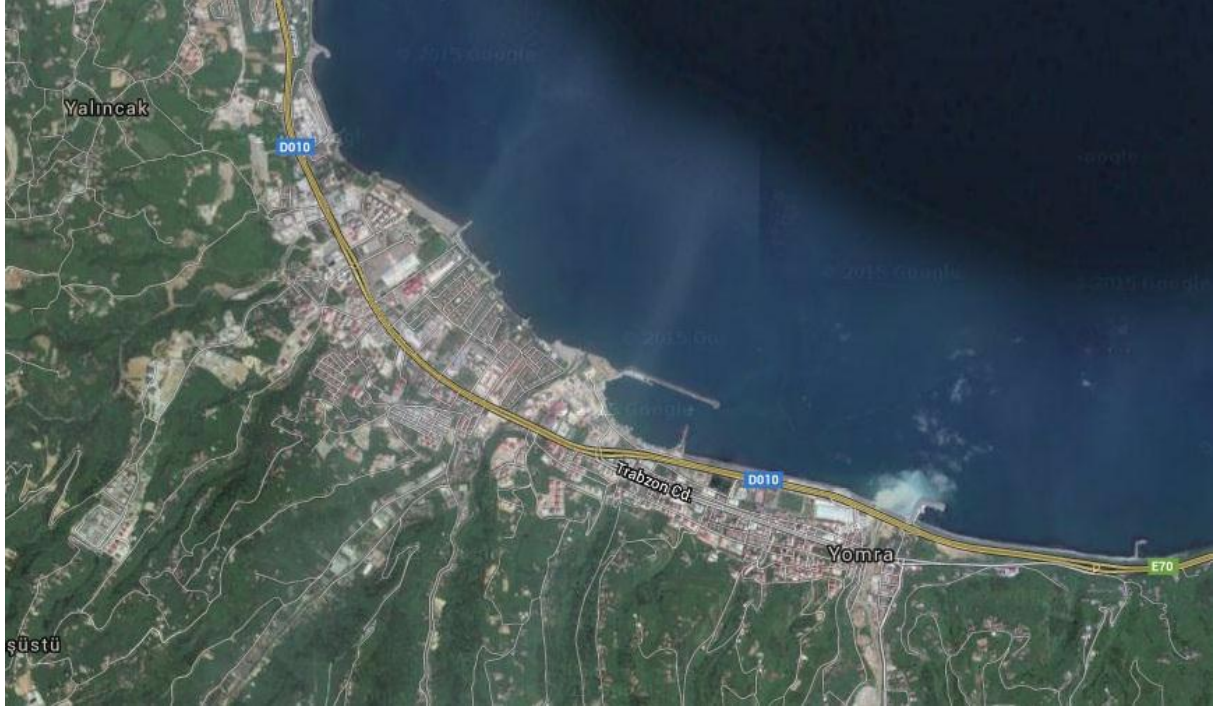
There are more than 350 industrial enterprises, small and big. The number of employees in these industries is of approximately 22.000 people, based on the city population.

#### 4.4.2 The District of Yomra

The district of Yomra is situated at 15 km north of Trabzon and has an area of 207km<sup>2</sup>. To the north of the district is the Black Sea and the Yalincak Ridges to the west, while to the east it reaches 250 m eastwards along the Harmanlı River, in a way that covers the lower part of the Zil stream.







*The Location of the District of Yomra*

At the southern end is the district of Arsin and the Kilise (Church) Hills at an altitude of 2213 m; the district of Maçka is located at its southern borders, as well. The district displays the typical Eastern Black Sea climate. The fact that the land inclination is regular from the coast to the interior results in the maritime climate affecting the interior region. However, due to the elevation, different climatic characteristics can be observed at the coast, interior and heights.

The temperature drops 0,5 degrees every 100 meters. Accordingly, if the center of Yomra reaches 10 degrees during winter, the Sirhanlı Highlands are below zero. The fact that the land and mountains are open to the northwest winds is interpreted as being the primary factor to change the humid air of the Black Sea into rain. The average annual temperature is of 14.6 degrees. Moderate climate is dominant in the area.

The district of Yomra is comprised of 4 municipalities and has a total of 18 neighborhoods and 17 villages, 4 in the Central Municipality, 6 in the Özdil Municipality, 3 in the Kaşüstü Municipality and 5 in the Oymaltepe Municipality.

According to the population data obtained from the Turkish Statistical Institution 2014, the population of the district is 32.394. This number constitutes 4.2% of the population of Trabzon.

Yomra is at a distance of 10 km from the center of Trabzon and 7 km to the Airport and the Black Sea Technical University. With the construction of the coastal road that transverses the city to the north, traffic density has been relieved in the center; thus, a low traffic density can be observed in the district.

Within the borders of the district are the Novotel, the Saylamlar Hotel, the Sandal Hotel, the Palace of Justice of Trabzon, the Dünya Ticaret Merkezi (World Trade Center), sales and services for a number of car brands, furniture dealers, fish farms, the Cevahir Outlet Shopping Mall, the Deepomar Shopping Mall, Petrol Office, Shell, BP and Opet gas stations, as well as the Petrol Ofisi Fuel Storage Center for the Eastern Black Sea and Eastern Anatolia region.

Furthermore, the Eurasia University campus, which is the first Foundation University of Trabzon, is located within the district, along with the Student Dorms of the Credit and Dormitories Institution with a capacity for 4.000 students.

#### **4.4.3 Information Regarding the Tourism Industry in Trabzon and the Hotel Market**

Trabzon is a city that goes beyond the traditional tourism based solely on the “sea, beach and sun” trio, possessing “alternative tourism” options. The first aspect to consider should be “nature tourism”. The tourism potential of the city relies heavily on nature and culture, containing various other tourism opportunities, as well. A variety of works in the city center and its surrounding areas, which include cultural spaces, tourism centers, special nature protection areas, in addition to the applicability of eco-tourism, can serve as an example of the diversity. Moreover, with the qualified facilities coming along, the progresses in the congress tourism area in recent years, as well as the health institutions, have helped to boost the tourism in the city.

The tourism industry in the city of Trabzon primarily depends on domestic tourism. However, in recent years, foreign tourists have shown considerable interest in the region, especially from Middle Eastern and the Arab countries. Existing demand contributed tourism economy of the region significantly, therefore, investors focuses on tourism sector. There are hotels in the region that are planned and will be constructed in 2016.

In accordance with the data obtained from the Provincial Directorate of Culture and Tourism, the area currently has 34 accommodation facilities with an operating permit and 17 accommodation facilities with a municipality permit. Among the facilities with an operating permit, there are two 5 Star Hotel, five 4 Star Hotels, seven 3 Star Hotels, eight 2 Star Hotels and one mountain lodge accommodation facility. Besides 5 Star Ramada Hotel and Hilton Garden Inn serve for both Trabzon and nearby districts. When the room prices are verified, it has been noted that the prices vary with regard to the room type. Breakfast included prices for analyzed 4 and 5 Star hotels are in between 190 – 290 TL. Tourism data of Trabzon is presented on the table below.

TESİSLERE GELİŞ, GECELEME, ORTALAMA KALİŞ SÜRESİ VE DOLULUK ORANININ İLLERE VE İLÇELERE GÖRE DAĞILIMI (2014)  
Number of Arrivals, Nights Spent, Average Length of Stay and Occupancy Rates of Establishments by Provinces and Districts

İLLER Provinces	İLÇELER Districts	TESİSE GELİŞ SAYISI Number of Arrivals			GECELEME Nights Spent			ORTALAMA KALİŞ SÜRESİ Average Length of Stay			DOLULUK ORANI(%) Occupancy Rate		
		YABANCI Foreigner	YERLİ Citizen	TOPLAM Total	YABANCI Foreigner	YERLİ Citizen	TOPLAM Total	YABANCI Foreigner	YERLİ Citizen	TOPLAM Total	YABANCI Foreigner	YERLİ Citizen	TOPLAM Total
TRABZON													
	Akçaabat	2 292	20 432	22 724	4 438	24 467	28 905	1.9	1.2	1.3	4.21	23.19	27.39
	Çaykara	3 536	6 485	10 021	11 354	9 479	20 833	3.2	1.5	2.1	19.32	16.13	35.44
	Maçka	6 848	44 877	51 725	14 884	67 465	82 349	2.2	1.5	1.6	8.01	36.33	44.34
	Of	1 728	12 360	14 088	2 304	13 392	15 696	1.3	1.1	1.1	6.31	36.69	43.00
	Yomra	20 185	18 146	38 331	35 455	25 337	60 792	1.8	1.4	1.6	24.28	17.35	41.64
	Ortahisar	30 879	115 983	146 862	107 676	172 363	280 039	3.5	1.5	1.9	14.34	22.95	37.29
	Toplam	65 468	218 283	283 751	176 111	312 503	488 614	2.7	1.4	1.7	13.72	24.35	38.07

## 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 is located at the postal address of Cumhuriyet Neighborhood, Devlet Karayolu Avenue, No: 17, Kaşüstü – Yomra / Trabzon and situated at the Block No: 209 and Plot No: 12. Inside the plot is the operating 4 Star NOVOTEL.





The real estate is accessed from the Trabzon – Rize Highway and is located on the coast line, at the 13<sup>th</sup> km when following the highway from Trabzon to Rize, 5 km after the Trabzon Airport, on the left of the highway, approximately 300m inland. The Trabzon Dünya Ticaret Merkezi (World Trade Center) and the Cevahir Outlet Shopping Mall are in close proximity of the real estate. Moreover, the General Directorate of State Hydraulic Works (DSI), the Eurasia University, the Petrol Office Filling Facility, the Palace of Justice, the Kanuni Education and Research Hospital, the Pear Tree Hotel, which has recently started to operate next to the highway, along with condo like residential buildings, are all situated in the area.

The town of Kaşüstü has become an area of interest, as a consequence of the development of investments such as the World Trade Center, the Novotel, the Trabzon Forum Shopping Mall and the Kanuni Education and Research Hospital with a capacity for 400 beds. One significant advantage of the town is the fact that the land is flat and ample, making it suitable for construction and, subsequently, creating the possibility for the city to develop towards Kaşüstü. Besides the low-rise villa type buildings present in the area, residential buildings with 8-9 stories have started to appear, in recent years. The real estate is easily accessed by private vehicle, as well as by public transportation.

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

City	:	Trabzon	Trabzon
District	:	Yomra	Yomra
Neighborhood	:	Cumhuriyet	Cumhuriyet
Section No	:	G43b02c1c2ad2	G43b02c1c2ad2
Block No	:	209	209
Plot No	:	12	12
Surface Area	:	13.450,31 m <sup>2</sup>	-
Owner	:	Trabzon World Trade Center Inc.	Akfen Real Estate Investment Trust Inc.
Type	:	Concrete Hotel Building, its Appurtenances and Land	Independent and Permanent Construction Right for the Duration of 49 Years, on behalf of Akfen Real Estate Investment Trust Inc.
Title Date	:	27.02.2008	27.02.2008
Roll No	:	389	389
Volume No	:	37	37
City	:	<b>3628</b>	<b>3630</b>

The real estate subject to the appraisal is registered at the Land Registry Directorate of Yomra, **Neighborhood of Cumhuriyet, with the volume no: 37, page no: 3628**. It consists of a “Concrete Hotel Building, its Appurtenances and Land” type and the owner is “Trabzon World Trade Center Inc.”

The real estate in question has been established as an *Independent and Permanent “Construction Right”* for the duration of 49 years, on behalf of Akfen Real Estate Investment Trust Inc.; additionally, it has been registered on the **page number 3630 (Neighborhood of Cumhuriyet, volume no: 37)** at the land registry book. Land registry information relative to the real estate found in both pages of the land registry book has been provided above, while the restrictions are provided below.

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

From the survey performed at the Land Registry Directorate of Yomra, on the date of 09.12.2015, at 11:30 local time, the following restrictions, in regards to the real estate subject to this appraisal, have been provided below, pursuant to the land registries dated 03.12.2014.

#### **Statements Section**

- Subject to the application of the Article number 22 of the Law number 3402, 2<sup>nd</sup> clause, paragraph (a), dated 11.03.2014 and Roll No: 682

#### **Appurtenances Section**

- Construction Right: Establishment of Independent and Permanent Construction Right for the duration of 49 years, on behalf of Akfen Real Estate Investment Trust Inc., dated 27.02.2008 and Roll no:389

#### **Annotations Section**

- Lease Annotation on behalf of Tomaris Tourizm Inc. (Has been leased for the duration of 25 years by the Independent and Permanent Construction Right owner Akfen Real Estate Investment Trust Inc.) Dated 24.09.2008 and Roll no: 1761.

#### **Pledges Section**

- *A-I: Existence of a 1<sup>st</sup> 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%, until its release is announced.*

#### **Considerations:**

This mortgage is joint with Osmangazi Tapu Md. Altınova Quarteri 3198 block 67 plot, Kocasinan Tapu Md. Pervane Quarteri 2420 block 9 plot, Zeytinburnu Tapu Md. Zeytinburnu Quarter 774 block 55 plot, Şehitkâmil Tapu Md. Yaprak Quarter 5020 block 2 plot, Esenyurt Tapu Md. Yakuplu Quarter 404 block 39 plot, Akyurt Tapu Md. Balıkhisar-İmar Quarter 1843 block 5 plot, Yomra Tapu Md. Kaşüstü/Cumhuriyet Quarter 209 block 12 plot, Çınarlı Quarter 585 block 2 plot independen unit no 1, Çınarlı Quarter, 585 block 2 plot independen unit no 12.

### 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.
- It has been noted that there is an annotation of “Subject to the application of Article number 22 of the Law number 3402, 2nd clause, paragraph (a), dated 11.03.2014 and Roll No: 682” in the statement section of the real estate.

#### **The Article Number 22 of the Land Registry Cadastral Law number 3402 is as follows:**

##### **CADASTRAL LAW**

**Law Number: 3402**

**Date of Acceptance: 21/06/1987**

Places where cadastral work has been performed previously:

##### **Article 22 – (Change: 22/02/2005 – 5304 / Article 6)**

Places that have been subject to cadastral work and land registry previously by way of survey, registry or limitation, cannot be subjected to cadastral work for a second time. If these places have been subjected to such cadastral work, this work, together with all its results, is considered invalid and a necessary process is carried out pursuant to the Turkish Civil Law number 1026. If a lawsuit is not filed in due time, the second cadastral work will be cancelled by the land registry directorate.

However, the provision described in the 1st clause is not applied in the case of the occurrence of the following;

a) With reference to the processes of the land registration, cadastral work or modification; in places where the nature of its application is lost for the purpose of correcting errors caused by limitations, measurements, drawing and calculations, where it becomes insufficient or missing due to technical reasons, or in places where the cadastral maps need to be modified for detecting a noncompliance with the actual ground borders, and in places where land registration and cadastral work have been done for the reason of corrections in the land registry,

b) In places where only land registration has been made or where renovations will be made, pursuant to the Registration Law number 2859 and the Law Regarding the Renovation of the Cadastral Section Plan, as well as in places that are subject to the Process that Will Be Applied to the Structures Against the Zoning and Slums Regulations number 2981 and to the provision of the Law Regarding the Amendment of an Article of the Zoning Law number 6785,

The areas where the (a) paragraph of the 2nd clause will be applied are determined by the General Directorate of Land Office; besides, at least 15 days before the start of the works, it is announced through the usual channels in the center of the region, as well as the center of the city it is related to; moreover, if there are any local newspapers, an announcement is also made.

Provisions of the Articles number 2, 4, 14, 17, 19 and 21, together with the paragraph (B) of the Article number 13 and the paragraphs (B), (C) and (D) of the Article 20, are not applied.

The public agencies and institutions that have been excluded in the course of the registration and cadastral works are recorded.

With regard to the forest areas that have been registered in the land registry, the ones containing maps that are in compliance with the technical maps are transferred directly to the land registry book, whereas the others are first made suitable with the technical regulations and then transferred to the land registry book.

Related statement takes place in land register but does not exist in TAKBIS register. Reason is renewal as required by law numbered 3402, article 22/A, registered as 17.11.2015-3410. Effective date: 09.10.2015. Surface area of real estate changed from 13.450,71 m<sup>2</sup> to 13.450,31 m<sup>2</sup> with implementation of 22/A.

### **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**

There is a 1<sup>st</sup> degree joint mortgage on the “Construction Right” of the Akfen Real Estate Investment Trust Inc. for an amount of 173.052.185,00 Euro, on behalf of Credit Bank Europe N.V., as well as a lease annotation for the duration of 25 years.

With regard to the mortgages mentioned in the pledges section of the real estate, referring to the construction right of the real estate; in accordance with the letter of the mortgage owner Credit Bank Europe on the date of 07.12.2015, 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 1<sup>st</sup> 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, can only institute mortgage, hypothecate or other limited rights on the assets in the portfolio throughout 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 of providing 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**

From the analysis performed on the date of 09.12.2015, at the Zoning Directorate of the Municipality of Kaşüstü of the city of Trabzon, information regarding the current zoning status with document no 50407666-10.99-2976 has been provided below:

The real estate subject to the appraisal study is found under the legend of Central Work Space “MIA” within the scope of the “Finalized Development Plan of Kaşüstü (Yomra) Trabzon” with a scale of 1/1000, by an approved Resolution with the date of 20.11.2012 and number 33. Structuring Terms, Example: 2,00-Hmax (max. height): 35m. Setback distance: in accordance with the legislation.



The 09.12.2015 dated zoning status document with no 50407666-10.99-2976, which has been obtained from the Zoning Directorate of the Yomra Municipality, has been enclosed herewith.

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

As a result of the inspection of the files regarding the real estate subject to the appraisal at the Zoning Directorate Archives of the Kaşüstü Municipality;

It has been noted that the following are present:

- 17.11.2006 dated approved architectural project
- 17.11.2006 dated Construction Permit with the number 1-11
- 27.08.2008 dated Occupancy Permit with the number 08-13

The Construction Permit and the Occupancy Permit have been enclosed herein. In accordance with the onsite surveys, there is no difference between the current and the legal statuses. The present approved architectural project is compatible with the construction permit and the 27.08.2008 dated “Occupancy Permit” with the number 08-13.

### **5.3.2 Building Inspection Institution and Maintenance**

The real estate subject to the appraisal study is not liable to the 29.06.2001 dated Law Regarding the Structure Inspection Number 4708. Pursuant to the Article number 11, the city of Trabzon is not among the pilot cities in which the Law is enforced.

*The Article Number 11 states that “The pilot cities in which this Law will be enforced are Adana, Ankara, Antalya, Aydın, Balıkesir, Bolu, Bursa, Çanakkale, Denizli, Düzce, Eskişehir, Gaziantep, Hatay, Istanbul, İzmir, Kocaeli, Sakarya, Tekirdağ and Yalova.”*

**Informational Note:** It has been established, from the construction permit, that the engineering record of the real estate in question, in relation to the structure inspection, has been done by “Rıza Nuri NALBANTOĞLU” with the address of Kahramanmaraş Caddesi, Yıldırımlar İşhanı , Kat: 2 No: 223 Trabzon; the static project has been done by “Kemal ÇAM” with the address of G. Paşa Mahallesi, Kasımoğlu Çıkmazı, Aygün Apartmanı, Kat: 3, No: 19 Trabzon; the electrical project has been done by “Mustafa Yılmaz ODABAŞ” with the address of Uzun Sokak, Tabakhane Yolu, No: 105/F Trabzon; and, lastly, the mechanical inspection project has been done by “Şaban BÜLBÜL” with the address of Uzun Sokak, Çinili Çarşı, Kat: 2, No: 411 Trabzon.

### **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**

With regard to the real estate subject to the appraisal study, in the finalized development plan with the approval date of 01.02.2006 and a scale of 1/1000, for the area of Yomra – Kaşüstü, when the

zoning legend was “Congress Area, Expo and Fair Area, Central Work Area, Tourism Accommodation Area, Fuel Station, Sports Facility Area, Public Building Area”, it has been determined that its legend has been altered within the scope of the “Kaşüstü (Yomra) Trabzon Revision Finalized Development Plan” with the 20.11.2012 dated Resolution and number 33, along with a scale of 1/1000, into Central Work Area “MIA”; however, it has additionally been noted that the structuring terms did not suffer any changes. (Example: 2,00 – Hmax (max height): 35m, Setback Distance: In accordance with the legislation)

#### **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 and their types have been classified, with regard to the hotel real estate subject to the appraisal. The real estate in question is registered in the land registry book as “CONCRETE HOTEL BUILDING, ITS APPURTANENCES AND LAND”.

#### **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**

With regard to the real estate subject to the appraisal study, in the finalized development plan with the approval date of 01.02.2006 and a scale of 1/1000, for the area of Yomra – Kaşüstü, when the zoning legend was “Congress Area, Expo and Fair Area, Central Work Area, Tourism Accommodation Area, Fuel Station, Sports Facility Area, Public Building Area”, it has been determined that its legend has been altered within the scope of the “Kaşüstü (Yomra) Trabzon Revision Finalized Development Plan” with the 20.11.2012 dated Resolution and number 33, along with a scale of 1/1000, into Central Work Area “MIA”; however, it has additionally been noted that the structuring terms did not suffer any changes.

The approved architectural project, the construction permits and the occupancy permits, concerning the current building on the plot, are readily available; furthermore, it has been determined that there are no obstacles that prevent the real estate from being included in the Real Estate Investment Trusts portfolio, 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 a “Concrete Hotel Building, its Appurtenances and Land” type of real estate, with an area of 13.450,71 m<sup>2</sup>, located in the city of Trabzon, district of Yomra, at the address of Neighborhood of Kaşaüstü/Cumhuriyet, Block No: 209, Plot No: 12. There currently is a concrete building in the plot being operated under the name of NOVOTEL, constructed in an attached manner, as a mono block, with a basement floor + ground floor + 5 regular floors.

The total gross construction area specified in the architectural project, as well as in the construction permit and the occupancy permit belonging to the real estate subject to the appraisal study, is of 15.232,00 m<sup>2</sup>. Since the real estate has been constructed in accordance with the approved architectural project, this area has been based on the appraisal report.

NOVOTEL Structural Construction and Interior Construction Characteristics	
Total Construction Area	
Age	6
Construction Type	Concrete
Roofing System	Terrace Roof
Construction Manner	Detached
Number of Floors	7 Story (Basement Ground Floor + 5 Regular
Façade	Ceramic
Electricity	Grid Connection
Heating system	Central Heating
Water	Grid Connection
Sewage	Grid Connection
Elevator	5 Elevators (1 Elevator, 2 Staff elevators, 2
Ventilation System	Available
Fire Escape	Available
Fire Extinguisher System	Available
Car Park	Available (Open Car Park)
Ground	Wall to wall carpet, ceramic, granite
Walls	Satin Paint, ceramic tile, laminate and wall paper
Joinery	Exterior Joineries in Aluminum, Interior Joineries
Ceiling	Suspended Ceiling
Heating	Central
Illumination	Wall lamps, chandeliers, floor lamps, spot lightening and fluorescent

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

According to the onsite surveys and pursuant to the architectural project; the basement floor consists of the laundry, storage, technical service rooms, boiler room, machine room, fire hydrant system room, two units of 90+90 tons of water tanks connected to the fire extinguisher systems and shelter; the ground floor consists of the reception area, lobby, restaurant – bar, foyer area, conference rooms that are capable of being divided depending on the need and demand, W.C.'s, health centers (closed pool, sauna, steam bath and fitness area), 2 stores, prayer room, kitchen, system room, security room, administrative office; the 1<sup>st</sup> floor consists of 28 rooms + hotel management office, staff dining hall, infirmary, locker rooms; the 2<sup>nd</sup> and 3<sup>rd</sup> floors consist of 39 rooms, one of them being a suite, floor service rooms and electric board room; the 4<sup>th</sup> and 5<sup>th</sup> floors consist of 46 rooms, one of them a suite, floor service rooms and electric board room. The hotel has a total of 200 rooms. There are 4 types of rooms, comprised of standard, corner, suite and disabled. The flooring in the rooms are wall to wall carpet, the walls are partially painted and partially covered with wall paper. The walls and floors in the bathrooms are ceramic. The rooms contain television,



hair dryer, telephone, mini bar, safe and internet connection. Depending on the room type, the rooms have shower or bath tubs. The illumination is provided with decorative wall lamps. The building has generator, water tanks and fire and security systems.

The terrace floor has an enclosed area of 61 m<sup>2</sup>, while the remainder consists of open areas. The open areas in the terrace contain technical equipment (air conditioning/heating/ventilation) belonging to the hotel.

Basement Floor	2.340,56 m <sup>2</sup>
Ground Floor	4.568,27 m <sup>2</sup>
1 <sup>st</sup> Regular Floor	1.755,78 m <sup>2</sup>
2 <sup>nd</sup> Regular Floor	1.517,07 m <sup>2</sup>
3 <sup>rd</sup> Regular Floor	1.517,07 m <sup>2</sup>
4 <sup>th</sup> Regular Floor	1.736,45 m <sup>2</sup>
5 <sup>th</sup> Regular Floor	1.736,45 m <sup>2</sup>
Terrace Floor	61,12 m <sup>2</sup>
<b>TOTAL</b>	<b>15.232,77 m<sup>2</sup></b>

- The plot where the hotel subject to this appraisal is located consists of the 1<sup>st</sup> Plot with a façade to the Black Sea, having a façade of 165m to the beach.
- The back garden area of the plot, outside of the building area, has been arranged to be a landscape and has been observed to be in excellent condition. This area has been noted to contain a children park, tennis courts, beach-bar and lounge areas.
- The empty spaces on the front side of the hotel where the entry is situated have been arranged as open parking lots.

## **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 owner of the property is Trabzon World Trade Center Inc. and the real estate has a “Construction Right” for the duration of 49 years, on behalf of Akfen Real Estate Investment Trust Inc.
- An Independent and Permanent “Construction Right”, valid until the year of 2057, has been registered on a separate page of the land registry book.
- All of the required permits and documents (construction permit and occupancy permit) have been obtained and duly classified.
- The Hotel has a façade towards the Black Sea, with a view to the sea and to the landscape.
- The Hotel is situated on the Black Sea coastal road, close to the Trabzon Airport and to the city center; in addition, it is easily accessible.
- The city of Trabzon is developing towards the Yomra – Kaşüstü region. Public agencies and institutions, such as the Palace of Justice, the Trabzon World Trade Center, the Kanuni Education and Research Hospital, the Eurasia University and the General Directorate of State Hydraulic Works are all located in the vicinity of the real estate. Furthermore, new residential estates projects are being developed in the area.
- The real estate does not have any infrastructural problems. It benefits from all urban services.
- The lessee is a brand belonging to the international hotel operating company, Accor Group, operating as a 4 Star Hotel under the brand name of NOVOTEL. The lease agreement, which has been signed with this company for the duration of 25 years, has been annotated in the land registry book.
- The Hotel located in the city of Trabzon, which is more prominent in the nature tourism industry, is also at an advantage for the more traditional summer tourism due to its location.
- The region has witnessed an increase in demand and interest in recent years, especially from the Middle East and Arab countries. The number of foreign visitors in the region has increased.

### Weaknesses

- The real estate is located at 300 m inland of the Trabzon – Rize coastal road; thus, it has low perceptibility.
- The hotel does not have a closed car park. Currently, there is only an open car park available.

### Opportunities

- The region of Yomra – Kaşüstü, where the real estate is situated, is a developing area of the city of Trabzon and is determined to be in demand. At a distance of approximately 500 m from the real estate, the 5 Star Pear Tree Hotel has started to provide services next to the Black Sea coastal road.
- There is an increasing interest in the area, especially from the Middle East and the Arab countries. This situation helps to increase the occupancy rates during the months of APRIL – OCTOBER.

### Threats

- Fund transfers are expected to be increased by USA Central Bank after ending monetary easing. This situation generally may influence real estate market negatively.
- There are 5 Star hotel investments in the region, which are planned or already invested for next years.
- It was found out that 5 Star hotel will be constructed over parcel placed on southwest front.

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

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

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

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

### **6.4.1 Exemplary Approach**

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

Residential zoning, which are for sale, has been obtained in the vicinity of the plot subject to the appraisal study

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

Land examples with commercial and residential zoning, located in the vicinity of the plot subject to the appraisal study, have been listed in the table below.

EXAMPLE	Location	Charactersitics	Area (m <sup>2</sup> )	Price (TL)	Unit Price per m <sup>2</sup> (TL)	Source
Example 1	Kaşüstü Cumh. Mah. 209 block 6 plot, Cevahir Outlet Shopping Mall Land	MİA Zoned	61.682	104.859.400	1.700	Yomra National Real Estate Service 0462 341 11 54
Example 2	Kaşüstü Cumh. Quarter Near to Ramada Hotel 500 m far from coast	Residence Zoned E=1.00	1200	1.800.000	1.500	Telal Real Estate 0549 445 26 66
Example 3	Kaşüstü Cumh. Quarter beachside villa parcel	Residence Zoned Taks: 030, Hmak: 9.50	625	1.250.000	2.000	Telal Real Estate 0549 445 26 66
Example 4	At the center of Yomra residence area land on the street	Residence Zoned 5 Kat Konut Alanı	530	750.000	1415	Çözüm Group Real Estate 0462 335 14 14
Example 5	At the exit of Yomra available land for residence or hotel	Land over which residence or hotel can be constructed	5.400	5.500.000	1018	Property Owner 0542 323 92 54

LAND EXAMPLE APPRAISAL TABLE										
	Example 1		Example 2		Example 3		Example 4		Example 5	
Area (m <sup>2</sup> )	61.682	m <sup>2</sup>	1.200	m <sup>2</sup>	625	m <sup>2</sup>	530	m <sup>2</sup>	5.400	m <sup>2</sup>
Price Asked (TL)	104.859.400		1.800.000		1.250.000		750.000		5.500.000	
Bargain Price (TL)	104.859.400		1.710.000		1.187.500		712.500		5.225.000	
Location Correction (+-%)	-30%		10%		-25%		25%		-25%	
Surface Area Correction (+-%)	25%		-10%		-20%		-20%		-5%	
Zoning Status Correction (+-%)	0%		-20%		-20%		-20%		0%	
Construction Right Correction	0%		0%		0%		0%		0%	
Adjusted Price per Unit	1785	TL/m <sup>2</sup>	1710	TL/m <sup>2</sup>	3135	TL/m <sup>2</sup>	1546	TL/m <sup>2</sup>	1258	TL/m <sup>2</sup>
Example Average(TL/m2)	1.572									



- Example 1 is a land, which is MİA zoned and have Cevahir Outlet AVM building. Authorities in National Real Estate stated that land value of real estate was determined again in 2015 and related report stated that unit m<sup>2</sup> value is 1700TL./m<sup>2</sup>.
- Possible room for negotiation, selling-buying costs and commission of real estate agent were taken into consideration.
- It was seen that prices change according to location and position of residence zoned lands and there is not particular price range considering investigations and examples above.
- Even though this data limitation, according to the onsite surveys and in light of the fact that the location, position and surface area of the real estate affect, in a positive manner, where the facility used as a hotel is situated, the price per unit of the land has been estimated to be around 1.572 TL ≈ 1.600 TL / m<sup>2</sup>.
- 1/3 of the price unit per m<sup>2</sup> of the land has been acknowledged as the bare ownership value and 2/3 have been acknowledged as the construction right value.
- The total lease right for the duration of 49 years has been calculated by comparing the remaining lease duration, on the date that this report has been prepared, to the total duration time, and determining the unit price per m<sup>2</sup> of the right of construction.

Price per Unit Land Value of the Remaining Time for the Right of Construction* (TL)	874
Size of the Land	13.450,31
Total Land Value (TL)	11.755.954
Total Land Value (Euro)	3.804.762
Unit Land Value	1.600
Right of Construction Value Rate	2/3
Remaining Time for Right of Construction (YEARS)	40,15
Price per Unit Land Value of the Remaining Time for the Right of Construction * (TL)	874
<p>* 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 is calculated in order to determine the current unit value of the land for the right of construction.</p>	
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	=(1.600 TL x 2/3 x 40,15 /49)

#### Professional opinion of Appraiser:

As a result of the surveys performed, it has been observed that there is no land stock with “Tourism Facility Zoning” in the area of the real estate subject to the appraisal; for this reason, a concrete land example with similar characteristics could not be provided. In view of the onsite research and interviews, it has been noted that, in consideration of the above provided examples, the prices asked for the land examples with residential zoning vary according to their location and position; moreover, there is no specific price range available.

Even though this data limitation, in accordance with the onsite surveys and in light of the location, position, plot surface area, “MIA” zoning status, formation of its surroundings, having a revenue generating hotel on the plot, having obtained all of the required permits and licenses and having done their classifications with regard to the real estate subject to the appraisal, it has been established, considering its legal status and the prices of the surrounding lands with residential zoning, that the land unit price per m2 is **1.600 TL / m2**. Land unit price per m2 for the remaining construction right duration has been calculated as **874 TL**.

#### 6.4.2 Cost Approach

The building cost values in this analysis, with the cost generation approach, the technical specifications of the buildings, the material and labor quality that has been employed during the

construction of the buildings, the construction values of the buildings that have similar characteristics in the market, the industry experience relative to similar hotel costs and the construction costs in relation to the real estate subject to the appraisal submitted by Akfen Real Estate Investment Trust Inc. have been taken into consideration.

#### **COST TABLE (LAND+BUILDING)**

	<b>NOVOTEL FLOOR AREAS (m2)</b>	<b>UNIT COSTS (€)</b>	<b>TOTAL COST (€)</b>	<b>AMORTIZED TOTAL COST (€)</b>
<b>Basement Floor</b>	2.341	500	1.170.280	1.123.469
<b>Ground Floor</b>	4.568	1.200	5.481.924	5.262.647
<b>1<sup>st</sup> Regular Floor</b>	1.755	1.200	2.106.216	2.021.967
<b>2<sup>nd</sup> Regular Floor</b>	1.517	1.200	1.820.484	1.747.665
<b>3<sup>rd</sup> Regular Floor</b>	1.517	1.200	1.820.484	1.747.665
<b>4<sup>th</sup> Regular Floor</b>	1.736	1.200	2.083.740	2.000.390
<b>5<sup>th</sup> Regular Floor</b>	1.736	1.200	2.083.740	2.000.390
<b>Terrace Floor</b>	61	500	30.560	29.338
<b>TOTAL CONSTRUCTION COST</b>	<b>15.232</b>		<b>16.597.428</b>	<b>15.933.531</b>
<b>External Miscellaneous Works (***) (€)</b>				500.000
<b>TOTAL STRUCTURE VALUE (€)</b>				<b>16.433.531</b>
<b>LAND VALUE (€)</b>				<b>3.804.762</b>
<b>TOTAL VALUE (€)</b>				<b>20.238.293</b>

(\*) 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 27.08.2008. 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.

#### **6.4.3 Cost Discount / Development Approach**

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

##### **NOVOTEL PROJECTION:**

- The hotel subject to the appraisal has a capacity for 140 rooms.
- It has been estimated that the occupancy rate of the hotel in the year of 2016 will be of 77% and that this rate will increase until the year of 2018, which will then reach 80%, 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 85 EUR, in the year of 2016. 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 68% of the total revenue, whereas the total department revenues will be around 32%.
- It has been acknowledged that the Gross Operating Profit (GOP) of the Hotel for the year of 2015 will be of 46%, that it will increase to 48% from the year of 2021 and that it will increase to 50% in the year of 2026, remaining stable in the following years.
- It has been noted that the Real estate tax cost is of 38.983 Euro. The Real estate tax value increases 3% annually.
- According to the information obtained from Akfen Real Estate Investment Trust Inc, it has been acknowledged that the insurance value for the year of 2016 will be of 12.864 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.
- Furniture Fixture Renovation Reserve has been obtained by reason of the agreements executed with ACCOR; as a result, it has been determined that the rate will consist of 3,5% of the annual gross revenue.
- With regard to the 30.10.2008 dated agreement signed between Trabzon World Trade Center Inc. and Akfen Real Estate Investment Trust Inc.; in relation to the Construction Right value, no payment will be made in the first five years; moreover, the value has been calculated to be of 50.000 USD between the 6<sup>th</sup> and 10<sup>th</sup> years, of 75.000 USD between the 11<sup>th</sup> and 15<sup>th</sup> years, of 100.000 USD in the 16<sup>th</sup> year and, from the 17<sup>th</sup> year until the end of the 49<sup>th</sup> year, the value will continue to be of 100.000 USD with an additional annual 1.000 USD.
- In the case that no agreements are signed until the end of the 49 years duration period, Akfen Real Estate Investment Trust Inc. has agreed to empty and transfer the real estate.
- In the appraisal study, the 10 year Eurobond interest rate of 4,80% has been employed as the “Risk Free Revenue Rate”. (In this appraisal study, the most-ready 10 year EURO base Eurobond revenue rate has been employed as the risk free revenue rate.)
- Uncertainty in investments is related with the concept of risk. Height of risk is explained as possibility of low gained revenue than expected. There are two types of risks: systematic risk

and unsystematic risk. Systematic risks are classified as interest rate, purchase power risk (inflation), market risk, political risk, exchange risk. Unsystematic risks are classified as business and sector risk, liquidity risk, management risk, risk of cannot fulfill responsibilities, taxation and revenue differences risk. Additional warrant to meet mentioned risk is risk prim. It can be calculated as difference in expected revenues of a risked property and less risked property. In 2006, rebound of economic growth is expected for rising markets and developing economies. Risks balance is still downwards.

- Invested money for immovable is founder element of capital rate. It is defined also as expected average revenue rate or interest rate. Average expected rate from immovable investments must not be less than revenue of safe lending. Accordingly, reduction ratio is determined as 9,5% for “operating model cash flow”.
- In the course of the studies, the exchange rate for 1 EUR has been acknowledged at 2,8035 TL, in accordance with the 02.11.2015 dated buying rate exchange of the Central Bank of Turkey.
- It has been assumed that all payments are made in cash.
- Throughout the course of the studies, the Euro Zone inflation rate of 2,5% has been employed as the inflation rate.
- In net present value calculations, mid-year factor (0,5) was considered to present more realist value.
- Within the scope of the International Valuation Standards (IVSC), taxes and VAT have not been included in the studies.



Yıl	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
Tarih	31.12.2015	31.12.2016	31.12.2017	31.12.2018	31.12.2019	31.12.2020	31.12.2021	31.12.2022	31.12.2023	31.12.2024	31.12.2025	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
Sözleşme Süresi	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28
<b>REVENUES</b>																						
<b>ROOM REVENUES</b>																						
Annual Average Occupancy Rate, %		77%	79%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%
Average Room Price, EUR		85	87	89	92	94	96	99	101	104	106	109	112	114	117	120	123	126	129	133	136	139
Total Room Revenues		4.777.850	4.995.242	5.222.526	5.353.089	5.486.916	5.624.089	5.764.691	5.908.808	6.056.529	6.207.942	6.363.140	6.522.219	6.685.274	6.852.406	7.023.716	7.199.309	7.379.292	7.563.774	7.752.869	7.946.690	8.145.358
<b>DEPARTMENT REVENUES</b>																						
Total Department Revenues		2.258.748	2.361.521	2.468.970	2.530.694	2.593.962	2.658.811	2.725.281	2.793.413	2.863.248	2.934.830	3.008.200	3.083.405	3.160.491	3.239.503	3.320.490	3.403.503	3.488.590	3.575.805	3.665.200	3.756.830	3.850.751
<b>TOTAL REVENUES</b>																						
		7.036.598	7.356.763	7.691.496	7.883.783	8.080.878	8.282.900	8.489.972	8.702.222	8.919.777	9.142.772	9.371.341	9.605.624	9.845.765	10.091.909	10.344.207	10.602.812	10.867.882	11.139.579	11.418.069	11.703.521	11.996.109
<b>EXPENSES</b>																						
<b>DEPARTMENT EXPENSES</b>																						
Total Department Expenses		2.766.438	2.892.311	3.023.912	3.099.509	3.176.997	3.143.940	3.222.539	3.303.102	3.385.680	3.470.322	3.366.186	3.450.340	3.536.599	3.625.014	3.715.639	3.808.530	3.903.743	4.001.337	4.101.370	4.203.905	4.309.002
Net Department Expenses		4.270.159	4.464.452	4.667.584	4.784.274	4.903.881	5.138.960	5.267.434	5.399.119	5.534.097	5.672.450	6.005.155	6.155.284	6.309.166	6.466.895	6.628.568	6.794.282	6.964.139	7.138.242	7.316.699	7.499.616	7.687.106
<b>OPERATING EXPENSES</b>																						
General Management Expenses		492.562	514.973	538.405	551.865	565.661	579.803	594.298	609.156	624.384	639.994	655.994	672.394	689.204	706.434	724.094	742.197	760.752	779.771	799.265	819.246	839.728
Marketing		105.549	110.351	115.372	118.257	121.213	124.243	127.350	130.533	133.797	137.142	140.570	144.084	147.686	151.379	155.163	159.042	163.018	167.094	171.271	175.553	179.942
Energy		422.196	441.406	461.490	473.027	484.853	496.974	509.398	522.133	535.187	548.566	562.280	576.337	590.746	605.515	620.652	636.169	652.073	668.375	685.084	702.211	719.767
Total Operating Expenses		1.020.307	1.066.731	1.115.267	1.143.149	1.171.727	1.201.020	1.231.046	1.261.822	1.293.368	1.325.702	1.358.844	1.392.816	1.427.636	1.463.327	1.499.910	1.537.408	1.575.843	1.615.239	1.655.620	1.697.010	1.739.436
GROSS OPERATING PROFIT		3.249.853	3.397.721	3.552.317	3.641.125	3.732.153	3.937.939	4.036.388	4.137.297	4.240.730	4.346.748	4.646.311	4.762.469	4.881.530	5.003.569	5.128.658	5.256.874	5.388.296	5.523.003	5.661.079	5.802.605	5.947.671
<b>FIXED EXPENSES</b>																						
Real Estate Tax		38.983	40.153	41.357	42.598	43.876	45.192	46.548	47.944	49.383	50.864	52.390	53.962	55.581	57.248	58.965	60.734	62.556	64.433	66.366	68.357	70.408
Insurance		12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864
Furniture Fixture and Renovation Reserve		246.281	257.487	269.202	275.932	282.831	289.901	297.149	304.578	312.192	319.997	327.997	336.197	344.602	353.217	362.047	371.098	380.376	389.885	399.632	409.623	419.864
Annual Construction Right Value (Land)		45.367	45.367	45.367	68.051	68.051	68.051	68.051	68.051	68.051	68.051	68.051	68.958	69.865	70.773	71.680	72.587	73.495	74.402	75.309	76.217	77.124
Total Fixed Expenses		343.495	355.870	368.790	399.444	407.621	416.008	424.611	433.436	442.489	451.775	462.208	472.887	483.818	495.008	506.463	518.191	530.198	542.491	555.079	567.968	581.166
TOTAL EXPENSES		4.130.240	4.314.912	4.507.969	4.642.102	4.756.345	4.760.968	4.878.196	4.998.361	5.121.536	5.247.799	5.187.238	5.316.043	5.448.053	5.583.349	5.722.013	5.864.129	6.009.784	6.159.067	6.312.069	6.468.883	6.629.604
NET OPERATING REVENUE		2.906.358	3.041.851	3.183.527	3.241.681	3.324.533	3.521.931	3.611.777	3.703.861	3.798.241	3.894.973	4.184.102	4.289.581	4.397.712	4.508.560	4.622.194	4.738.683	4.858.098	4.980.512	5.106.000	5.234.638	5.366.504
NET CASH FLOW		2.906.358	3.041.851	3.183.527	3.241.681	3.324.533	3.521.931	3.611.777	3.703.861	3.798.241	3.894.973	4.184.102	4.289.581	4.397.712	4.508.560	4.622.194	4.738.683	4.858.098	4.980.512	5.106.000	5.234.638	5.366.504



Yee	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42
Date	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	31.12.2051	31.12.2052	31.12.2053	31.12.2054	31.12.2055	31.12.2056	27.02.2057
Duration of Agreement	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49
<b>REVENUES</b>																					
<b>ROOM REVENUES</b>																					
Annual Average Occupancy Rate, %	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%
Average Room Price, EUR	143	146	150	154	158	162	166	170	174	178	183	187	192	197	202	207	212	217	223	228	234
<b>Total Room Revenues</b>	<b>8.348.992</b>	<b>8.557.716</b>	<b>8.771.659</b>	<b>8.990.951</b>	<b>9.215.725</b>	<b>9.446.118</b>	<b>9.682.271</b>	<b>9.924.327</b>	<b>10.172.436</b>	<b>10.426.747</b>	<b>10.687.415</b>	<b>10.954.601</b>	<b>11.228.466</b>	<b>11.509.177</b>	<b>11.796.907</b>	<b>12.091.829</b>	<b>12.394.125</b>	<b>12.703.978</b>	<b>13.021.578</b>	<b>13.347.117</b>	<b>2.280.133</b>
<b>DEPARTMENT REVENUES</b>																					
<b>Total Department Revenues</b>	<b>3.947.020</b>	<b>4.045.695</b>	<b>4.146.837</b>	<b>4.250.508</b>	<b>4.356.771</b>	<b>4.465.690</b>	<b>4.577.333</b>	<b>4.691.766</b>	<b>4.809.060</b>	<b>4.929.287</b>	<b>5.052.519</b>	<b>5.178.832</b>	<b>5.308.303</b>	<b>5.441.010</b>	<b>5.577.035</b>	<b>5.716.461</b>	<b>5.859.373</b>	<b>6.005.857</b>	<b>6.156.004</b>	<b>6.309.904</b>	<b>1.077.942</b>
<b>TOTAL REVENUES</b>	<b>12.296.011</b>	<b>12.603.412</b>	<b>12.918.497</b>	<b>13.241.459</b>	<b>13.572.496</b>	<b>13.911.808</b>	<b>14.259.603</b>	<b>14.616.093</b>	<b>14.981.496</b>	<b>15.356.033</b>	<b>15.739.934</b>	<b>16.133.432</b>	<b>16.536.768</b>	<b>16.950.187</b>	<b>17.373.942</b>	<b>17.808.291</b>	<b>18.253.498</b>	<b>18.709.835</b>	<b>19.177.581</b>	<b>19.657.021</b>	<b>3.358.074</b>
<b>EXPENSES</b>																					
<b>DEPARTMENT EXPENSES</b>																					
<b>Total Department Expenses</b>	<b>4.416.727</b>	<b>4.527.145</b>	<b>4.640.324</b>	<b>4.756.332</b>	<b>4.875.240</b>	<b>4.997.121</b>	<b>5.122.050</b>	<b>5.250.101</b>	<b>5.381.353</b>	<b>5.515.887</b>	<b>5.653.784</b>	<b>5.795.129</b>	<b>5.940.007</b>	<b>6.088.507</b>	<b>6.240.720</b>	<b>6.396.738</b>	<b>6.556.656</b>	<b>6.720.573</b>	<b>6.888.587</b>	<b>7.060.802</b>	<b>1.206.220</b>
<b>Net Department Expenses</b>	<b>7.879.284</b>	<b>8.076.266</b>	<b>8.278.173</b>	<b>8.485.127</b>	<b>8.697.255</b>	<b>8.914.687</b>	<b>9.137.554</b>	<b>9.365.993</b>	<b>9.600.143</b>	<b>9.840.146</b>	<b>10.086.150</b>	<b>10.338.303</b>	<b>10.596.761</b>	<b>10.861.680</b>	<b>11.133.222</b>	<b>11.411.553</b>	<b>11.696.841</b>	<b>11.989.262</b>	<b>12.288.994</b>	<b>12.596.219</b>	<b>2.151.854</b>
<b>OPERATING EXPENSES</b>																					
General Management Expenses	860.721	882.239	904.295	926.902	950.075	973.827	998.172	1.023.127	1.048.705	1.074.922	1.101.795	1.129.340	1.157.574	1.186.513	1.216.176	1.246.580	1.277.745	1.309.688	1.342.431	1.375.991	235.065
Marketing	184.440	189.051	193.777	198.622	203.587	208.677	213.894	219.241	224.722	230.340	236.099	242.001	248.052	254.253	260.609	267.124	273.802	280.648	287.664	294.855	50.371
Energy	737.761	756.205	775.110	794.488	814.350	834.708	855.576	876.966	898.890	921.362	944.396	968.006	992.206	1.017.011	1.042.437	1.068.497	1.095.210	1.122.590	1.150.655	1.179.421	201.484
<b>Total Operating Expenses</b>	<b>1.782.922</b>	<b>1.827.495</b>	<b>1.873.182</b>	<b>1.920.012</b>	<b>1.968.012</b>	<b>2.017.212</b>	<b>2.067.642</b>	<b>2.119.334</b>	<b>2.172.317</b>	<b>2.226.625</b>	<b>2.282.290</b>	<b>2.339.348</b>	<b>2.397.831</b>	<b>2.457.777</b>	<b>2.519.222</b>	<b>2.582.202</b>	<b>2.646.757</b>	<b>2.712.926</b>	<b>2.780.749</b>	<b>2.850.268</b>	<b>486.921</b>
<b>GROSS OPERATING PROFIT</b>	<b>6.096.362</b>	<b>6.248.771</b>	<b>6.404.991</b>	<b>6.565.116</b>	<b>6.729.243</b>	<b>6.897.474</b>	<b>7.069.911</b>	<b>7.246.659</b>	<b>7.427.826</b>	<b>7.613.521</b>	<b>7.803.859</b>	<b>7.998.956</b>	<b>8.198.930</b>	<b>8.403.903</b>	<b>8.614.000</b>	<b>8.829.350</b>	<b>9.050.084</b>	<b>9.276.336</b>	<b>9.508.245</b>	<b>9.745.951</b>	<b>1.664.933</b>
<b>FIXED EXPENSES</b>																					
Real Estate Tax	72.520	74.696	76.936	79.245	81.622	84.071	86.593	89.190	91.866	94.622	97.461	100.385	103.396	106.498	109.693	112.984	116.373	119.864	123.460	127.164	130.979
Insurance	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864
Furniture Fixture and Renovation Reser	430.360	441.119	452.147	463.451	475.037	486.913	499.086	511.563	524.352	537.461	550.898	564.670	578.787	593.257	608.088	623.290	638.872	654.844	671.215	687.996	117.533
Annual Construction Right Value (Land	78.939	79.846	80.753	81.661	82.568	83.475	84.383	85.290	86.197	87.105	88.012	88.919	89.827	90.734	91.641	92.549	93.456	94.363	95.271	96.178	97.085
<b>Total Fixed Expenses</b>	<b>594.683</b>	<b>608.525</b>	<b>622.701</b>	<b>637.220</b>	<b>652.091</b>	<b>667.323</b>	<b>682.925</b>	<b>698.907</b>	<b>715.279</b>	<b>732.052</b>	<b>749.234</b>	<b>766.838</b>	<b>784.873</b>	<b>803.352</b>	<b>822.286</b>	<b>841.686</b>	<b>861.565</b>	<b>881.936</b>	<b>902.810</b>	<b>924.202</b>	<b>358.461</b>
<b>TOTAL EXPENSES</b>	<b>6.794.331</b>	<b>6.963.165</b>	<b>7.136.207</b>	<b>7.313.564</b>	<b>7.495.343</b>	<b>7.681.656</b>	<b>7.872.617</b>	<b>8.068.342</b>	<b>8.268.950</b>	<b>8.474.563</b>	<b>8.685.309</b>	<b>8.901.314</b>	<b>9.122.712</b>	<b>9.349.637</b>	<b>9.582.228</b>	<b>9.820.626</b>	<b>10.064.979</b>	<b>10.315.435</b>	<b>10.572.147</b>	<b>10.835.271</b>	<b>2.051.602</b>
<b>NET OPERATING REVENUE</b>	<b>5.501.680</b>	<b>5.640.247</b>	<b>5.782.290</b>	<b>5.927.896</b>	<b>6.077.153</b>	<b>6.230.152</b>	<b>6.386.986</b>	<b>6.547.752</b>	<b>6.712.546</b>	<b>6.881.470</b>	<b>7.054.625</b>	<b>7.232.118</b>	<b>7.414.056</b>	<b>7.600.551</b>	<b>7.791.715</b>	<b>7.987.664</b>	<b>8.188.519</b>	<b>8.394.401</b>	<b>8.605.435</b>	<b>8.821.749</b>	<b>1.306.473</b>
<b>NET CASH FLOW</b>	<b>5.501.680</b>	<b>5.640.247</b>	<b>5.782.290</b>	<b>5.927.896</b>	<b>6.077.153</b>	<b>6.230.152</b>	<b>6.386.986</b>	<b>6.547.752</b>	<b>6.712.546</b>	<b>6.881.470</b>	<b>7.054.625</b>	<b>7.232.118</b>	<b>7.414.056</b>	<b>7.600.551</b>	<b>7.791.715</b>	<b>7.987.664</b>	<b>8.188.519</b>	<b>8.394.401</b>	<b>8.605.435</b>	<b>8.821.749</b>	<b>1.306.473</b>
<b>CUMULATIVE CASH FLOW</b>	<b>92.016.998</b>	<b>97.657.245</b>	<b>103.439.535</b>	<b>109.367.431</b>	<b>115.444.584</b>	<b>121.674.735</b>	<b>128.061.722</b>	<b>134.609.474</b>	<b>141.322.020</b>	<b>148.203.489</b>	<b>155.258.115</b>	<b>162.490.233</b>	<b>169.904.289</b>	<b>177.504.840</b>	<b>185.296.554</b>	<b>193.284.218</b>	<b>201.472.737</b>	<b>209.867.138</b>	<b>218.472.573</b>	<b>227.294.322</b>	<b>228.600.794</b>

<b>Risk Free Revenue Rate</b>	<b>4,80%</b>	<b>4,80%</b>	<b>4,80%</b>
<b>Risk Premium</b>	<b>4,20%</b>	<b>4,70%</b>	<b>5,20%</b>
<b>Discount Rate</b>	<b>9,00%</b>	<b>9,50%</b>	<b>10,00%</b>
<b>NET CURRENT VALUE (Euro)</b>	<b>46.667.550</b>	<b>44.009.899</b>	<b>41.602.660</b>
<b>NET APPROXIMATE CURRENT VALUE (Euro)</b>	<b>46.670.000</b>	<b>44.010.000</b>	<b>41.600.000</b>
<b>NET APPROXIMATE CURRENT VALUE (TL)</b>	<b>144.201.000</b>	<b>135.982.000</b>	<b>128.536.000</b>

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

**According to the Lease conditions documents submitted to our company by Akfen Real Estate**

**Investment Trust Inc.;**

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

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

***Renovation Reserve***

- The “Construction Right” of the hotel subject to this appraisal study belongs to Akfen Real Estate Investment Trust Inc. and the hotel is being operated by the international hotel operating company Accor Group. It has been assumed that the hotel will be operated according to the current concept, throughout the duration of the “Construction Right.
- Euro has been the currency used in the study, with an exchange rate of 1 EURO = 3,0898 TL. Throughout the course of the studies, the Euro Zone inflation rate of 2,5% has been employed as the inflation rate. It has been assumed that the facility will be operating for 365 days a year. The renovation expenses, which will be met by the investor for the lease of the hotel, have been based on the ratio of 5% of the renovation expenses calculated in the lease alternative. It was assumed that renewal studies will be conducted by tenant.
- According to the information obtained from Akfen Real Estate Investment Trust Inc., it has been acknowledged that the insurance value for the year of 2016 will be of 12.864Euro and that it will remain so, on account of the estimation made that there will not be any increases in the insurance premium by Akfen Real Estate Investment Trust Inc. in the following years.
- The lease revenue generated in relation to the hotel leased out to the Accor Group has been guaranteed with a lease agreement for the duration of 49 years. It has been assumed that the risk premiums in obtaining the lease revenue will be low for Akfen Real Estate Investment Trust Inc. and, therefore, it has been calculated accordingly. The discount rate has been estimated at 7,50% by adding a 2,70% “Risk Premium” to the 4,80% to the Risk Free Revenue.





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



Date	31.12.2015	31.12.2016	31.12.2017	31.12.2018	31.12.2019	31.12.2020	31.12.2021	31.12.2022	31.12.2023	31.12.2024	31.12.2025	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
Duration Of Agreement	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28
<b>AKFEN OBTAINED LEASE</b>																						
LEASE FROM NOVOTEL REVENUE	1.548.052	1.618.488	1.692.129	1.734.432	1.777.793	1.822.238	1.867.794	1.914.489	1.962.351	2.011.410	2.061.695	2.113.237	2.166.068	2.220.220	2.275.726	2.332.619	2.390.934	2.450.707	2.511.975	2.574.775	2.639.144	
Operator Share	281.464	294.271	307.660	315.351	323.235	331.316	339.599	348.089	356.791	365.711	374.854	384.225	393.831	403.676	413.768	424.112	434.715	445.583	456.723	468.141	479.844	
Furniture Fixture and Renvation Reserve	281.464	294.271	307.660	315.351	323.235	331.316	339.599	348.089	356.791	365.711	374.854	384.225	393.831	403.676	413.768	424.112	434.715	445.583	456.723	468.141	479.844	
NOVOTEL HOTEL AGOP	1.948.021	2.036.656	2.129.323	2.182.556	2.237.120	2.374.598	2.433.963	2.494.812	2.557.182	2.621.111	2.825.038	2.895.663	2.968.055	3.042.256	3.118.313	3.196.271	3.276.177	3.358.082	3.442.034	3.528.085	3.616.287	
<b>USED NOVOTEL LEASE REVENUE</b>	<b>1.948.021</b>	<b>2.036.656</b>	<b>2.129.323</b>	<b>2.182.556</b>	<b>2.237.120</b>	<b>2.374.598</b>	<b>2.433.963</b>	<b>2.494.812</b>	<b>2.557.182</b>	<b>2.621.111</b>	<b>2.825.038</b>	<b>2.895.663</b>	<b>2.968.055</b>	<b>3.042.256</b>	<b>3.118.313</b>	<b>3.196.271</b>	<b>3.276.177</b>	<b>3.358.082</b>	<b>3.442.034</b>	<b>3.528.085</b>	<b>3.616.287</b>	
Real Estate Tax	38.983	40.153	41.357	42.598	43.876	45.192	46.548	47.944	49.383	50.864	52.390	53.962	55.581	57.248	58.965	60.734	62.556	64.433	66.366	68.357	70.408	
Insurance	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	
Furniture Fixture and Renivation Reserve 5%	14.073	14.714	15.383	15.768	16.162	16.566	16.980	17.404	17.840	18.286	18.743	19.211	19.692	20.184	20.688	21.206	21.736	22.279	22.836	23.407	23.992	
Annual Construction Right (Land)	45.367	45.367	45.367	68.051	68.051	68.051	68.051	68.051	68.051	68.051	68.958	69.865	70.773	71.680	72.587	73.495	74.402	75.309	76.217	77.124	78.031	
<b>CASH FLOW</b>	<b>1.836.734</b>	<b>1.923.559</b>	<b>2.014.353</b>	<b>2.043.277</b>	<b>2.096.169</b>	<b>2.231.926</b>	<b>2.289.521</b>	<b>2.348.549</b>	<b>2.409.046</b>	<b>2.471.048</b>	<b>2.672.083</b>	<b>2.739.762</b>	<b>2.809.147</b>	<b>2.880.281</b>	<b>2.953.208</b>	<b>3.027.973</b>	<b>3.104.620</b>	<b>3.183.197</b>	<b>3.263.752</b>	<b>3.346.333</b>	<b>3.430.992</b>	

Date	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	31.12.2051	31.12.2052	31.12.2053	31.12.2054	31.12.2055	31.12.2056	27.02.2057
Sözleşme Süresi	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49
<b>AKFEN OBTAINED LEASE</b>																					
LEASE FROM NOVOTEL REVENUE	2.705.122	2.772.751	2.842.069	2.913.121	2.985.949	3.060.598	3.137.113	3.215.541	3.295.929	3.378.327	3.462.785	3.549.355	3.638.089	3.729.041	3.822.267	3.917.824	4.015.770	4.116.164	4.219.068	4.324.545	738.776
Operator Share	4% 491.840	504.136	516.740	529.658	542.900	556.472	570.384	584.644	599.260	614.241	629.597	645.337	661.471	678.007	694.958	712.332	730.140	748.393	767.103	786.281	134.323
Furniture Fixture and Renivation Reser	4% 491.840	504.136	516.740	529.658	542.900	556.472	570.384	584.644	599.260	614.241	629.597	645.337	661.471	678.007	694.958	712.332	730.140	748.393	767.103	786.281	134.323
NOVOTEL HOTEL AGOP	3.706.694	3.799.361	3.894.345	3.991.704	4.091.497	4.193.784	4.298.629	4.406.094	4.516.247	4.629.153	4.744.882	4.863.504	4.985.091	5.109.719	5.237.462	5.368.398	5.502.608	5.640.173	5.781.178	5.925.707	1.012.308
<b>USED NOVOTEL LEASE REVENUE</b>	<b>3.706.694</b>	<b>3.799.361</b>	<b>3.894.345</b>	<b>3.991.704</b>	<b>4.091.497</b>	<b>4.193.784</b>	<b>4.298.629</b>	<b>4.406.094</b>	<b>4.516.247</b>	<b>4.629.153</b>	<b>4.744.882</b>	<b>4.863.504</b>	<b>4.985.091</b>	<b>5.109.719</b>	<b>5.237.462</b>	<b>5.368.398</b>	<b>5.502.608</b>	<b>5.640.173</b>	<b>5.781.178</b>	<b>5.925.707</b>	<b>1.012.308</b>
Real Estate Tax	72.520	74.696	76.936	79.245	81.622	84.071	86.593	89.190	91.866	94.622	97.461	100.385	103.396	106.498	109.693	112.984	116.373	119.864	123.460	127.164	130.979
Insurance	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864	12.864
Furniture Fixture and Renivation Reserve 5%	24.592	25.207	25.837	26.483	27.145	27.824	28.519	29.232	29.963	30.712	31.480	32.267	33.074	33.900	34.748	35.617	36.507	37.420	38.355	39.314	6.716
Annual Construction Right (Land)	78.939	79.846	80.753	81.661	82.568	83.475	84.383	85.290	86.197	87.105	88.012	88.919	89.827	90.734	91.641	92.549	93.456	94.363	95.271	96.178	97.085
<b>CASH FLOW</b>	<b>3.517.780</b>	<b>3.606.749</b>	<b>3.697.955</b>	<b>3.791.452</b>	<b>3.887.298</b>	<b>3.985.551</b>	<b>4.086.271</b>	<b>4.189.518</b>	<b>4.295.357</b>	<b>4.403.851</b>	<b>4.515.066</b>	<b>4.629.069</b>	<b>4.745.931</b>	<b>4.865.723</b>	<b>4.988.516</b>	<b>5.114.386</b>	<b>5.243.408</b>	<b>5.375.662</b>	<b>5.511.228</b>	<b>5.650.187</b>	<b>764.664</b>

<b>Risk Free Revenue Rate</b>	<b>4,80%</b>	<b>4,80%</b>	<b>4,80%</b>
<b>Risk Premium</b>	<b>2,20%</b>	<b>2,70%</b>	<b>3,20%</b>
<b>Discount Rate</b>	<b>7,00%</b>	<b>7,50%</b>	<b>8,00%</b>
<b>NET CURRENT VALUE (Euro)</b>	<b>38.561.520</b>	<b>35.969.809</b>	<b>33.648.414</b>
<b>NET APPROXIMATE CURRENT VALUE (Euro)</b>	<b>38.560.000</b>	<b>35.970.000</b>	<b>33.650.000</b>
<b>NET APPROXIMATE CURRENT VALUE (TL)</b>	<b>119.143.000</b>	<b>111.140.000</b>	<b>103.972.000</b>

#### 6.4.5 Lease Value Analysis and Taxes Employed

The lease value of the construction right subject to the appraisal has been calculated taking into consideration the revenue discount method and the average cash flow value. The annual lease value of the real estate has been calculated by reducing the 1<sup>st</sup> year cash flow average to the appraisal day. According to this calculation, the annual lease value of the hotel is **2.666.000.- EUR (7.001.000- Turkish Liras)**. The discount rate has been determined to be of 9,50%.

Date	31.12.2015	31.12.2016
Annual Lease Revenue	0	2.371.546

Net Current Value of the Annual Lease Value (EURO)	2.266.000
Net Current Value of the Annual Lease Value (TL)	7.001.000

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

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

#### 6.4.7 Most Effective and Most Productive Use Analysis

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

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

There are no common spaces on the plot.

## 7 7. APPRAISAL OF ANALYSIS RESULTS

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

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

The total value in the cost method has been calculated at 20.238.293 EURO (62.532.278 TL)

As a result of the reduction 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 **44.010.000 EURO (135.982.000 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 **35.970.000 EURO (111.140.000.- TL)**. The final value of the hotel has been calculated to be **39.990.000. EURO (123.560.000.- 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 31.12.2015, 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 **2.266.000.- EURO (7.001.000-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 1<sup>st</sup> model the revenue obtained by operating the real estate without a brand name has been calculated and in the 2<sup>nd</sup> model the revenue obtained by operating by leasing it out to a brand (Accor) has been calculated. Both models are methods that are exercised in the market and, thusly, the final appraisal has been determined by calculating the average of their outcome.

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

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

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

There have not been any other appraisal studies performed by our company, with regard to the real estate subject to this appraisal analysis.

## **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**

The real estate subject to the appraisal with the “Concrete Hotel Building, Its Appurtenances and Land” nature, situated in the city of Trabzon, district of Yomra, at the address of Kaşüstü/Cumhuriyet Neighborhood, Locality of Yalı, Section Pan No: G43b02c1c2ad2, Block No: 209, Plot No: 12, with an area of 13.450,71 m<sup>2</sup>, has been constructed as a “*Construction Right*” facility that has a nature of *independent and permanent* on behalf of Akfen Real Estate Investment Trust Inc. for the duration of 49 years, starting from the date of 27.02.2008; furthermore, no obstacles were found that prevent the inclusion of the “Construction Right + Hotels” in the Real Estate Investment Trusts portfolio, within the scope of the Capital Market Board regulations.

## 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 the date of 31.12.2015

	Market Value of the Remaining Construction Right of the Real Estate (EURO)	Market Value of the Remaining Construction Right of the Real Estate (TL)
VAT Excluded	39.990.000	123.561.000
VAT Included	47.188.200	145.801.980

	Annual Lease Value of the Real Estate (EURO)	Annual Lease Value of the Real Estate (TL)
VAT Excluded	2.266.000	7.001.000
VAT Included	2.674.000	8.261.000

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 02.11.2015 have been established at 1,-USD = 2,8035 TL, 1 EURO= 3,0898 TL.

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

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

Serkan TANRIÖVER  
Certified Appraiser  
SPK License No:401162



Önder ÖZCAN  
Certified Appraiser  
SPK License No:402145



Neşecan Çekici  
Responsible Appraiser  
SPK License No:400177





## **9 APPENDIX**

1. Title Deed Photocopies
2. Approved Restrictions Document
3. Zoning Status Document
4. Plan Sample
5. Construction Licenses/Permits
6. Occupancy Permit
7. Architectural Project Cover Page, Floor Plans
8. Construction and Operating Agreement
9. Accotel Operating Agreement
10. Mortgage Letter
11. Business Starting and Operating License/Permit
12. Tourism Operating Document
13. Tourism Investment Document
14. Additional Hotel Agreement with the date of 29.06.2010
15. Backgrounds
16. SPK Certificate Samples